

School Finance

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PAYMENT CALCULATIONS

May Calculation Payment

The May payments were calculated using the most current data available as reported by the district to DESE. Please call or email School Finance at (573) 751-0357 (finadmgo@de.se.mo.gov) with questions or concerns about the district's calculations. Additional information is provided below.

Classroom Trust Fund and Basic Formula Payment

Gaming fund shortfalls due to COVID-19 have resulted in a reduced amount of cash available to the Department of Elementary and Secondary Education (DESE) to make payments to Missouri public school districts and charter schools. DESE works incredibly hard throughout the year to ensure the State Adequacy Target (SAT) used in the payment is attainable. Changes like this at the end of a fiscal year are incredibly rare, but necessary during this unprecedented time.

A lack of gaming funds means districts and charter schools will not receive a Classroom Trust Fund payment in May. For the May Foundation Formula payment to districts and charter schools, the SAT has been adjusted from \$6,375 to \$6,310.87 to account for this shortfall.

Transportation Payment

The Transportation State Aid withholding announced on April 20, 2020 of \$7.1 million will reduce the appropriation from \$107,547,713 to \$100,447,713. This is a reduction of 6.60% in the total appropriation for Transportation State Aid. This reduces the Transportation State Aid maximum entitlement (line 50 of the Transportation State Aid calculation) by an estimated 2.4% and will change the appropriation adjustment (line 51 of the Transportation State Aid calculation) from 30.5% to 32.8%. Districts and charter schools will see a reduction of their Annual State Transportation Aid (line 52 of the Transportation State Aid Calculation) of almost 7%. The majority of the adjustment will be reflected in the May payment; the June payment may be lowered as well to compensate for the remaining shortfall.

Proposition C Payment

Proposition C payments vary each month due to cash availability, which is based on sales tax paid roughly two months prior. It appears unlikely that Proposition C will reach appropriated levels. As of the May payment, \$920.84 per Weighted Average Daily Attendance (WADA) has been paid. At this time, DESE is unsure what cash will be available to distribute in June, but it appears to be notably short of the appropriated level. However, at this time, the 2020 year-to-date distribution is ahead of the 2019 year-to-date distribution, which was \$912.31. Districts and charter schools are urged to revise budget estimates accordingly, while closely monitoring 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 May Payment	Appropriation	Percent Paid-to-Date
2016-2017	\$808,001,196.49	\$884,800,000	91.32%
2017-2018	\$814,767,099.73	\$901,600,000	90.37%
2018-2019	\$829,405,612.09	\$917,500,000	90.40%
2019-2020	\$840,822,851.98	\$958,400,000	87.73%

Small Schools Grant Payment

As of this time, the Small Schools Grant payment remains unaffected by the general revenue shortfall.

PRIOR YEAR (2018-19) ADJUSTMENTS

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 2018-19 Basic Formula calculations were made using the highest of the 2018-19 estimated weighted average daily attendance (WADA), the 2017-18 actual WADA, or the 2016-17 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 2018-19 fixed dollars. The Formula WADA increased from the June payment by 2,497.9042. The change is as follows:

June 2019 SAT	6,308.000000000
November 2019 Recalculated SAT	6,291.069721937
March 2020 Recalculated SAT	6,291.533594787
May 2020 Recalculated SAT	6,293.274786414

Prior year correction payment amounts can be viewed by going to the payment transmittal for May 2020 and clicking on the dollar amount of the district’s Basic Formula, Classroom Trust Fund, Transportation, 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 as well as the prior year correction amount.

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 2021	\$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 ³	Classroom Trust Fund ¹	Prop C ²	Small Schools Grant \$10M ¹	Small Schools Grant \$5M ⁴	Transportation
SAT/Amount Per/ Adjustment %	\$6,375	\$428	\$1,049	\$280	\$150	29.4%
Governor’s Budget Denominator	\$3,553,211,885	\$353,359,579	\$958,400,000	\$10,000,000	\$5,000,000	\$93,947,713
		828,500	913,094	35,716	33,351	

¹ADA /² WADA/ ³FWADA / ⁴ Tax-Rate WADA / ⁵ Appropriation Cap Adjustment (% paid of line 50)

Although the above data is based on the FY 2020-21 appropriations as passed by the general assembly, districts and charter schools should exercise extreme caution as they move forward in their budgeting process for FY 2020-21. It is impossible to know the full impact COVID-19 could have on the ability to reach the State Adequacy Target in the Foundation Formula payment. District and charter schools should be conservative in any estimates for Foundation Formula, Classroom Trust Fund, Transportation, Small Schools and Proposition C payments in the coming year. The department will continue to monitor revenue trends over the coming months and provide additional guidance when more information is available.

AUDITS

2019-20 Audit Schedule of Selected Statistics

A copy of the 2019-20 Schedule of Selected Statistics that is to be included in the 2019-20 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 2019-20 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, Core Data, the Annual Secretary of the Board Report, or other reports and resolve any differences prior to submitting the audit report.

OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

New 2019-20 Revenue and Project Codes

Five new revenue codes and five new project codes have been created due to CARES Act funds that will be sent out from the Department of Elementary and Secondary Education. They can be viewed [here](#).

2019-20 Annual Secretary of the Board Report (ASBR) Updates

Many changes have been made to the 2019-20 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 listed changes exclude the newly added revenue and project codes found [here](#). The ASBR is not open at this time. The ASBR will not be allowed to be submitted until July 1, 2020.

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 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. Expenditures should be recorded to Function Code 2214. 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." Any portion of the amount allocated and not expended during the year must be shown as a part of the restricted fund balance on June 30.

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. Starting with the 2019-20 ASBR expenditures coded to Function Code 2214 with a source code or project code that indicates use of funds other than Basic Formula funds will not be allowed. If improper coding has occurred the district will be required to make adjusting entries and amend the Annual Secretary of the Board Report (ASBR) as necessary.

State of Missouri Vendor Services Portal – 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 21st of the month, unless the 21st is a weekend then the date varies at most by one day before or one day after the 21st.

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:

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:

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 non-instructional supplemental assignments, 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 that are notified they have an educator(s) that meets 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 During COVID-19 Closure and for Summer School

For guidance regarding various attendance reporting scenarios please refer to the School Finance website on the [Finance Topics & Procedures](#) webpage. Additional guidance may also be found on the department's [COVID-19](#) webpage.

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 MOHEFA, or your district's bonding advisor for more information about the process.

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 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 Transportation State Aid withholding announced on April 20, 2020 of \$7.1 million will reduce the appropriation from \$107,547,713 to \$100,447,713. This is a reduction of 6.60% in the total appropriation for Transportation State Aid. This reduces the Transportation State Aid maximum entitlement (line 50 of the Transportation State Aid calculation) by an estimated 2.4% and will change the appropriation adjustment (line 51 of the Transportation State Aid calculation) from 30.5% to 32.8%. Districts and charter schools will see a reduction of their Annual State Transportation Aid (line 52 of the Transportation State Aid Calculation) of almost 7%. The majority of the adjustment will be reflected in the May payment; the June payment may be lowered as well to compensate for the remaining shortfall.

State Aid for Transportation of Pupils Statute Waived

As stated in the April 3 [Administrative Memo COM-20-002](#) a requirement of the state aid for transportation of pupils statute has been waived. This waiver means the miles driven by school buses that are delivering food and/or remote learning opportunities to students, and/or providing Wi-Fi near students' homes, are allowable transportation costs (under the district's emergency preparedness plan) and may now be reported as eligible route miles on the Application for State Transportation Aid. Amid COVID-19 school closures, schools are now taking school to Missouri students, instead of bringing students to school.

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 <https://dese.mo.gov/financial-admin-services/student-transportation/certified-bus-driver-instructors>, also, a listing of all current Certified School Bus Driver Instructors can also be viewed at this site.

5 CSR 30-261.045 Pupil Transportation in Vehicles Other Than School Buses, the State Board of Education is Amending Rule to Remove the Requirement for a Restroom

The proposed amendment to this regulation are as follows:

- (3) Requirements for Transportation of Students in Authorized Common Carriers.
 - (A) Authorized common carriers shall only be used to transport students to and from field trips or other special trips for educational purposes and shall not be used to transport students to and from school. Authorized common carriers, as used in this rule, are over-the-road intercity-type coaches equipped with reclining seats[,] and air conditioning [and restroom facilities, and]. **Authorized common carriers must also hold[ing] authority from the Missouri Department of Transportation, Motor Carrier Services, [of Economic Development, Division of Motor Carrier and Railroad Safety] or the Federal Motor Carrier Safety Administration.**

Comment Period is May 1-31, 2020 - NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed rescission with the Department of Elementary and Secondary Education, ATTN: Debra Clink, Student Transportation Manager, School Financial and Administrative Services, PO. Box 480, Jefferson City, MO 65102-0480 or by email to finadmogov@dese.mo.gov. To be considered, comments must be received within thirty (30) days after publication of this notice in the Missouri Register. No public hearing is scheduled.

School Finance

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Fax # (573) 526-3897**

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



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 May 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>.