

# School Finance

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## PAYMENT CALCULATIONS

### May Foundation Payment Calculations

The May 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 ([finadmgo@dese.mo.gov](mailto:finadmgo@dese.mo.gov)) with questions or concerns about the district's calculations.

### Prior Year (2017-18) Adjustment

Each year the prior year's Classroom Trust Fund, Basic Formula, Small Schools Grant, Prop C, and Transportation payments are recalculated to reflect the best actual data applicable for that payment year. The 2017-18 Basic Formula calculations were made using the highest of the 2017-18 estimated weighted average daily attendance (WADA), the 2016-17 actual WADA, or the 2015-16 actual WADA. Districts will receive a positive or negative recalculation based on the current data. Any adjustment to data will impact each district in the state since DESE is redistributing the 2017-18 fixed dollars. The Formula WADA increased from the June payment by 2,933.2693. The change is as follows:

June 2018 SAT	6,241.00000000
May 2019 Recalculated SAT	6,218.35077717

This change appears in line with prior recalculations where the change between the June Formula WADA and the Prior Year Correction Formula WADA has increased on average by 3,000. This increase then causes the SAT to drop from the June payment to the prior year correct. The first year the law required the SAT to be adjusted due to underfunding was FY 2015-16. Below is a history of the change between the June payment and the prior year correction SAT changes:

Fiscal Years	June FWADA	PYC FWADA	June Proration Adjusted SAT	Prior Year Correction Adjusted SAT	FWADA Change	SAT Change
2016	915,600.9451	919,296.8177	6,145.826158666	6,121.383388689	3,695.8726	-24.442769977
2017	919,097.7259	922,408.1603	6,198.711938359	6,176.457027823	3,310.4344	-22.254910536
2018	921,206.9874	924,189.8054	6,241.000000000	6,218.3507777170	2,982.8180	-22.649222283

Prior year correction payment amounts can be viewed by going to the payment transmittal for May 2019 and clicking on the dollar amount of the district’s Basic Formula, Classroom Trust Fund, Small Schools Grant, Prop C, and Transportation payments. These numbers are a hyperlink to a detail page, which displays the amount of payment contributed to the current year payment

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

The SAT and related Thresholds for school years 2018-19 and 2019-20 have been calculated. The SAT was calculated at \$6,375 but per 163.011 RSMo, “should a recalculation result in an increase in the state adequacy target amount, fifty percent of that increase shall be included in the state adequacy target amount in the year of recalculation, and fifty percent of that increase shall be included in the state adequacy target amount in the subsequent year.” The SAT and thresholds are as follows:

State Adequacy Target FY2019	\$6,308
State Adequacy Target FY2020	\$6,375
Free & Reduced Lunch Threshold	31.42%
Special Education (IEP) Threshold	12.06%
Limited English Proficiency Threshold	2.50%

## 2019-20 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	\$6,375	\$412.2496	\$1,036.1081	\$276.2431	\$152.9052	1% Increase
Per/% Increase						
Appropriation	\$3,553,211,885	\$349,999,054	\$958,400,000	\$10,000,000	\$5,000,000	107,547,713
Denominator		849,000	925,000	36,200	32,700	

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

While it appears these levels of funding are potentially achievable, caution should be used when determining budget estimates as these amounts will only be achieved if revenue is available to fund at the level appropriated.

## AUDIT REPORTS

### 2018-19 Audit Schedule of Selected Statistics

A copy of the 2018-19 Schedule of Selected Statistics that is to be included in the 2018-19 audit report is available at <https://dese.mo.gov/financial-admin-services/school-audits>. The district should print and keep a copy as a reference when it reviews the 2018-19 audit report prior to submitting the audit report to DESE to ensure the **updated schedule** is used by the auditor and included in the report. The district is encouraged to compare the information in the audit on this Schedule to the data the district submitted through MOSIS, on Core Data, the Annual Secretary of the Board Report, or other reports and resolve any differences prior to submitting the audit report.

## IMPORTANT REMINDERS AND TOPICS OF INTEREST

### 2018-19 Annual Secretary of the Board Report (ASBR) Updates

Many changes have been made to the 2018-19 ASBR. These updates are listed on the School Finance web page at <http://dese.mo.gov/financial-admin-services/school-finance/annual-secretary-board-report-asbr>. The ASBR has been opened and district and charter schools have the ability to upload their information to ensure coding is correct. The ASBR will not be allowed to be submitted until July 1, 2019.

### PDC Expenditure Requirements Modification Enacted August 28, 2018

Section 160.530.1, RSMo, requires districts to spend one percent (1%) of the Basic Formula monies (based on Line 17B of the district's June basic formula calculation) for professional development committee expenditures. A minimum of seventy-five percent (75%) of one percent (1%) of the current year's Basic Formula current apportionment must be spent in the year received for purposes determined by the Professional Development Committee and identified in the professional development plan in relation to a school improvement plan. This is completely separate from professional development that may be required by other programs such as title or special education programs. Any portion of the other twenty-five percent (25%) of the one percent (1%) not expended during the year must be shown as a part of the restricted fund balance on June 30.

Effective August 28, 2018, HB 1606 modified 160.530.1, RSMo, to allow "that in any fiscal year ending with fiscal year 2024 in which the amount appropriated and expended to the public schools under section 163.161 for the transportation of pupils is less than twenty-five percent of the allowable costs of providing pupil transportation under said section, a school district may, by majority vote of its board, allocate an amount less than one percent of the moneys received pursuant to section 163.031, exclusive of categorical add-ons, to the professional development committee of the district but in no instance shall the district allocate less than one-half of one percent of the moneys received pursuant to section 163.031, exclusive of categorical add-ons, to the professional development committee of the district."

Function Code 2214 may **only** be used to code those expenditures made to meet the requirement of Section 160.530, RSMo, described above. Any instructional staff professional development required by other programs or expenditures made that do not meet the requirement of Section 160.530, RSMo, should be coded to Function Code 2213. If improper coding has occurred the district should make adjusting entries and amend the Annual Secretary of the Board Report (ASBR) as necessary.

### DESE Payments

DESE has the ability to process a school payment any business day of the month. Therefore, if the State of Missouri Vendor Services portal reflects a payment number beginning with PV 500 Q11xxxxxxx, please go to School Finance Payment Transmittal page to determine the purpose of the payment received. All PV 500 Q11xxxxxxx payments are reflected on the School Finance Payment Transmittal page. Note that the Basic Formula payment is processed no sooner than the 21<sup>st</sup> of the month, unless the 21<sup>st</sup> is a weekend then the date varies at most by one day before or one day after the 21<sup>st</sup>.

Questions regarding payments found on the Payment Transmittal page should be directed to the appropriate contact found on the [Payment Contact List](#) located on the payment transmittal.

Below payment numbers will NOT be reflected on DESE payment transmittal and questions can be directed to Cynthia Walker, 573-526-4682, [cynthia.walker@vr.dese.mo.gov](mailto:cynthia.walker@vr.dese.mo.gov):

PV E063xxxxxxx – DESE Disability Determinations  
 PV E064xxxxxxx – DESE Disability Determinations  
 PV E066xxxxxxx – DESE Vocational Rehabilitation

Below payment numbers will NOT be reflected on DESE payment transmittal and questions can be directed to Robin Burkhart, 573-751-8291, [robin.burkhart@dese.mo.gov](mailto:robin.burkhart@dese.mo.gov):

PV QCOxxxxxxx – reimbursement for use of a building or committee member reimbursement

## Lease/Rental Reminders

Several questions have been raised recently regarding a district taking title to property at the end of a lease/rental contract or regarding students paying a nominal fee to take possession of property from a district that the district has been leasing/renting. Following are some important points to remember when leasing/renting property:

- Lease/rental amounts are paid from the General (Incidental) Fund.
- Included in current operating costs.
- District **will NOT take title** to property. In addition, if a district is leasing/renting property for a student the student should not be allowed to pay the district a nominal fee to take possession of the property since the district doesn't own the property. If this type of arrangement is going to occur, the student would need to purchase the equipment from the company that the district is leasing/renting the property from since they actually own the property.
- If district buys the item at the end of the rental and takes or assumes title to real property, the full amount expended for the real property will be deducted from the state aid payment in the year following the transfer of title to the district (per Section 177.088.11, RSMo).

## Payment of Lease Purchase Debt

When a school enters into a lease purchase as allowed by Section 177.088 or 177.082, RSMo, to purchase an item that would, if purchased outright, be considered a supply and paid for out of the General Fund, the debt must be repaid from the Capital Project Fund as directed by Section 165.011, RSMo.

## Teachers Fund – Salary and Benefits

The requirement in Section 165.011.3, RSMo, to pay for employee benefits for certificated staff from the Teachers Fund has raised awareness of what fund to use to pay certain salaries and benefits. Being a member of the Public School Retirement System instead of the Public Education Employee Retirement System is not the determining factor of payment from the Teachers Fund. The nature of employment and required certification for the employment must be considered. The following list provides general guidance on the salaries and benefits to be paid from the Teachers Fund:

- Full-time, contract, and prorated portions of the costs for work performed by teachers (defined in Section 163.011(19), RSMo) who are considered to be in positions of a permanent nature;
- Instructional-related supplemental duties included with the regular year contractual duties or required of the position;
- Part-time teachers who work less than full-time and perform work in positions of either a temporary or permanent nature;
- DESE certificated instructional aides or paraprofessionals employed in an instructional related position; and
- Benefits associated with the above-described employees.

Salaries and benefits of employees with non-instructional duties are paid from the Incidental Fund. This includes the salary and benefits for a non-instructional supplemental assignment, such as:

- A teacher driving a bus route each day;
- An instructional aide or paraprofessional employed in an instructional related position that does not have a teaching certificate;
- A teacher who works as a maintenance worker part-time;
- A teacher who collects money at the gate during athletic events.

While it is not possible to list all the employment arrangements throughout school districts, this information provides a framework for the district to determine the appropriate accounting fund for payment of salaries and benefits.

For questions regarding which fund is appropriate to pay salaries and benefits from for certain types of staff contact School Finance at 573-751-0357. For questions regarding which retirement system is appropriate for certain types of staff please contact Public School & Education Employee Retirement Systems of Missouri at 573-634-5290 or toll free at 800-392-6848.

## Non-Certificated Educators – Attendance Hours Adjustment

Attendance hours for any educator without a valid teaching certificate will be disallowed for state aid payment purposes. State law requires all school district personnel who are responsible for working with students in an instructional or supervisory capacity during the school day to have a valid Missouri teaching certificate. This applies to in-school suspension teachers as well as those supervising study hall, recess, virtual courses taken in school, or other computer based instructional programs taken in school. A substitute certificate meets the requirement of a certificate when the employee is functioning as a substitute teacher in the absence of the teacher-of-record or is employed as the teacher-of-record.

A report is available on the Data Collection web application system which will identify educators within the district that do not have a valid certificate on file with the Department of Elementary and Secondary Education. To access this report in the Data Collection system, go to the left hand navigational tree and select Reports, then Special Reports, then Staff Certification.

The Department will prepare a list of educators meeting the following criteria:

1. did not hold a valid Missouri educator certificate for the regular school year teaching assignment or;
2. has a certificate pending but did not initiate the required background check.

School districts notified they have an educator(s) that met the above criteria must provide School Finance with the attendance hours by building and by grade for all students who were under the supervision of those educators since the educator did not have a valid certificate. These hours of attendance will be excluded from the total hours of attendance for the school year.

## Attendance Reporting

For guidance regarding various attendance reporting scenarios please refer to the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures>.

## Extended School Year (ESY)

Extended school year (ESY) programs and regular approved summer school programs are separate and distinct programs. An ESY program is exempted from the one hundred twenty (120) clock hours of instruction for a minimum summer offering. However, LEAs may use ESY hours in conjunction with regular summer school hours to meet the minimum 120 clock hours for the minimum summer offering. Summer school hours and ESY hours will be collected in separate fields in the August MOSIS submission. ESY hours that are outside of the timeframe and days of summer school must be reported under the ESY hours filed in the August Enrollment and Attendance File, but ESY hours running in conjunction can be reported as either ESY hours or summer school hours.

Student transportation costs for extended school year programs for students with disabilities are eligible for state transportation funding. Students with disabilities route miles should be included on the Application for State Transportation Aid under Section III-Mileage Data, Eligible Route Miles, and Students with Disabilities Approved Miles. If disabled and non-disabled students are transported on the same route, only the miles for students with disabilities should be reported as approved route miles. The difference between the students with disabilities approved route miles and actual miles traveled must be reported as disapproved route miles on the Application for State Transportation Aid under Section III-Mileage Data, Ineligible Miles. Miles should be reported on the Application for State Transportation Aid in the same year as the costs are reported on the Annual Secretary of the Board Report (ASBR).

## SCHOOL GOVERNANCE

### Family Education Rights and Privacy Act (FERPA)

On many occasions, school district officials have questions directed to them regarding data privacy and the Family Education Rights and Privacy Act (FERPA). A good source of information regarding these two areas can be found on the Private Technical Assistance Center (PTAC) website. The PTAC website can be accessed at <http://ptac.ed.gov/>.

### Transfer Timing Amendments to Existing Direct Deposit Agreements

During 1995 the Missouri Health and Educational Facilities Authority (MOHEFA) was charged with developing guidelines for and the administration of the Direct Deposit Program, which provides strong credit ratings for Missouri school districts. Since the inception of this arrangement, school districts have not been required to obtain individual bond ratings prior to the issuance of General Obligation Bonds but rather have been able to enjoy the benefit of utilizing the bond rating for the State of Missouri resulting in the reduction of front-end issuance costs to school districts. In addition, long-term savings have been achieved by this arrangement resulting in an approximate twenty-five basis points reduction below what would have been market. It has been estimated that since the initiation of this Direct Deposit Program that total savings to Missouri schools has exceeded \$200 million.

While this program has been of tremendous benefit to school districts, the rapid change in the economic climate was becoming problematic for some school districts, especially those who rely more heavily on local property tax revenues. The original agreement called for bond payment amounts to be withheld from state payments during the months of March through December with no withholding during January and February. Since some district balances are at their lowest levels during the ending month of each calendar year, cash flow issues began to arise.

Instead of 10 monthly transfers occurring in March through December, it is now possible to skip at least two months any time during the year. This flexibility could ease cash flow issues for districts and possibly eliminate the need for some districts to borrow funds until local tax revenue is received.

If this is something that is of interest to your district, please contact Tammy Lehmen, MOHEFA, or your district’s bonding advisor for more information about the process.

## STUDENT TRANSPORTATION

### Federal Entry Level Driver Training (ELDT) Key Information – Effective February 7, 2020

Following is a link to a document, which details key points regarding the new Federal Entry Level Driver Training, which is effective February 7, 2020, for your transportation department and any other entry level employees who are obtaining their CDL or making changes to their CDL (<https://dese.mo.gov/sites/default/files/sf-EntryLevelDriverTraining-2019.pdf>).

### 2018-19 State Transportation Aid Calculation

The fiscal year 2018-19 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 eighth 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 May 2019 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>
May 2019	66.671447	3.532133	-1.361616

## Certified School Bus Driver Instructor Training

The Certified School Bus Driver Instructor recertification training will be held in Columbia on July 19, 2019. The Certified School Bus Driver Instructor workshop is scheduled for July 24-26, 2019, 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.

## Who must have a School Bus (S) Endorsement?

State statutes require drivers of any vehicle (including a personal vehicle) who are being compensated for transporting students to/from ANY school event/program to have an "S" endorsement on their license.

District employees (i.e., teachers, coaches, administrators, secretaries, school nurses, janitors, etc.) who transport students as an "incident" to employment (i.e., student illness, etc.), are required only to have a valid Class F operator's license.

District employees who are hired knowing they will be transporting school children as part of their job (i.e., regularly scheduled field trips, school sponsored activities, etc.) must have a Class E (for hire) license with a school bus (S) endorsement. Vehicles must weigh less than 26,001 lbs. and be capable of transporting 15 or less including the driver.

In addition, parents or individuals who enter into a contract with the district to transport students in a district owned/district leased vehicle and who are paid a lump sum amount, an hourly wage, or more than the AAA cost per mile must have a Class E license with an S endorsement. These parents or individuals must agree to provide transportation in a safe, inspected, insured, licensed vehicle.

Note: Any vehicle that is capable of transporting 11 or more including the driver must be a yellow school bus that complies with Missouri Minimum Standards for School Buses.

## School Finance

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Fax # (573) 526-3897

<http://dese.mo.gov/divadm/finance/>



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