

# 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. The SAT was adjusted to \$6,375. 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](mailto:webreplyadmsf@dese.mo.gov)) with questions or concerns about the district's calculations.

### School Closures or Poor Attendance Due to Coronavirus (COVID-19) and Payment

Please see the department's Coronavirus (COVID-19) information [page](#), for all department issued information on COVID-19 and any effects it may have on school payments.

### Fiscal Year 2021 Budget Request for the Foundation Formula

This week, we withdrew DESE's \$10 million Foundation Formula increase in our Fiscal Year 2021 Budget Request. As you may recall, we requested \$10 million in anticipation of the amount needed to fund the formula based on current statutory language. Approximately \$8.4 million of the requested increase was due to the passage of House Bill 604 during the 2019 legislative session which modified Section 163.031, RSMo. Section 163.031, RSMo mandates that DESE remit to public school districts in Missouri the amount of revenue lost through the revised Financial Institution Tax (Section 148.720, RSMo). Approximately \$1.6 million of the requested increase was based on a simulation completed to assist in determining the amount of additional funding needed to fully fund the formula in Fiscal Year 2021. Here is why this New Decision Item (NDI) has been withdrawn.

- We recently received confirmation from the Missouri Department of Revenue, Taxation Division, that the reduced rate became effective January 1, 2020. This means the first tax return using the new reduced rate for financial institutions as well as applicable taxes to be paid will happen in calendar year 2021. Revenue from this tax will be distributed by DESE to public schools in January 2022. Because of the timing of the filing and subsequent submission of the Financial Institution Tax, it has been determined that this portion of the increase (\$8.4 million) is not necessary for Fiscal Year 2021. The Financial Institution Tax reduction will be evaluated and will be included as part of the Fiscal Year 2022 Budget Request.
- Additional simulations regarding full funding of the formula, and based on the most current data, revealed that the \$1.6 million portion of the increase request will not be necessary. The current appropriation is sufficient to fund the formula at the State Adequacy Target of \$6,375 during Fiscal Year 2021.
- These changes will not result in decreased funding for school districts.

### Estimated Regular Term Average Daily Attendance (ADA)

Districts with growing enrollment or weighted populations of students are encouraged to estimate their ADA for payment purposes. Also, if your district will be claiming prekindergarten students for state aid it will be necessary to estimate an ADA including those prekindergarten students in order to get paid on those students in the current year.

To help determine if it would be advantageous for your district to estimate ADA for the Fiscal Year 2020 year please see the Estimated ADA page located under School Finance in the web application system. Also, a tool has been developed to compare current year information for your district to the district’s first or second preceding year WADA. This tool can be found on the School Finance website under Calculation Tools at <https://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>. There is a sheet in the tool labeled “Instructions” that provides instructions on estimating ADA and logic related to estimated regular term ADA.

If your district determines it is appropriate to estimate an ADA for Fiscal Year 2020 please email your district’s School Finance contact the following:

- The regular term ADA you wish to estimate separated by PK and K-12.
- The enrollment used as the base on your estimate.
- The attendance percentage used to develop the estimate.
- Any other logic applied to determine the estimate provided.

Once the email is received, the information provided will be reviewed to determine if the estimate appears reasonable. If the estimate appears reasonable then your district’s School Finance contact will enter the estimate on the Estimated ADA Screen. Please monitor your estimated ADA throughout the year to ensure overestimating does not occur. This estimate may be adjusted at any time during the year by sending a revised estimate which includes the detailed information outlined above.

Revisions to the Fiscal Year 2019-20 estimated ADA may be made through **May 15, 2020**. Contact School Finance staff if you have questions about estimating ADA.

## FISCAL YEAR 2019-20 BUDGET ESTIMATES

### State Adequacy Target (SAT) and Threshold Recalculation

The SAT and related Thresholds for Fiscal Year 2019-20 are as follows:

Item	Amount
State Adequacy Target FY 2020	\$6,375
Free & Reduced Lunch Threshold	31.42%
Special Education (IEP) Threshold	12.06%
Limited English Proficiency Threshold	2.50%

**Fiscal Year 2019-20 Budget Estimate Information**

	Basic Formula <sup>3</sup>	Classroom Trust Fund <sup>1</sup>	Prop C <sup>2</sup>	Small Schools Grant \$10M <sup>1</sup>	Small Schools Grant \$5M <sup>4</sup>
<b>SAT/Amount Per Appropriation</b>	\$6,375	\$412	\$1,049	\$280	\$150
<b>Project Cash Available</b>	\$3,553,211,885	\$349,999,054	\$958,400,000	\$10,000,000	\$5,000,000
<b>Denominator</b>		\$340,000,000			
		825,578	913,246	35,728	33,363

<sup>1</sup>ADA / <sup>2</sup> WADA / <sup>3</sup> FWADA / <sup>4</sup> Tax-Rate WADA

Classroom Trust Fund dollars are running approximately eight million behind the appropriated level and in the past by June dollars compared to appropriation has ranged from meeting the appropriation to being ten million dollars short of the appropriated level. If Classroom Trust Fund dollars run ten million short of the appropriation the amount is estimated to be \$412 per ADA. You are urged to continue to closely monitor the Classroom Trust Fund receipts for the remainder of the year.

Proposition C payments each month vary due to the cash available which is based on sales tax paid roughly two months prior. At this point we remain cautiously optimistic that Proposition C funds will reach the appropriated level, but you are urged to continue to closely monitor the Proposition C receipts for the remainder of the year.

Below is trend data for Proposition C Payments as of the February payment for the last four years:

Fiscal Year	Paid-to-date as of the February Payment	Appropriation	Percent Paid-to-Date
2016-2017	\$603,886,245.79	\$884,800,000	68.25%
2017-2018	\$605,015,583.75	\$901,600,000	67.10%
2018-2019	\$608,851,491.30	\$917,500,000	66.36%
2019-2020	\$612,574,471.74	\$958,400,000	63.90%

Please call or email School Finance at 573-751-0357 ([finadmgo@desemo.gov](mailto:finadmgo@desemo.gov)) with questions or concerns about the district's calculations.

**FISCAL YEAR 2020-21 BUDGET ESTIMATES**

**State Adequacy Target (SAT) and Threshold Recalculation**

The SAT and related Thresholds for Fiscal Year 2020-21 are as follows:

Item	Amount
State Adequacy Target FY 2020	\$6,375
Free & Reduced Lunch Threshold	29.45%
Special Education (IEP) Threshold	12.83%
Limited English Proficiency Threshold	2.07%

**Fiscal Year 2020-21 Budget Estimates**

	Basic Formula <sup>3</sup>	Classroom Trust Fund <sup>1</sup>	Prop C <sup>2</sup>	Small Schools Grant \$10M <sup>1</sup>	Small Schools Grant \$5M <sup>4</sup>	Transportation
SAT/Amount Per/% Increase Governor's Budget Denominator	\$6,375	\$428	\$1,065	\$280	\$150	3% Increase
	\$3,553,211,885	\$353,359,579	\$972,900,000	\$10,000,000	\$5,000,000	117,547,713
		825,580	913,246			

<sup>1</sup>ADA / <sup>2</sup> WADA / <sup>3</sup> FWADA / <sup>4</sup> Tax-Rate WADA

Remember that these amounts will only be achieved if revenue is available to fund at the level appropriated.

**OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST**

**Inclement Weather Requirements for FY 2020**

Districts and charter schools must comply with Section 163.021.1, RSMo, which requires compliance with the minimum term, which is a minimum of 1,044 hours, to be eligible for state aid. Additionally, Section 171.033.2(2), RSMo, provides forgiveness for inclement weather days after a specified number of inclement weather hours have been reached by a school district or charter school. Below is specific information regarding inclement weather forgiveness information.

**Inclement Weather Make-up Hours**

Some school districts and charter schools may miss hours during the school year due to inclement weather. Per 171.033.3(2), RSMo:

“In school year 2019-20 and subsequent years, a school district may be exempt from the requirement to make up school lost or cancelled due to inclement weather in the school district when the school district has made up the thirty-six hours required under subsection 2 of this section and half the number of additional lost or cancelled hours up to forty-eight, resulting in no more than sixty total make-up hours required by this section.”

“Inclement weather”, for purposes of this section, shall be defined as ice, snow, extreme cold, excessive heat, flooding, or a tornado.

Per 171.033.5, RSMo., starting in 2020-21 an approved alternative method of instruction can be used for any hours of school lost or cancelled due to exceptional or emergency circumstances during a school year which shall include, but not be limited to, inclement weather, a utility outage, or an outbreak of a contagious disease. The alternative method of instruction, provided for in a DESE approved plan (not yet available), can be used for up to 36 hours during the school year pursuant to 171.033.5, **however, since these are considered hours of instruction they will not count towards the first 36 required make-up hours.**

Hours 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 unless provided under an approved alternative method mentioned above (limited to 36 hours).

Hours 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 charts and scenarios illustrate the make-up requirements associated with this statute.

School district or charter school plans 1,080 hours (1,044 plus 36 hours). Thirty-six weather make-up hours must be shown as planned weather make-up hours. School was dismissed for five full inclement weather days resulting in a loss of 32.5 hours. The school district or charter school does not have to make-up the hours missed for inclement weather since they were included in the original planned calendar and the calendar would remain greater than the 1,044 hour requirement.

1. School district or charter school plans 1,080 hours (1,044 plus 36 hours). Thirty-six weather make-up hours must be shown as planned weather make-up hours. School was dismissed for seven full inclement weather days resulting in a loss of 46 hours. The school district or charter school would be forgiven a total of five weather hours ( $46-36=10$   $10/2=5$ ) and be required to make-up five hours missed for inclement weather to meet the 1,039 hour calendar requirement.
2. School district or charter school plans 1,104 hours (1,044 plus 60 hours) 36 weather make-up hours must be shown as planned weather make-up hours. School was dismissed for 10 full inclement weather days resulting in a loss of 65 hours. School district or charter school does not have to make-up any weather days missed weather since the maximum required make-up hours were included in the original planned calendar. The district or charter school would be forgiven the 14.5 additional hours lost due to weather allowing the calendar to be no less than 1,029.50 hours at the end of the school year.
3. School district or charter school plans 1,104 hours (1,044 plus 60 hours) 36 weather make-up hours must be shown as planned weather make-up hours. School was dismissed for 13 full inclement weather days resulting in a loss of 90 hours. School district or charter school does not have to make-up any weather days missed weather since the maximum required make-up hours were included in the original planned calendar. The district or charter school would be forgiven the 27 additional hours lost due to weather allowing the calendar to be no less than 1,017 hours at the end of the school year.

An Excel spreadsheet tool has been created to assist with determining the number of weather hours required to be made up. This can be found on the School Finance website under [Calculation Tools](#).

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>.

### Alternative Method of Instruction

Beginning in school year **2020-21**, a local education agency (LEA) will not be required to make up school hours that are lost or cancelled due to exceptional or emergency circumstances, which shall include, but not be limited to, inclement weather, a utility outage, or an outbreak of a contagious disease, if the LEA implements an Alternative Methods of Instruction (AMI) Plan that is approved by the Department of Elementary and Secondary Education (DESE) (see [Section 171.033, RSMo](#)). LEAs must assure that the plan will favorably impact teaching and learning to receive DESE approval. LEAs will be required to submit an AMI Plan for each school year of implementation.

When an AMI day is implemented the day is considered a day school was in session. Attendance hours must be claimed on completion of assignments and must be claimed in the manner approved in the AMI plan. Students who do not complete the lessons in the timeframe and manner approved within the AMI plan must be marked absent. Since the AMI is limited to 36 hours it may be necessary to adjust the length of the day for one or more AMI days to ensure no more than 36 AMI hours are included in the district's hours-in-session for the school year.

The Office of Quality Schools will begin accepting AMI Plans for review immediately. Plans for the 2020-21 school year must be submitted no later than June 15, 2020. The AMI Plan Application can be found here:

<https://modese.wufoo.com/forms/alternative-methods-of-instruction-application/>.

The Office of Quality Schools and the Office of Special Education have created guidance documents to assist LEAs wishing to utilize this provision during the 2020-21 school year. The guidance documents and AMI Plan application can be found here:

<https://dese.mo.gov/quality-schools/alternative-methods-instruction>.

For questions regarding implementing an Alternative Methods of Instruction (AMI) Plan, please contact either the Office of Quality Schools at 573-751-4104 or Special Education Compliance at 573-751-0699.

## Lengthening or Shortening the School Year and the Impact on Funding

If a district or charter school changes the length of their school year, even if due to weather forgiveness, there is no impact on funding because it does not change the Average Daily Attendance (ADA). The ADA is calculated by taking the actual attendance hours of the students divided by the possible attendance hours of a student (the calendar). This will result in no more than a 1.0 ADA for a student who had perfect attendance.

ADA is only increased due to the following reasons:

- Enrollment increase
- Better attendance rate
- Qualified remedial hours
- Summer School ADA

## 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

### 2019-20 State Transportation Aid Calculation

The Fiscal Year 2019-20 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 2018-19 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 2020 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 2020	67.202235%	3.884987	-1.396115

### Volkswagen Trust School Bus Replacement Applications Open

The Missouri Department of Natural Resource's Volkswagen Trust School Bus Program school bus replacement cycle is open for school buses that are 1992-2009 model year. The Missouri Department of Natural Resources is accepting applications Monday, March 2 through Tuesday, March 31, 2020 at 5 p.m. CDT. All school bus fleet owners may apply for the replacement of up to three buses on an application, plus as many as two more buses if applying for new alternative fuel or all-electric buses. More information is available at <https://dnr.mo.gov/env/apcp/vw/school-buses.htm>.

### Certified School Bus Driver Instructor Training

The Certified School Bus Driver Instructor recertification training will be held in Columbia on July 24, 2020. The Certified School Bus Driver Instructor workshop is scheduled for July 29-31, 2020, in Warrensburg. Registration forms for this training are available 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 2020 School Bus Driver of the Year and the 2020 MAPT Administrator and Distinguished Service Award. Nomination forms are available on the MAPT website at [https://moapt.starchapter.com/images/2020\\_MAPT\\_Awards\\_Insert.pdf](https://moapt.starchapter.com/images/2020_MAPT_Awards_Insert.pdf).

### 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 22, 2020, please have your district's or contractor'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/2020IllegalPassingSurvey>.

## **School Finance**

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