

School Finance

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PAYMENT CALCULATIONS

March Foundation Payment Calculations

The March Basic Formula payment, including Classroom Trust Fund, was calculated using the most current data available as reported by the district to DESE. It is important that the district compare DESE's calculations with those generated by the district. Please call or email School Finance at (573) 751-0357 (webreplyadmsf@dese.mo.gov) with questions or concerns about the district's calculations.

Since the FY18 calculations appears to be less than the appropriation, the State Adequacy Target (SAT) has been adjusted in the March payment calculation to \$6,241.

Estimated Regular Term Average Daily Attendance (ADA)

This time of year districts/LEAs may wish to review student attendance and enrollment to determine if it would be beneficial if the district were to estimate the 2017-18 regular term ADA for payment. The calculated threshold percentages to be used in the Weighted Average Daily Attendance (WADA) calculation for FY17 and FY18 declined from prior years. This decline may cause districts' FY18 WADA to increase over prior years' calculations due to greater weighting of one or all of the weighting categories. The changes in Threshold percentages are as follows:

| <u>Weighting Component</u> | <u>FY17 & FY18</u> |
|-----------------------------------|------------------------|
| Free & Reduced Lunch (FRL) | 36.12% |
| Special Education (IEP) | 12.16% |
| Limited English Proficiency (LEP) | 1.94% |

If the district chooses to estimate, the estimated regular term ADA for 2017-18 may be provided to your School Finance consultant to be entered on the Estimated ADA Screen. The Estimated ADA Screen is now located in DESE Web Applications by selecting School Finance and then selecting Estimated ADA. This screen also provides historical information, such as Membership, Enrollment, ADA, and ADA percentages that may be helpful when estimating an ADA.

A worksheet to assist districts when estimating their ADA is available at <http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>.

Revisions to the 2017-18 estimated ADA may be made through **May 15, 2018**. Contact School Finance staff if you have questions about estimating ADA.

UPCOMING CHANGES TO THE ACCOUNTING CODE STRUCTURE DUE TO ESSA

Financial Management Training

The Division of Financial and Administrative Services at the Department of Elementary and Secondary Education will provide Financial Management Training on the following dates and locations (check-in will begin at 8:00 a.m., training provided from 9:00 a.m. – 3:00 p.m.):

| | |
|--------------------------|--|
| Thursday, March 29, 2018 | Macon Area Career Center 702 North Missouri Street, Macon, MO |
| Tuesday, April 10, 2018 | Holiday Inn Executive Center 2200 Interstate 70 Drive SW, Columbia, MO |
| Thursday, April 12, 2018 | Cape Girardeau Career & Technology Center 1080 S. Silver Springs Road, Cape Girardeau, MO |
| Tuesday, April 17, 2018 | Oasis Hotel & Convention Center 2546 North Glenstone Avenue, Springfield, MO |

The Financial Management Training will provide guidance on the concept of uniform accounting codes, the new coding requirements, and the building-level current expenditure calculation required by the Every Student Succeeds Act (ESSA). Discussion will include recording expenditures at a building level, how to determine and record the source of funds paying for expenditures, and the use of project codes. The afternoon session will be comprised of a structured question-and-answer. The training will also include program-specific sessions on Early Learning Blended Funding, ESEA/ESSA Finance, Extended Learning (Afterschool Programs – 21st CCLC & SAC), Career and Technical Education Finance, and Special Education Finance. Participants will receive lunch and hard copies of the presentations.

Registration is available at <https://dese.mo.gov/financial-admin-services/financial-management-training>. The registration deadline for the Macon training is March 22, 2018. The registration deadline for the remaining trainings will be April 3, 2018. On-site registration will not be allowed. The cost for the training is \$75 per person. Checks must be made payable to Treasurer, State of Missouri. Your check, along with the confirmation email regarding your registration, should be sent to Department of Elementary and Secondary Education, Financial Management Training, P.O. Box 480, Jefferson City, MO 65102-0480, no later than May 7, 2018. To be eligible for a refund, participants who need to cancel their registration must do so in MyLearningPlan at least one week prior to the training date.

Any questions pertaining to these trainings can be directed to Lisa.Morris@dese.mo.gov.

Updated ESSA Coding Guidance

Updates to the document "[ESSA Coding Guidance](#)" have been posted. The update to this document includes more example allocation methodologies and guidance for consortiums and cooperatives.

Updates to the document "[Function and Object Codes Required to have Expenditures Reported at a Building Level](#)" have been posted. Revenue 5121 – Regular Day School Tuition (K-12) Received from Individuals and 5122 – Summer School Tuition (K-12) Received from Individuals were added to the document.

Updates to the document "[FY2019 Missouri Financial Accounting Manual](#)" have been posted. Two new object codes were added for use by those districts who issue Subawards Under Subagreements. These codes will only impact a few districts who are fiscal agents for certain programs such as for a Perkins Consortiums.

All three documents can be found on the [School Finance Accounting Manual webpage](#). If you have any questions regarding these documents please call your School Finance contact at 573-751-0357.

2017-18 BUDGET ESTIMATES

2017-18 Proposition C Sales Tax Payment Estimate Revision

The 2017-18 Proposition C Sales Tax payment is paid on the 2016-17 weighted average daily attendance (WADA) which was 912,339.3267 as of the March 2018 payment. Based on the WADA and estimated revenue of \$901,600,000 the 2016-17 estimated amount per WADA would be \$988. At this point we remain cautiously optimistic that Proposition C funds will remain strong during the second half of FY18 and that the projected amount per WADA will be realized. You are urged to continue to closely monitor the Proposition C receipts very closely for the remainder of the year.

Below is trend data for Proposition C Payments since the inception of the current foundation formula:

| Year | Dollars Distributed | WADA | WADA Payment |
|---------|---------------------|--------------|--------------|
| 2006-07 | \$784,900,800 | 915,941.2936 | \$857 |
| 2007-08 | \$772,820,015 | 914,272.3027 | \$845 |
| 2008-09 | \$730,325,406 | 908,284.1060 | \$804 |
| 2009-10 | \$695,120,132 | 910,040.6792 | \$764 |
| 2010-11 | \$711,615,172 | 915,272.7157 | \$777 |
| 2011-12 | \$749,703,272 | 901,439.5600 | \$832 |
| 2012-13 | \$751,559,817 | 899,756.8400 | \$835 |
| 2013-14 | \$793,100,000 | 896,553.9900 | \$884 |
| 2014-15 | \$831,282,000 | 902,449.0100 | \$921 |
| 2015-16 | \$854,000,000 | 901,191.4300 | \$947 |
| 2016-17 | \$884,800,000 | 903,742.1800 | \$979 |
| 2017-18 | \$901,600,000 | | |

2017-18 Basic Formula Estimate Revision

The Fiscal Year (FY) 2017-18 Basic Formula appropriation was \$3,392,907,149. Since the FY18 calculations appears to be less than the appropriation, the State Adequacy Target (SAT) has been adjusted in the March payment calculation to \$6,241.

2017-18 Classroom Trust Fund Estimate Revision

The 2017-18 Classroom Trust Fund payment is paid on the 2016-17 average daily attendance which was 843,360.9197 as of the March 2018 payment. The appropriated revenue of \$351,663,349 at this time does not appear to be obtainable and the appropriation used in the March 2018 payment has been lowered to \$341,000,000. The estimated amount per ADA at this lower appropriation level would be approximately \$404. The state will only distribute funds that are actually collected into the Classroom Trust Fund and School Finance will continue to adjust the appropriation used in this payment accordingly.

Basic Formula Projection Tool

School Finance has a Basic Formula Calculation Tool available to help project how much Basic Formula, Classroom Trust Fund, Small Schools Grant, and Prop C funds a district can expect to receive. The tool is available on the School Finance webpage under Calculation Tools which can be located at <https://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>. It has recently been updated to take into account how the Free and Reduced Lunch number is determined and used in the Weighted ADA calculation for CEP districts. If you are a CEP district we encourage you to download a new copy of this tool.

Dollar Value Modifier Recalculation (DVM)

The calculation of the Dollar Value Modifier that will be used in the formula distribution for FY19 has been completed and can be viewed at <http://dese.mo.gov/financial-admin-services/school-finance/data-reports>.

2018-19 BUDGET ESTIMATES

2018-19 Basic Formula Estimate

The House of Representatives has begun preliminary consideration of House Bill 2002. At this point nothing has been passed out of the House for further deliberation in the Senate.

2018-19 Proposition C Sales Tax Payment Estimate

The Governor's Budget projected an increase in Proposition C revenue for the 2018-19 fiscal year. The 2018-19 Proposition C Sales Tax payment will be paid on the 2017-18 weighted average daily attendance (WADA).

With statewide ADA basically holding constant and the assumption that summer school will do the same, it is predicted that Proposition C Payment WADA will be in the vicinity of 912,000 in FY19. If the Revenue Estimate of \$917,500,000 is achieved, it would mean a WADA payment of approximately \$1,006. While it appears this level of collection is potentially achievable, caution should be used as determination of budget estimates are made.

Trend data for Proposition C Payments since the inception of the current foundation formula can be located in the section of this memo titled 2017-18 – Proposition C Sales Tax Payment Estimate Revision.

2018-19 Classroom Trust Fund Estimate

The 2018-19 Classroom Trust Fund payment is paid on the 2017-18 average daily attendance of approximately 849,000. The projected Classroom Trust Fund revenue; as stated in the Governor's recommendations for the 2018-19 budget, is \$351,702,205. This estimated revenue will be divided by an estimated 2017-18 average daily attendance of approximately 849,000, which is approximately \$414 per ADA from the Classroom Trust Fund for the 2018-19 year. The Classroom Trust Fund is one of the funding sources of the Basic Formula and, like other funding areas, we will not know exactly the funding level until the appropriation process concludes. While it appears this level of collection is potentially achievable, caution should be used as determination of budget estimates are made. Please remember that this calculation is done to determine the proper placement of funds in accordance with statute.

As a reminder, Senate Bill 291 passed in the 2009 legislative session includes the following provision in Section 163.043.5:

For the 2010-2011 school year and for each subsequent year, all proceeds a school district receives from the classroom trust fund in excess of the amount the district received from the classroom trust fund in the 2009-2010 school year shall be placed to the credit of the district's teachers' and incidental funds.

OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

Inclement Weather

Districts/LEAs must comply with Section 163.021.1, RSMo, which requires compliance with the minimum term, including a minimum number of days and hours, to be eligible for state aid. Additionally, Section 171.033.4, RSMo, provides forgiveness for inclement weather days after a specified number of inclement weather days have been reached by a school district or charter school. Below is specific information regarding minimum day length, minimum hours of attendance, and inclement weather forgiveness day information.

Minimum Hours Required in a School Day

Severe weather increases the possibility of an early release from school. Section 160.041.1, RSMo, states that a minimum school day consists of at least 3 hours (except districts establishing less than a 174 day school calendar which require 4 hours) in which the pupils are under the guidance and direction of teachers in the teaching process. Districts must meet both the minimum day requirement and the minimum hour requirement as dictated by their respective calendar.

Minimum required hours of class time to count as a school day:

- o School districts that provide a minimum term of at least 174 days and 1,044 hours of instruction must have at least three hours of class time to count the day as an attendance day for calendar purposes.

- o School districts that provide a minimum term of less than 174 days, and with a minimum of 1,044 hours, must have at least four hours of class time to count the day as an attendance day for calendar purposes.

A school day ending before the minimum required hours of class time does not count toward the day requirement and the hours do not count toward the 1,044 hour requirement. Since the day is not a legal school day, the hours and the day do not count for state aid purposes. Such hours are not reported as a part of the school district’s calendar and the attendance hours are not reported in the June MOSIS Enrollment and Attendance file submission for the ADA calculation for state aid purposes.

Missed School Days

Some school districts may have missed days this school year due to inclement weather. Per 171.033.4, RSMo:

“In the 2009-2010 school year and subsequent years, a school district may be exempt from the requirement to make up days of school lost or canceled due to inclement weather in the school district when the school district has made up the six days required under subsection 2 of this section and half of the number of additional lost or canceled days up to eight days, resulting in no more than ten total make-up days required by this section.”

“Inclement weather”, for purposes of this section, shall be defined as ice, snow, extreme cold, flooding, or a tornado, but such term shall not include excessive heat.

This rule applies to districts that plan to attend 174 days or more as well as to those districts that plan to attend less than 174 days (per Section 171.029, RSMo). Days that are missed for reasons other than inclement weather, such as illness, have to be made up and are not included in this provision of law.

Reminder: Days that are forgiven due to inclement weather will not have an adverse impact on the average daily attendance (ADA) calculation. This will create a situation which will have an effect on both components (both the total attendance hours and the hours in session) of the ADA calculation and, therefore, will not have a negative impact on the ADA.

The following two charts illustrate the make-up requirements associated with this statute.

| Day 1 | Day 2 | Day 3 | Day 4 | Day 5 | Day 6 | Day 7 | Day 8 | Day 9 | Day 10 | Day 11 | Day 12 | Day 13 | Day 14 | + |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|---|
| M | M | M | M | M | M | M | F | M | F | M | F | M | F | F |

Key:

M = Day must be made up

F = Day is forgiven

| Days Missed | Days to Make Up |
|--------------|-----------------|
| 1 Day | 1 |
| 2 Days | 2 |
| 3 Days | 3 |
| 4 Days | 4 |
| 5 Days | 5 |
| 6 Days | 6 |
| 7 Days | 7 |
| 8 Days | 7 |
| 9 Days | 8 |
| 10 Days | 8 |
| 11 Days | 9 |
| 12 Days | 9 |
| 13 Days | 10 |
| 14 Days | 10 |
| More than 14 | 10 |

The above information regarding inclement weather and a short FAQ are available at <https://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures> under the Inclement Weather link.

Calendar Requirements

Missouri still requires districts/charter schools to operate with a calendar that meets **both day** and **hour** requirements. Districts/charter schools will be held to the number of days they plan to attend, which can range between 142 and 174 days **and** the minimum hours of 1,044.

Local Tax Effort

After the School Finance Section has reviewed all districts' Annual Secretary of the Board Reports (ASBRs), the data is summarized into a State Annual Secretary of the Board Report for use in the state profiles, Annual Report of the Public Schools, and other documents. At that time the "local tax effort per ADA" is calculated using the district's Annual Secretary of the Board Report and ADA for the previous fiscal year.

The local tax effort per child is computed by adding the prior year tax revenue the district of domicile receives from property taxes, Intangible (Financial Institution) Taxes, M & M Taxes, In Lieu of Taxes, and State Assessed Railroad and Utility Taxes, then dividing that sum by the prior year resident average daily attendance of the district of domicile.

Sections 162.740 and 167.126, RSMo, reference when the district of domicile is to pay to the educating district an amount equal to the average sum produced per child by the local tax effort of the district of domicile. The educating school district will bill the domicile district by dividing the domicile district's tax effort by the educating district's days in session and then multiplying by the number of days a student attended.

$$(\text{Domicile district's tax effort per ADA} \div \text{Days in Session}) \times \text{Days Attended}$$

The 2016-17 local tax effort per ADA will be used by most districts and agencies for billing in the 2017-18 year. The 2016-17 local tax effort per ADA is available on the Missouri Comprehensive Data System (MCDS) portal by selecting Quick Facts, then District and School Information and then Local Effort, at this address: <http://mcds.dese.mo.gov/Pages/default.aspx>.

Questions on this calculation may be directed to the School Finance Section at (573) 751-0357.

Summer School – Tuition vs. State Aid for Non-resident Students

Section 167.227, RSMo, permits a student to attend summer school in a school district other than the student's district of residence if the other district accepts non-resident students. School districts who accept non-resident students for summer school have three options for receiving payment. They are:

- 1) including all such students' attendance hours with the district's resident student summer school attendance hours when reporting on Core Data and receive the state aid on these students,
- 2) collecting tuition from all such students, or
- 3) collecting tuition from the resident district for all such students for which the resident district had contracted for summer school services.

Summer School Student Attendance

To claim summer school attendance hours for state aid the district must have an approved summer school. Summer School must be separate from your regular school term. Summer school also cannot be required.

Also be aware that a student can only attend one school district/charter summer school. Section 167.227, RSMo, states "No pupil shall attend summer school classes in more than one district during any one summer." If a student attends summer school in more than one district the district that the student attended first will be the only district allowed to report the attendance hours for state aid.

SCHOOL GOVERNANCE

Boundary Change

If there is a change in your school district's boundary following the April election, please send a copy of the ballot with the legal description of the boundary change to the School Administrative Services Section.

Boundary Change Appeal to State Board

In case a district is involved in a boundary change appeal to the State Board of Education, the district must adhere to the time line for such appeal as defined in state law. Section 162.431.3, RSMo, states, "If one of the districts votes against the change and the other votes for the change, the matter may be appealed to the state board of education, in writing, within fifteen days of the submission of the question by either one of the districts affected, or in the above event by a majority of the signers of the petition requesting a vote on the proposal. At the first meeting of the state board following the appeal, a board of arbitration composed of three members, none of whom shall be a resident of any district affected, shall be appointed." For additional information concerning the appeal process refer to Section 162.431, RSMo, or call the School Administrative Services Section at (573) 751-0357.

STUDENT TRANSPORTATION

2017-18 State Transportation Aid Calculation

The fiscal year 2017-18 state transportation aid calculation is available through the School Finance website. Select Monthly Financial Reports. Input County-District number. The Payment Transmittal is then displayed. Click on the revenue name "Transportation" on the Payment Transmittal to access the transportation aid calculation. The link to School Finance Monthly Financial Reports is <http://dese.mo.gov/financial-admin-services/school-finance/financial-reports>.

This is the sixth live state transportation calculation made for the current year. The calculation is based on 2016-17 school year data submitted by the district on the state transportation aid documents included in Part IV of the Annual Secretary of the Board Report (Application for State Transportation Aid, School Bus and Facility Depreciation Schedules).

The percent of reduction to the calculated entitlement computed for the March 2018 calculation follows. This reduction percentage represents the amount the entitlement exceeded the appropriation and will fluctuate from month to month as revisions are made to individual school district data. The percent of reduction and the A and B factors are also reflected on each district's Summary Transportation Report.

The percentage reduction and the A and B factors are as follows:

| | <u>Reduction Factor</u> | <u>A Factor</u> | <u>B Factor</u> |
|------------|-------------------------|-----------------|-----------------|
| March 2018 | 70.367022% | 3.553543 | -1.408386 |

Certified School Bus Driver Instructor Training

The Certified School Bus Driver Instructor recertification training will be held in Columbia on July 20, 2018. The Certified School Bus Driver Instructor workshop is scheduled for July 25-27, 2018, in Warrensburg. Registration forms for this training will be available soon at <http://dese.mo.gov/financial-admin-services/school-transportation/certified-bus-driver-instructors>, also, a listing of all current Certified School Bus Driver Instructors can also be viewed at this site.

MAPT Award Nominations

The Missouri Assn. of Pupil Transportation (MAPT) is current accepting nominations for the 2018 School Bus Driver of the Year Award and the 2018 MAPT Administrator and Distinguished Service Award. Nomination forms are available on the MAPT website at <http://moapt.org/>.

Stop Arm Violation Survey

While school buses remain incredibly safe, we all know that students who ride buses are most vulnerable when they are outside the bus in the “danger zone.” Missouri is assisting the National Association of State Directors of Pupil Transportation Services (NASDPTS) in coordinating a national survey to determine the prevalence of illegal passing of school buses. That data will help improve safety countermeasures at the state or national level.

We are enlisting your assistance in this important project. On Wednesday, April 11, 2018, please have your district’s school bus drivers observe and report any instances of motorists illegally passing their school buses. An email has been sent to all Core Data, Screen 3, Pupil Transportation Contacts with details on the collection and reporting of the survey data. The district’s results will be self-reported at <https://www.surveymonkey.com/r/2018IllegalPassingSurvey>.

School Finance

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The Department of Elementary and Secondary Education does not discriminate on the basis of race, color, religion, gender, national origin, age, or disability in its programs and activities. Inquiries related to Department programs and to the location of services, activities, and facilities that are accessible by persons with disabilities may be directed to the Jefferson State Office Building, Office of the General Counsel, Coordinator – Civil Rights Compliance (Title VI/Title IX/504/ADA/Age Act), 6th Floor, 205 Jefferson Street, P.O. Box 480, Jefferson City, MO 65102-0480; telephone number 573-526-4757 or TTY 800-735-2966; email civilrights@dese.mo.gov.