

School Finance Monthly Newsletter August 2014

Highlights for this Issue

- ◆ [August Payments](#)
- ◆ [2014-15 Contact Information on Core Data Screen 3 and Screen 4](#)
- ◆ [2014-15 Core Data Screen 6](#)
- ◆ [Attendance Reporting](#)
- ◆ [Estimated Regular Term Average Daily Attendance \(ADA\)](#)
- ◆ [School Calendar Requirements](#)
- ◆ [Missouri Accountability Portal \(MAP\) – Debt Reporting](#)
- ◆ [Nonresident Students](#)
- ◆ [Use of Birth Certificates for Enrollment Purposes](#)
- ◆ [MSPMA Annual State Conference](#)
- ◆ [National School Bus Safety Week](#)
- ◆ [School Bus Driving Record Checks](#)
- ◆ [Exempt Railroad Crossings](#)
- ◆ [Deputy Commissioner's Comments](#)

August Payments

Basic Formula -

The August Basic Formula payment, including Classroom Trust Fund, was calculated using the best data available for each district. Each month's calculation will be made using the best available data reported by the district to DESE.

One common data quality issue affecting a district's calculation is the lack of the 2014 summer school attendance data provided through the MOSIS August submission; therefore, the payment weighted average daily attendance for the district may not include a summer school component. The weighted average daily attendance value used in the formula calculation will change in some future month once the summer school attendance data have been submitted to DESE. *Districts should submit the 2014 summer school attendance data as soon as possible.*

2014-15 Contact Information on Core Data Screen 3 and Screen 4

Please ensure that the district has updated the contact information on Core Data Screen 3 and Screen 4 with the most current contact information. These screens provide contact information to employees of DESE and it is important that this information is kept current throughout the school year.

2014-15 Core Data Screen 6

The 2015 (2014-15 school year) tax levies and assessed valuations are reported on Screen 6 titled "District Tax Data" of the Core Data Collection System. The tax levy information entered on Screen 6 must agree with the levies on the **Estimate of Required Local Taxes** form, which is to be filed with the respective county(ies) by September 1. The assessed valuation data for 2014 entered on Screen 6 is the estimated assessed valuation received from the county in June/July for the 2014 calendar year and used in the calculation of the district's tax rate ceiling. Do not enter the December 31, 2013, assessed valuation on Screen 6 and do not updated the Assessed Valuation once the tax rate has been set.

August cycle data should have been entered by August 15, 2014, or as soon thereafter as possible, as this will impact the accuracy and completeness of the [Missouri School Directory](#).

Attendance Reporting

For guidance regarding various attendance reporting scenarios please refer to the School Finance website at <http://dese.mo.gov/sites/default/files/sf-AAttendanceReporting.pdf>.

Estimated Regular Term Average Daily Attendance (ADA)

The estimated regular term ADA for 2014-15 may be provided to your School Finance consultant to be entered on the August Core Data WEB Screen 2 in the Estimated ADA field. The district would report an estimated regular term ADA for the **2014-2015** year *only if the district's 2014-15 regular term ADA is expected to be greater than both the 2012-13 and 2013-14 regular term ADA figures* and the district wants to be paid in 2014-15 on the 2014-15 estimated number. Regular term average daily attendance includes qualified remediation attendance outside the regular school day. Refer to the Finance website at <http://dese.mo.gov/sites/default/files/sf-AAttendanceReporting.pdf> for the description of qualified remediation attendance.

The local education agency (LEA) charter schools must provide an estimated regular term ADA to their School Finance consultant for 2014-15. Payment is made to charter schools on current year attendance.

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 2014-15 estimated ADA may be made through **May 15, 2015**. Contact School Finance staff if you have questions about estimating ADA.

School Calendar Requirements

Missouri statute directs that *each school board shall prepare annually a calendar for the school term* per Section 171.031.1, RSMo. Due to the fact that a number of school districts that have moved, or in the future may consider moving, to a school year of less than one-hundred and seventy-four (174) days, it has been determined that additional guidance should be provided to give greater clarity on what needs to be considered when setting such calendars.

School Calendar Options as Provided in Statute

In order to be eligible to receive state aid for its education program a school district must adopt a calendar that meets minimum standards that provide at least 1,044 hours of instruction. School districts may operate under one of three possible calendar scenarios described below:

1. A traditional calendar may be adopted which requires the school board to provide a minimum term of at least 174 days and 1,044 hours of instruction, 171.031.1, RSMo.
 - a. Minimum required hours in a school day of 3 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 7 hours per Section 171.031.7, RSMo.
2. A calendar of less than 174 days may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.029.1 RSMo.
 - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 8 hours per Section 171.031.7, RSMo.
3. A calendar of 142 days (four days per week) may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.031.1, RSMo.
 - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 8 hours per Section 171.031.7, RSMo.

Points of Clarification

1. Districts must establish which type of calendar they will be operating under as well as the number of days they plan to attend school prior to the opening of a new school year. In order to assure that the district has complied with this statute, the planned calendar will be reported to the Department on Core Data Screen 10 by August 15 of each year. Once the type of calendar has been established by the district the number of days of planned attendance cannot be amended or changed after the August 15 reporting date.
2. Districts that operate with a traditional calendar (174 days or more) may not attend fewer than 174 days or 1,044 hours except as forgiven by weather as established in Section 160.041, RSMo.

3. Districts that operate with a calendar of less than 174 days, and with a minimum of 1,044 hours, must attend the number of planned attendance days as certified to the Department on Core Data Screen 10 by August 15 of each year, except as forgiven by weather as established in Sections 171.033 and 160.041, RSMo.
4. Districts that operate with a calendar of 142 days, and with a minimum of 1,044 hours, must attend the number of planned attendance days as certified to the Department on Core Data Screen 10 by August 15 of each year, except as forgiven by weather as established in Sections 171.033 and 160.041, RSMo.
5. Section 163.021.1, RSMo, requires compliance with the minimum term for eligibility for state aid. 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 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 for the ADA calculation for state aid purposes.
 - a. Minimum required hours of class time to count as a school day:
 - i. 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 day as an attendance day for calendar purposes.
 - ii. 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 day as an attendance day for calendar purposes.

Missouri Accountability Portal (MAP) – Debt Reporting

House Bill 116 was passed by the General Assembly and became law on August 28, 2013. The new legislation in 37.850, RSMo requires school districts to report all bonded indebtedness and requires charter schools to report all debt. This information shall be supplied to Office of Administration (OA) for display on the State's Accountability Portal.

If a school district issues new bonds or a charter school enters into debt obligations the new debts are required to be entered onto the portal within seven days of issuing a bond or incurring an obligation or debt per section 37.850, RSMo.

A user link for the portal is available on the main page <http://mapyourtaxes.mo.gov/MAP/Bonds/HomePage.aspx>. In order to submit information, an entity will need to visit the portal website and obtain a secure user name and password. The user name and password can be created by selecting "create account" on the right hand side of the screen. Once credentials are granted, a user may enter the site to enter or update bond or debt information.

Most of the required fields on the reporting tool are self explanatory; however, there have been questions regarding a couple of the fields. The description of the revenue stream is generally something such as revenue generated from a levy that was established, Classroom Trust Fund revenue or local revenue. This list is not an all inclusive list but provides a general idea as to what would seem to be an appropriate response. The description of the project would be a description as to what the project was, for example, a building project.

If you have questions regarding accessing the portal website, please contact OA at (573) 751-2971 or MAPBonds@oa.mo.gov. For questions regarding what debt should be entered on the portal please do not hesitate to contact School Finance at (573) 751-0357.

SCHOOL GOVERNANCE

Nonresident Students

The School Administrative Services section has received a number of calls regarding the admission of nonresident students. Please note the following:

- If a school district enrolls a nonresident student the district must charge tuition and this student cannot be counted for state aid purposes.

- Homeless children are resident students.
- A child of a parent employed by the school district as a teacher or regular employee and agriculture exemptions are situations where a nonresident student may be enrolled and counted for state aid purposes.

It is the time of year when students are registering for school and the district is dealing with residency issues. It would be advisable, especially for districts with new administrators, to review the district's residency policy and enrollment forms. Additional information on residency, such as an enrollment checklist and residency waiver, can be found at the School Governance website at <http://dese.mo.gov/financial-admin-services/school-governance>.

Please contact Roger Dorson, Coordinator – School Administrative Services, at (573) 751-0357 if you have any questions relating to residency or other questions relating to the operation of your school district.

Use of Birth Certificates for Enrollment Purposes

The Department of Health and Human Services - Bureau of Vital Records receives a large number of requests for birth certificates from parents attempting to enroll their child in a Missouri public school. According to the Bureau, these parents are being told they cannot enroll their child in a school district without a birth certificate containing the father's name and information on the certificate. The Bureau has questioned the Department about the use of birth certificates for this purpose.

Neither the Missouri Constitution, the Public School Laws of Missouri, nor Department rules require public school districts to request a birth certificate for enrollment purposes. In fact, school districts requiring this information before allowing a student to enroll may, in effect, be denying the student access to a public education for which s/he is otherwise legally qualified to receive. While a district may request a birth certificate at the time of enrollment, documents other than a birth certificate can be used to verify the age of a student. Finally, the U.S. Department of Education's Office for Civil Rights has, in the past, cautioned school districts about relying solely on birth certificates when other documents, such as parent affidavits or hospital records, are equally suitable as reliable sources of information.

In sum, the fact that a parent cannot provide a birth certificate with or without the father's name on it should not—by itself—prevent a child from enrolling in a public school.

MSPMA Annual State Conference

The annual state conference of the Missouri School Plant Managers Association will be held on September 28-30, 2014, at the Lodge of the Four Seasons at the Lake of the Ozarks. A MSPMA membership form and registration form for the conference have been sent in a separate mailing. Please provide the conference information to the person in your district in charge of facilities. Additional information about the conference can be obtained by calling Mr. Tony Sloan, Executive Director, at (573) 443-0789. Registration and conference information is also available at <http://www.mspma.com/annual-conference.html>.

SCHOOL TRANSPORTATION

National School Bus Safety Week

National School Bus Safety Week is October 20-24, 2014. This Year's Theme is "At my Stop, you Stop". A National School Bus Safety Week Resource Guide and Activity Booklet may be printed off the National Association of Pupil Transportation's website at http://naptonline.org/files/NSBSWdoc_Co.pdf. School Bus Safety Week posters can be obtained from the National Assn. of Pupil Transportation at (800) 989-NAPT.

School Bus Driving Record Checks

With the 2005 change in school bus driver licensing from the Department of Revenue's central office to local fee offices the Department of Revenue (DOR) no longer has access to employer information for notifications of changes in school bus "S" endorsement status. Driving records can be obtained for \$5.88 (plus \$2.00 at the fee offices). A verbal driver's status check can be obtained by calling DOR, General Issuance, (573) 751-2730 (ext. 2) or by calling an automated line at (573) 751-2730 (ext. 1).

It is recommended that the driving record or S endorsement status be checked *at least every 6 months*. School bus drivers are notified by letter when any S endorsement status change occurs. Driving record checks are also run when the applicant is applying for an S endorsement.

Exempt Railroad Crossings

A current listing of the exempt railroad crossings in Missouri can be found on the Missouri Operation Lifesaver website at http://www.showmeol.org/safety/exempt_crossings.pdf. Please make sure that school buses traveling in these areas with exempt crossings are aware of this information.

Deputy Commissioner's Comments

Revenue Trends YTD

	<u>YTD as of July FY14</u>	<u>YTD as of July FY15</u>	<u>Revenue Change</u>	<u>% Change</u>
Individual Income Taxes	\$341,900,000	\$373,400,000	\$31,500,000	9.21%
Sales & Use Taxes	\$151,300,000	\$150,900,000	(\$400,000)	-0.26%
Corporate Inc. & Franchise	\$18,600,000	\$17,200,000	(\$1,400,000)	-7.53%
Other Collections	\$15,400,000	\$20,400,000	\$5,000,000	32.47%
 Increase in Revenue YTD			 \$34,700,000	 6.58%
				<u>Refund Change</u>
Refunds (YTD)	\$45,600,000	\$49,000,000	\$3,400,000	7.46%
(A decrease in refunds enhances New Revenue. An increase in refunds diminishes Net Revenue.)				
 Actual Net Revenue Status YTD	 \$481,600,000	 \$512,900,000	 \$31,300,000	 6.50%

School District Trust Fund (Proposition C) YTD

	<u>Current Year</u>	<u>Prior Year</u>	<u>% Change</u>
Amount Paid to School Districts Appropriation	\$82,132,244 \$827,500,000	\$71,627,596	14.67%

Gaming Revenue YTD

	<u>Current Year</u>	<u>Prior Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$28,986,318	\$29,862,295	-3.03%
Gaming Revenue Appropriated	\$353,112,706		
YTD Classroom Trust Fund Available FY15*	\$37,621,368		

*Includes \$8,665,050 carryover from FY14 and \$13,105,978 unclaimed Lottery funds

We have again moved into the point of a new fiscal year when we can begin tracking the current year appropriation as compared to the year just past. As we all know, we cannot make an accurate projection based on thirty (30) days of revenue, but we can begin to glean more accurate insights about how things are trending as the months pass. For that reason, it will remain the goal of the Financial and Administrative Services Division to continue to provide information that will help you better assess how the fiscal year is progressing.

One new report we have added is information about revenue from the School District Trust Fund, or what is more commonly referred to as Prop C. Last year proved to be a very good year in that the appropriated level of \$793,100,000 was exceeded and funds that had been carried over were then disbursed in July. The carryover funds are the reason for the \$10.5 million increase for July, as compared to last year. You will also note that the appropriation for FY15 is \$32 million greater than FY14 but those revenues must be ultimately realized before they can be distributed. As in the past, we will continue to provide information about the status of General and Gaming Revenues on a monthly basis.

I know that by the time this memo is read, the school year will have begun in the vast majority of our school districts and charter schools. I also understand that there is much uncertainty relative to the revenue picture within the state and that those unknowns have made preparations for the opening of the school year more of a challenge. In spite of those realities, it remains our responsibility to serve all of our students to the highest level possible as they begin a new year. The children of Missouri depend on those who have accepted the responsibility to engage in public service on their behalf to help them reach their full potential as they prepare for the future that awaits them. Please feel free to let me or our staff know if we can help you as together we work to meet the challenges of the 2014-15 school year.

My best wishes to each of you,



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