

School Finance

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PAYMENT CALCULATIONS

October Payments

Basic Formula

The payment was based on the current data available for Fiscal Years 2020-21, 2019-20, and 2018-19 weighted average daily attendance (WADA). Due to the unique circumstances surrounding the FY 2021 withholding, the proration percentage used in the October payment is substantially lower than the expected final proration percentage for FY 2021. It is expected that each month the proration percentage will increase until becoming final in June of 2021. For other important information regarding this payment please see administrative memo [FAS-20-007 – Updated Information on July Payment to Schools](#).

Classroom Trust Fund

The payment was calculated using School Year 2019-20 average daily attendance data (ADA). As LEAs continue to verify and clean up FY 2020 data adjustments will be made in future months to reflect districts' School Year 2019-20 data submissions.

Proposition C

The payment was based on Fiscal Year 2019-20 weighted average daily attendance (WADA).

Transportation

The October Transportation payment was live and used FY 2020 cost, miles and ridership data. See the Transportation section of this memo for more information.

Small Schools Grant

Section 173.044, RSMo, authorizes payments to small schools defined as districts with an average daily attendance (including summer school) of 350 or less. The allocation of the \$15 million appropriation requires that \$10 million be distributed to the eligible districts on an equal amount per prior year average daily attendance. The remaining \$5 million is distributed (on an equal amount per tax rate weighted average daily attendance) to the eligible districts with a current year adjusted Incidental plus Teachers Funds tax rate of \$3.43 or higher and any district which previously had a Incidental plus Teachers Fund tax rate of \$3.43 or higher but currently has a tax rate less than \$3.43 solely due to modification of such levy required under Section 137.073.5(4), RSMo.

The first Small Schools Grant payment for 2020-21 was calculated in October using the best data available for each district. The October payment is 4/12ths of the annualized calculation. The remaining payments will be approximately 1/12th of the annualized calculation. The district's calculation is available through the payment transmittal.

Claiming Prekindergarten ADA for State Aid

163.018, RSMo, now allows for all districts and charter schools to claim a small portion of their prekindergarten students for state aid if the prekindergarten students meet certain criteria. 163.018, RSMo, allows for a school district that operates an early childhood education program to receive state funding through the foundation formula for some students between the ages of three and five who are eligible for free and reduced lunch. This legislation will allow these students to be included in the average daily attendance calculation (ADA) of the district or LEA charter school. The total number of such pupils included in the ADA calculation cannot exceed 4% of the total number of resident pupils eligible for free and reduced lunch between the ages of five and eighteen as of October 1 who are included in the district’s ADA calculation.

Calendar Requirements for PK Programs Claimed for State Aid

In order to claim PK for state aid the LEA must have either a full day PK program that is 1,044 hours and plans 36 weather make-up hours or have a half day PK AM or PM program that is no less than 522 hours and plans 36 weather make-up hours.

The program must also be taught by a certificated staff member who is paid minimum salary per [163.172](#), RSMo.

More information on this topic can be found in guidance that has been posted on the Finance Topics & Procedures webpage at <https://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures>. The document is titled PK Eligibility for State Aid.

Estimated Regular Term Average Daily Attendance (ADA)

The calculated Threshold percentages to be used in the Weighted Average Daily Attendance (WADA) calculation for FY21 declined from prior years. This decline may cause districts’ FY21 WADA to increase over prior year’s calculations due to greater weighting of one or all of the weighting categories. The change in Threshold percentages 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%

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 this year. Estimates including prekindergarten students should be supplied only after the MOSIS 2021 October Student Core file is submitted so that the maximum 4% of prekindergarten students can be calculated.

To help determine if it would be advantageous for your district to estimate ADA for the FY21 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 FY21, please email your district finance contact the following:

- The regular term ADA the district/charter wishes to estimate separated by PK and the K-12.
- The enrollment used as the base for the 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 2020-21 estimated ADA may be made through **May 15, 2021**. Contact School Finance staff if you have questions about estimating ADA.

AUDIT REPORTS

Fiscal year 2020 Audit Submissions via Tiered Monitoring System

The following guidelines are provided for the Fiscal Year 2020 Audit Submissions:

- Audits, copies of signed board minutes approving the audit, and management letters should be submitted to DESE via the Tiered Monitoring System. The documents should be in Adobe searchable pdf format, version 11.0 or lower. The file description should easily identify the document, such as audit, management letter, or signed board minutes.
- The audit report should be uploaded as “Audit Documents (required fiscal audit)” and the board minutes, management letter and any corrective action plans would be “Audit Documents (supporting docs)” in the file upload dialog box for the 2020-21 fiscal year. The file upload box will also require adding the contact information for the auditor before the audit report can be uploaded. (Use the [global document repository \(uploads\)](#) link under “Utilities” on the right side of the screen to upload the documents.)
- The deadline for submitting audits is **December 31, 2020**. There is no longer any need to file for an extension of the audit deadline.
- Copies of signed board minutes and management letters may be submitted after the December 31 deadline. These documents should include all required signatures, which is a change from current practice.
- The school, not the auditor, is responsible for ensuring that the audit, board minutes, and management letter are submitted to DESE in compliance with the provisions of the audit rule. With the change of audit submission via the Tiered Monitoring System, the auditor should not have access to this system and, therefore, not be able to upload the audit documents.
- To minimize the need for subsequent audit corrections, schools are strongly encouraged to complete the following checklist prior to submitting the audit:
 - The pages of the audit have been compared to the Table of Contents and no pages are missing or out of order. Audits with missing pages may be rejected as incomplete.
 - The audit includes the auditor’s signature and the date of the audit report. Audit reports that are not signed and dated may be considered a draft, not a final report. Draft reports cannot be accepted in satisfaction of the audit requirement.
 - The ending debt balances in the audit report (reported in the financial statements and/or Notes to the Financial Statements) agree to the balances reported in Part IV, Long and Short Term Debt, of the Annual Secretary of the Board Report (ASBR). Any differences should be reconciled.
 - The audit includes the updated version of the Schedule of Selected Statistics, which can be found at <http://dese.mo.gov/financial-admin-services/school-audits>.
 - The data reported on the Schedule of Selected Statistics agrees to the corresponding data on the ASBR and MOSIS/Core Data. If changes to the ASBR and/or MOSIS/Core Data are needed as a result of the review, please revise and resubmit corrections as soon as possible and notify your auditor of any changes.
 - Submit/upload corrective action plans for federal and state findings in a separate document from the audit report.
 - The audit submission includes the district’s Single Audit, if applicable. There is no provision in the rule allowing the Single Audit portion of the audit to be submitted at a later date.

Publication of the Audit

Per 165.121, RSMo, within thirty days of the receipt of the audit report the school board shall cause a summary of the report to be prepared which shall include, together with any other matter the board deems appropriate, the following:

- 1) A summary statement of fund balances and receipts and disbursements by major classifications of each fund and all funds;
- 2) A summary statement of the scope of the audit examination;
- 3) The auditor's opinion on the financial statements included in the audit report.

Immediately upon the completion of the summary, the school board shall cause it to be published once in a newspaper within the county in which all or a part of the district is located which has general circulation within the district or, if there is none, then the board shall cause the summary to be posted in at least five public places within the district. The publication shall contain information as to where the audit report is available for inspection and examination. The report shall be kept available for such purposes thereafter.

OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

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> and select Attendance Reporting from the General Guidance section.

Minimum Salary Requirements

The minimum teacher's salary is \$25,000 and the minimum salary for a full-time teacher with a master's degree with at least ten years public teaching experience is \$33,000.

All teachers are to receive at least their FTE proration of the applicable state minimum salary. Teachers include study hall teachers, in-school suspension teachers, and all others for whom the students' hours are included in the average daily attendance calculation for state aid. Substitute teachers filling a regular classroom teacher's position as the teacher-of-record for the class must be paid the minimum salary.

The penalty for noncompliance with the minimum salary requirements of Section 163.172, RSMo, is stated in Section 163.021.3, RSMo. The statutory penalty for noncompliance is a reduction of the Basic Formula to the 1993-94 amount per eligible pupil. Therefore, it is important that each district ensures compliance with the minimum salary requirements. Questions on specific situations may be directed to the School Finance staff at 573-751-0357.

SCHOOL GOVERNANCE

Health Insurance Coverage for Retirees

The Department receives questions from time to time regarding eligibility for health insurance coverage for individuals who are retiring, or who have retired, and are receiving or eligible to receive retirement benefits from a Missouri school employee retirement system. This eligibility is provided for in Section 169.590 RSMo., <http://revisor.mo.gov/main/OneSection.aspx?section=169.590&bid=8559&hl> .

If you have questions please contact David Tramel, Financial and Administrative Services, at 573-751-0357.

STUDENT TRANSPORTATION

2020-21 State Transportation Aid Calculation

The fiscal year 2020-21 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 first live state transportation calculation made for the current year. The calculation is based on 2019-20 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 October 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>
October 2020	68.093484%	4.804281	-1.3333465

2020 EPA DERA School Bus Rebate Program – Deadline October 30, 2020

EPA's Office of Transportation and Air Quality is accepting applications nationwide for rebates to assist in replacing older, dirtier diesel school buses with new school buses certified to EPA's cleanest emission standards. EPA anticipates awarding over \$10 million in this funding opportunity. Selected applicants that scrap and replace their old diesel buses will receive a rebate of \$20,000-\$65,000 per bus depending on the fuel type of the replacement bus.

The following link provides more detail and contact information for this program:
<https://www.epa.gov/cleandiesel/clean-diesel-rebates#dates>

School Bus Aisle Blocking

State Board of Education Rule 5 CSR 30-261.010 requires that school bus aisles not be blocked. As your district makes field trips and activity trips this year, please ensure that all school bus drivers know and adhere to this rule. The aisles must be free of any obstruction so the bus, if needed, could be evacuated quickly without difficulties caused by the aisles being blocked by trash cans, coolers, book bags, band equipment, or other items.

School Bus Driver Seat Belt Use

5 CSR 30-261.010, RSMo (Requirements for the Operation of School Buses), requires school bus drivers to use their seat belt whenever the bus is in motion. Please verify compliance with this requirement within your school district.

Non-Conforming Van Use

Any vehicle that was manufactured to transport 11 or more passengers (as manufactured) including the driver that is newly purchased, leased, or contracted must be a school bus and meet all Missouri Minimum Standards for School Buses as well as all Federal Motor Vehicle Safety Standards for School Buses (with the exception of motor coaches).

This means that a school district cannot purchase, contract, or rent 12/15/17 passenger vans for the transportation of school children.

School Finance

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



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