

Certificated Salary Compliance

Certificated Salary Compliance History

When SB287 was passed in 2005 it contained provisions changing how certificated salary compliance would be calculated. These changes were made as part of 163.031.6 RSMo. The intention is to mandate a certain level of local money be used to support certificated staff salaries each year.

Starting in 2006-2007 the first part of this change was enacted requiring that “No less than seventy-five percent of the state revenue received under the provisions of subsections 1, 2, and 4 of this section shall be placed in the teachers' fund, and the remaining percent of such moneys shall be placed in the incidental fund. No less than seventy-five percent of one-half of the funds received from the school district trust fund distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of revenue received under the provisions of section 163.161 shall be placed in the incidental fund. One hundred percent of revenue received under the provisions of sections 168.500 to 168.515 shall be placed in the teachers' fund” (163.031.6 RSMo).

This means that at least 75% of the 5311 Basic Formula Other State Monies be placed directly into the Teachers fund, at least 75% of ½ of the district's 5113 Proposition C revenue be placed directly into the Teachers fund, 100% of 5312 Transportation State Aid be placed in the General Fund, and 100% of 5317 Career Ladder State Match placed into the Teachers Fund.

In 2007-2008 the second part of this change was enacted requiring that districts spend as many dollars per weighted ADA from Local and County tax sources as they did in the previous year. This means, in order for a district to be in certificated salary compliance they have to meet the following criteria:

- Place at least 75% of 5311 – Basic Formula Other State monies into the Teachers Fund, BUT can place up to 100% into the Teachers Fund.
- Place at least 75% of ½ of 5113- Prop C into the Teachers Fund, BUT can place up to 100% into the Teachers Fund.
- Place 100% of 5312 Transportation State Aid into the General Fund.
- Place 100% of Career Ladder State Match into the Teachers Fund.
- Spend as many dollars per WADA from Local and County Tax sources as the district did the previous year. The revenues that are considered to be tax source are as follows:

5111 – Current Taxes

5112 – Delinquent Taxes

5114 – Financial Institution Tax

5115 – M&M

5116 – In Lieu of Tax

5117 – City Sales Tax

5221 – State Assessed RR&U

5222 – County Stock Insurance Fund

002 – Teachers Fund Transfer (treated like local dollars in the calculation)

Penalties for Non Compliance

Section 163.031.6(c) defines that "In the event a district fails to comply with this provision, the amount by which the district fails to spend funds as provided herein shall be deducted from the districts' state aid the following year (163.031.6(c) RSMo). Districts will be provided an opportunity to ask the state board of education for a waiver, and the state board of education will determine if the district had circumstances that warrant such exemption.

Strategy to Meet Certificated Salary Compliance

The most efficient way to meet certificated salary compliance is to limit the amount of local dollars spend out of the Teachers Fund. This can be done by placing revenue directly into the Teachers Fund if the district receives that revenue for Teachers Fund expenditure.

Also the district will want to place as much state money as allowed by law directly into the Teachers Fund to minimize the need to transfer using the Teachers Fund Transfer, which is considered local money. An example of this would be to place 100% of 5113 Proposition C revenue into the Teachers fund instead of the minimum of only 75% of $\frac{1}{2}$ of the money.

Districts may also wish to only set a levy in the General Fund versus having a level in both the General Fund and Teachers Fund. Also if a fund balance is built in the Teachers Fund, the following years it will be more difficult for the district to meet compliance because that balance will be spent versus local money being spent, making it difficult for the district to be in compliance.

Projecting Compliance

To help districts understand the Certificated Salary Compliance calculation School Finance created the Certificated Salary Compliance sheet that is located inside of the Formula Worksheet tool. This worksheet is located on the School Finance Website under Calculation Tools at <http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>. Using this tool districts can determine what amount of Local and County Tax Sources that the district must spend per WADA.

Also starting with the 2013-2014 Annual Secretary of the Board Report a calculation will be made available showing the district their certificated salary compliance calculation for the year.