

**Department of Elementary and Secondary Education
School Finance**

Local Effort

Missouri State Statute Section 167.126, RSMo, allows a school district providing education services to a student who resides in another district but was placed in the district by the Department of Mental Health, Department of Social Services, a court of competent jurisdiction, or other placements as guaranteed by law, to bill the district of domicile an amount equal to the average sum produced per child by the local tax effort of the district of domicile.

The educating school district may bill the domicile district for Local Tax Effort. The result of not billing is that the educating school district would be subsidizing the education of non-domicile students at the expense of their own students.

The domicile school district of a student is defined as the school district in which the student would have been educated if the student had not been placed in a different school district. Because the law requires that a student be living with a parent or legal guardian in order to be enrolled in school, the school district where the student would have attended is presumed to be where the student's parent or legal guardian lives.

The average sum produced by Local Tax Effort is a calculation of local tax revenue behind each student in a school district. The Local Tax Effort per student is computed by adding the prior year's tax revenue the district of domicile received from property taxes, Intangible (Financial Institution) Taxes, M & M Surtaxes, In Lieu of Taxes, and State Assessed Railroad and Utility Taxes, then dividing that sum by the prior year's resident average daily attendance of the district of domicile. The Local Tax Effort per student in a special school district is the average sum produced per student by the local tax efforts of the component districts.

Sections 162.740 and 167.126, RSMo, reference when the district of domicile is to pay to the educating district an amount equal to the average sum produced per student by the Local Tax Effort of the district of domicile. The educating school district will bill the domicile district by dividing the domicile district's tax effort by the educating district's days in session and then multiplying by the number of days a student attended.

$$(\text{Domicile District's Tax Effort per ADA} \div \text{Educating District's Days in Session}) \times \text{Days Attended}$$

The Local Tax Effort amount for each school district is calculated annually and may be found on the Missouri Comprehensive Data System (MCDS) Portal by selecting Quick Facts, then District and School Information, and then Local Effort at <http://mcds.dese.mo.gov/Pages/default.aspx>.

Frequently Asked Questions

1. Can a district bill back for an out-of-state student?

Out-of-state students, those students that have crossed state lines into Missouri (whose domicile is the sending state), do not qualify for Local Tax Effort bill backs. If these out-of-state students are placed by the other state's agencies, they are covered under the Interstate Compact Act.

2. What district is billed back if the parents have joint legal custody and live in different school districts?

When parents share joint legal custody and live in different school districts, the district should consider the following in order to determine the domicile district.

- a) Which parent did the student live with for the majority of the year?
- b) Which parent has the majority of financial responsibility?
- c) If the student was released from a treatment facility, in whose care would the student be released to?
- d) Are both residential settings permanent for the parents? (i.e. if one parent is living with a family member, this probably isn't a permanent residential setting)

3. What happens if the domicile district refuses to pay the local effort amount to the educating district?

The Department of Elementary and Secondary Education (DESE) has an administrative procedure in place which established the process for the collection of local tax effort by school districts when a dispute arises.

- a) The school district, or special school district, as the case may be, shall send a written voucher for payment to the regular or special district constituting the domicile of the student served and the domiciliary school district or special school district receiving such voucher shall pay the district providing or procuring the services an amount not to exceed the average sum produced per student by the local tax effort of the domiciliary district(s).
- b) In the event the responsible (domicile) district fails to pay the appropriately billed Local Tax Effort amount to the educating district within ninety days after an invoice/voucher is submitted, DESE shall deduct the appropriate amount due from the next payments of any state financial aid due that district and shall pay the same to the appropriate district (Section 167.126.3).

4. What district is billed back for local effort if the parental rights of the parents have been terminated and the child is a ward of the state?

Unfortunately, if the child is a ward of the state and parental rights have been terminated for the parents there is no district that can be billed for local effort.

5. What district is billed back for local effort if the parent(s) are incarcerated?

- a) If the parent(s) are incarcerated and their parental rights have not been terminated then the district would bill back the school district in which the parent(s) lived prior to their incarceration.
- b) If the parent(s) have had their parental rights terminated then, unfortunately, the child is a ward of the state and there is no district that can be billed back for local effort.

6. Is a district required to pay local effort for more days than their district is in session? For example, is a district required to pay for 174 days of instruction if they only operate 160 days?

Yes. If the student attended a higher number of days at the educating district during the regular school year then the district would be required to pay the local effort based upon the following formula even if the educating district attends more days than the domicile district.

$$(\text{Domicile District's Tax Effort per ADA} \div \text{Educating District's Days in Session}) \times \text{Days Attended}$$

7. Can a district bill local effort for a PK student?

No. Local effort billing is for students the district is mandated to provide educational service free of charge. Preschool is not a mandatory program and does not qualify for local effort billing. ECSE students education is 100% funded and also does not qualify for local effort billing.