

# School Finance

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## PAYMENT CALCULATIONS

### March Foundation Payment Calculations

The March Basic Formula payment, including Classroom Trust Fund, was calculated using the most current data available as reported by the district to DESE. It is important that the district compare DESE's calculations with those generated by the district. Please call or email School Finance at (573) 751-0357 ([webreplyadmsf@dese.mo.gov](mailto:webreplyadmsf@dese.mo.gov)) with questions or concerns about the district's calculations.

Since the FY19 calculations appears to be less than the appropriation, the State Adequacy Target (SAT) has been adjusted in the March payment calculation to \$6,308.

### Classroom Trust Fund

The March Classroom Trust Fund appropriation has been adjusted downward by eleven million due to year-to-date cash running behind what is necessary to pay out the full appropriation for the year. This allows the Basic Formula-Other State Monies payment to make-up the difference in the annualized payment owed for the Basic Formula payment.

### State Adequacy Target (SAT) and Threshold Recalculation

The SAT and related Thresholds for school years 2018-19 and 2019-20 follow. The SAT was calculated at \$6,375 but per 163.011 RSMo, "should a recalculation result in an increase in the state adequacy target amount, fifty percent of that increase shall be included in the state adequacy target amount in the year of recalculation, and fifty percent of that increase shall be included in the state adequacy target amount in the subsequent year." The SAT and thresholds are as follows:

State Adequacy Target FY 2019	\$6,308
State Adequacy Target FY 2020	\$6,375
Free & Reduced Lunch Threshold	31.42%
Special Education (IEP) Threshold	12.06%
Limited English Proficiency Threshold	2.50%

### Estimated Regular Term Average Daily Attendance (ADA)

The calculated Threshold percentages to be used in the Weighted Average Daily Attendance (WADA) calculation for FY19 and FY20 declined from prior years. This decline may cause districts' FY19 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:

Year	Free & Reduced Lunch (FRL)	Special Education (IEP)	Limited English Proficiency (LEP)
FY 2017 and FY 2018	36.12%	12.16%	1.94%
FY 2019 and FY 2020	31.42%	12.06%	2.50%

Also, if your district will be estimating and 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.

Please see the Estimated ADA page located under School Finance in the web application system to help determine if it would be advantageous for your district to estimate ADA for the FY19 year. Also, a tool has been developed to compare current year information for your district to the district's first or second preceding year's 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 FY19 please email your district's finance contact the following:

- The regular term ADA the district or charter school wishes to estimate separated by PK and K-12.
- The enrollment used as the base of the district's or charter's school 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 2018-19 estimated ADA may be made through **May 15, 2019**. Contact School Finance staff if you have questions about estimating ADA.

### Financial Management Training

The Division of Financial and Administrative Services, Department of Elementary and Secondary Education, will provide Financial Management Training on the following dates and locations (check-in will begin at 8:00 a.m., training provided from 9:00 a.m. – 3:00 p.m.):

**Cape Girardeau Training is full.**

~~Tuesday, March 26, 2019~~

~~Cape Girardeau Career & Technology Center~~

~~1080 South Silver Springs Road, Cape Girardeau, MO 63703~~

**Columbia training is full.**

~~Wednesday, April 3, 2019~~

~~Holiday Inn Executive Center~~

~~2200 Interstate 70 Drive SW, Columbia, MO 65203~~

Wednesday, April 10, 2019

Oasis Hotel & Convention Center  
2546 North Glenstone Avenue, Springfield, MO 65803

Independence training is full.

~~Tuesday, April 16, 2019~~~~Stoney Creek Hotel & Conference Center  
18011 Bass Pro Drive, Independence, MO 64055~~

## 2018-19 BUDGET ESTIMATES

### 2018-19 Proposition C Sales Tax Payment Estimate Revision

The 2018-19 Proposition C Sales Tax payment is paid on the 2017-18 weighted average daily attendance (WADA) which was 909,192.9299 as of the March 2019 payment. Based on the WADA and estimated revenue of \$917,500,000 the 2018-19 estimated amount per WADA would be \$1,009. At this point we remain cautiously optimistic that Proposition C funds will remain strong during the second half of FY19 and that the projected amount per WADA will be realized. You are urged to continue to closely monitor the Proposition C receipts very closely for the remainder of the year.

Below is trend data for Proposition C Payments since the inception of the current foundation formula:

Year	Dollars Distributed	WADA	WADA Payment
2006-07	\$784,900,800	915,941.2936	\$857
2007-08	\$772,820,015	914,272.3027	\$845
2008-09	\$730,325,406	908,284.1060	\$804
2009-10	\$695,120,132	910,040.6792	\$764
2010-11	\$711,615,172	915,272.7157	\$777
2011-12	\$749,703,272	901,439.5600	\$832
2012-13	\$751,559,817	899,756.8400	\$835
2013-14	\$793,100,000	896,553.9900	\$884
2014-15	\$831,282,000	902,449.0100	\$921
2015-16	\$854,000,000	901,191.4300	\$947
2016-17	\$884,800,000	903,742.1800	\$979
2017-18	\$901,600,000	912,266.7503	\$988

### 2018-19 Basic Formula Estimate Revision

The Fiscal Year (FY) 2018-19 Basic Formula appropriation was \$3,491,827,921. Since the FY 2019 calculations appears to be less than the appropriation, the State Adequacy Target (SAT) has been adjusted in the March payment calculation to \$6,308.

### 2018-19 Classroom Trust Fund Estimate Revision

The 2018-19 Classroom Trust Fund payment is paid on the 2017-18 average daily attendance which was 833,050 as of the March 2019 payment. The appropriated revenue of \$351,702,205 at this time does not appear to be obtainable and the appropriation used in the March 2019 payment has been lowered to \$340,702,205. The estimated amount per ADA at this lower appropriation level would be approximately \$408. The state will only distribute funds that are actually collected into the Classroom Trust Fund and School Finance will continue to adjust the appropriation used in this payment accordingly.

### Basic Formula Projection Tool

School Finance has a Basic Formula Calculation Tool available to help project how much Basic Formula, Classroom Trust Fund, Small Schools Grant, and Prop C funds a district can expect to receive. The tool is available on the School Finance webpage under Calculation Tools which can be located at <https://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>. It has recently been updated to take into account how the Free and Reduced Lunch number is determined and used in the Weighted ADA calculation for CEP districts. If you are a CEP district we encourage you to download a new copy of this tool.

## Dollar Value Modifier Recalculation (DVM)

The calculation of the Dollar Value Modifier that will be used in the formula distribution for FY20 has been completed and can be viewed at <http://dese.mo.gov/financial-admin-services/school-finance/data-reports>.

## 2019-20 BUDGET ESTIMATES

### 2019-20 Basic Formula Estimate

The House of Representatives has begun preliminary consideration of House Bill 2002. At this point nothing has been passed out of the House for further deliberation in the Senate.

### 2019-20 Proposition C Sales Tax Payment Estimate

The Governor's Budget projected an increase in Proposition C revenue for the 2019-20 fiscal year. The 2019-20 Proposition C Sales Tax payment will be paid on the 2018-19 weighted average daily attendance (WADA).

With statewide ADA basically holding constant and the assumption that summer school will do the same, it is predicted that Proposition C Payment WADA will be in the vicinity of 925,000 in FY19. If the Revenue Estimate of \$958,400,000 is achieved, it would mean a WADA payment of approximately \$1,036. While it appears this level of collection is potentially achievable, caution should be used as determination of budget estimates are made.

Trend data for Proposition C Payments since the inception of the current foundation formula can be located in the section of this memo titled 2018-19 – Proposition C Sales Tax Payment Estimate Revision.

### 2019-20 Classroom Trust Fund Estimate

The 2019-20 Classroom Trust Fund payment is paid on the 2018-19 average daily attendance of approximately 854,000. The projected Classroom Trust Fund revenue as stated in the Governor's recommendations for the 2019-20 budget is \$349,999,054. This estimated revenue will be divided by an estimated 2018-19 average daily attendance of approximately 849,000, which is approximately \$409 per ADA from the Classroom Trust Fund for the 2019-20 year. The Classroom Trust Fund is one of the funding sources of the Basic Formula and, like other funding areas, we will not know exactly the funding level until the appropriation process concludes. While it appears this level of collection is potentially achievable, caution should be used as determination of budget estimates are made. Please remember that this calculation is done to determine the proper placement of funds in accordance with statute.

As a reminder, Senate Bill 291 passed in the 2009 legislative session includes the following provision in Section 163.043.5:

For the 2010-2011 school year and for each subsequent year, all proceeds a school district receives from the classroom trust fund in excess of the amount the district received from the classroom trust fund in the 2009-2010 school year shall be placed to the credit of the district's teachers' and incidental funds.

## OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

### 2018-19 Inclement Weather

#### 2018-19 Missed School Days

Some school districts may have missed days this school year due to inclement weather. Per 171.033.4, RSMo:

"In the 2009-2010 school year and subsequent years, a school district may be exempt from the requirement to make up days of school lost or canceled due to inclement weather in the school district when the school district has made up the six days required under subsection 2 of this section and half of the number of additional lost or canceled days up to eight days, resulting in no more than ten total make-up days required by this section."

"Inclement weather", for purposes of this section, shall be defined as ice, snow, extreme cold, flooding, or a tornado, but such term shall not include excessive heat.

This rule applies to districts that plan to attend 174 days or more as well as to those districts that plan to attend less than 174 days (per Section 171.029, RSMo). Days that are missed for reasons other than inclement weather, such as illness, have to be made up and are not included in this provision of law. **All weather make-up days must be made-up during the same fiscal year.** Points of clarification:

- As in years past, school districts and charter schools are required this year to make-up the first 6 inclement weather-related days of school lost or canceled and half of the number of additional lost or canceled days up to eight days, resulting in no more than ten total make-up days required by this section. This means districts and charter schools must make up the first 6 days, then make-up day 7, they are forgiven day 8, make-up day 9, forgiven day 10, make-up day 11, forgiven day 12, make-up day 13, forgiven day 14 and all days thereafter. Please see the tables below.
- Law mandates that the 2018-19 school calendar meet certain criteria for the number of days **and** hours. Districts and charter schools **must** go the number of days planned to attend in the 2018-19 school year unless forgiven by weather (days planned above 174 do not have to be made-up. Example: planned 178 days, 6 weather days, only 2 days are required to be made up). There **is not** an option to just operate under hours for the 2018-19 school year.
- Weather make-up days **must** be made up prior to the end of the current regular school year. Failure to have a non-compliant calendar for the 2018-19 school year could result in a loss of state aid pursuant to 163.021, RSMo.
- Please note that going more or less attendance hours does not affect the district's and charter's ADA used in the foundation formula, 1,044 calendar hours generates the same ADA (1.00) as 1,100 calendar hours. Forgiven days may cause the district's and charter's calendar hours to drop below 1,044.

The following two charts illustrate the make-up requirements associated with this statute.

Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10	Day 11	Day 12	Day 13	Day 14	+
M	M	M	M	M	M	M	F	M	F	M	F	M	F	F

**Key:**

**M** = Day must be made up

**F** = Day is forgiven

Days Missed	Days to Make Up
1 Day	1
2 Days	2
3 Days	3
4 Days	4
5 Days	5
6 Days	6
7 Days	7
8 Days	7
9 Days	8
10 Days	8
11 Days	9
12 Days	9
13 Days	10
14 Days	10
More than 14	10

The above information regarding inclement weather and a short FAQ are available at <http://dese.mo.gov/sites/default/files/sf-InclementWeather.pdf>.

## Lengthening or Shortening the School Year and the Impact on Funding

If a district or charter school changes the length of their school year, even if due to weather forgiveness, there is no impact on funding because it does not change the Average Daily Attendance (ADA). The ADA is calculated by taking the actual attendance hours of the students divided by the possible attendance hours of a student (the calendar). This will result in no more than a 1.0 ADA for a student who had perfect attendance.

ADA is only increased due to the following reasons:

- Enrollment increase
- Better attendance rate
- Qualified remedial hours
- Summer School ADA

## Local Tax Effort

After the School Finance Section has reviewed all districts' Annual Secretary of the Board Reports (ASBRs), the data is summarized into a State Annual Secretary of the Board Report for use in the state profiles, Annual Report of the Public Schools, and other documents. At that time the "local tax effort per ADA" is calculated using the district's Annual Secretary of the Board Report and ADA for the previous fiscal year.

The local tax effort per child is computed by adding the prior year tax revenue the district of domicile receives from property taxes, Intangible (Financial Institution) Taxes, M & M Taxes, In Lieu of Taxes, and State Assessed Railroad and Utility Taxes, then dividing that sum by the prior year resident average daily attendance of the district of domicile.

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 child 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.

$$(\text{Domicile district's tax effort per ADA} \div \text{Days in Session}) \times \text{Days Attended}$$

The 2017-18 local tax effort per ADA will be used by most districts and agencies for billing in the 2018-19 year. The 2017-18 local tax effort per ADA is available on the Missouri Comprehensive Data System (MCDS) portal by selecting Quick Facts, then District and School Information and then Local Effort, at this address: <http://mcds.dese.mo.gov/Pages/default.aspx>.

Questions on this calculation may be directed to the School Finance Section at (573) 751-0357.

## NEW LEGISLATION

### Calendar Changes Starting July 1, 2019

HB 1606 modified 171.031.1, RSMo starting July 1, 2019. The school term in school year 2019-20 and subsequent years shall consist of one thousand forty-four hours of actual pupil attendance shall be required with no minimum number of school days required, and "school day" shall mean any day in which, for any amount of time, pupils are under the guidance and direction of teachers in the teaching process. For kindergarten and prekindergarten grade levels the board shall provide a minimum of five hundred twenty-two hours of actual pupil attendance in a term, there is no minimum number of school days required.

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 and such plan must include a minimum of 36 weather make-up hours for possible loss of attendance due to inclement weather. Beginning in school year 2019-20 and subsequent years, no minimum number of school days shall be required, and "school day" shall mean any day in which, for any amount of time, pupils are under the guidance and direction of teachers in the teaching process per Section 160.041, RSMo.

In school year 2019-20 and subsequent years, a school district may be exempt from the requirement to make up school lost or cancelled due to inclement weather in the school district when the school district has made up the thirty-six hours required under subsection 2 of this section and half the number of additional lost or cancelled hours up to forty-eight, resulting in no more than sixty total make-up hours required by this section.

To help in understanding the change a document has been posted to the School Finance website under Finance Topics and Procedures. The document can be located at <https://dese.mo.gov/sites/default/files/sf-ESchoolCalendarRequirements-July-1-2019.pdf>.

### **New Reporting Requirements Starting July 1, 2019**

HB 1606 created a new reporting requirement under 160.066, RSMo, that all public school districts and charter schools must follow.

Districts and charter schools must post a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursements for the current calendar or fiscal year on the district or school website or other form of social media.

- This information could be provided by posting a year-to-date general ledger and monthly bills.
- The site shall contain only information that is a public record or that is not confidential or otherwise protected from public disclosure under state or federal law.
- The public school district or charter school shall, to the extent practicable, update the financial data contained on the site no less frequently than every quarter and provide the data in a structured format. The public school district or charter school shall archive the financial data, which shall remain accessible and searchable, for a minimum of ten years.
- Nothing in this section shall direct or require a school district or charter school to post online any personal information relating to payroll including, but not limited to, payroll deductions, payroll contributions, or any other information that is confidential or otherwise protected from public disclosure under state or federal law.

### **Summer School – Tuition vs. State Aid for Non-resident Students**

Section 167.227, RSMo, permits a student to attend summer school in a school district other than the student's district of residence if the other district accepts non-resident students. School districts who accept non-resident students for summer school have three options for receiving payment. They are:

- 1) including all such students' attendance hours with the district's resident student summer school attendance hours when reporting on Core Data and receive the state aid on these students,
- 2) collecting tuition from all such students, or
- 3) collecting tuition from the resident district for all such students for which the resident district had contracted for summer school services.

### **Summer School Student Attendance**

To claim summer school attendance hours for state aid the district must have an approved summer school. Summer School must be separate from your regular school term. Summer school also cannot be required.

Also be aware that a student can only attend one school district/charter summer school. Section 167.227, RSMo, states "No pupil shall attend summer school classes in more than one district during any one summer." If a student attends summer school in more than one district the district that the student attended first will be the only district allowed to report the attendance hours for state aid.

## **SCHOOL GOVERNANCE**

### **Boundary Change**

If there is a change in your school district's boundary following the April election, please send a copy of the ballot with the legal description of the boundary change to the School Administrative Services Section.



## Boundary Change Appeal to State Board

In case a district is involved in a boundary change appeal to the State Board of Education, the district must adhere to the time line for such appeal as defined in state law. Section 162.431.3, RSMo, states, "If one of the districts votes against the change and the other votes for the change, the matter may be appealed to the state board of education, in writing, within fifteen days of the submission of the question by either one of the districts affected, or in the above event by a majority of the signers of the petition requesting a vote on the proposal. At the first meeting of the state board following the appeal, a board of arbitration composed of three members, none of whom shall be a resident of any district affected, shall be appointed." For additional information concerning the appeal process refer to Section 162.431, RSMo, or call the School Administrative Services Section at (573) 751-0357.

## STUDENT TRANSPORTATION

### 2018-19 State Transportation Aid Calculation

The fiscal year 2018-19 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 sixth 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 percent of reduction to the calculated entitlement computed for the March 2019 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>
March 2019	66.645275	3.526304	-1.355852

### Certified School Bus Driver Instructor Training

The Certified School Bus Driver Instructor recertification training will be held in Columbia on July 19, 2019. The Certified School Bus Driver Instructor workshop is scheduled for July 24-26, 2019, in Warrensburg. Registration forms for this training are available at <http://dese.mo.gov/financial-admin-services/school-transportation/certified-bus-driver-instructors>, also, a listing of all current Certified School Bus Driver Instructors can also be viewed at this site.

### MAPT Award Nominations

The Missouri Assn. of Pupil Transportation (MAPT) is current accepting nominations for the 2019 School Bus Driver of the Year Award and the 2019 MAPT Administrator and Distinguished Service Award. Nomination forms are available on the MAPT website at <https://moapt.starchapter.com/>.

### Stop Arm Violation Survey

While school buses remain incredibly safe, we all know that students who ride buses are most vulnerable when they are outside the bus in the "danger zone." Missouri is assisting the National Association of State Directors of Pupil Transportation Services (NASDPTS) in coordinating a national survey to determine the prevalence of illegal passing of school buses. That data will help improve safety countermeasures at the state or national level.

We are enlisting your assistance in this important project. On Wednesday, April 10, 2019, please have your district's school bus drivers observe and report any instances of motorists illegally passing their school buses. An email has been sent to all Core Data, Screen 3, Pupil Transportation Contacts with details on the collection and reporting of the survey data. The district's results will be self-reported at <https://www.surveymonkey.com/r/2019IllegalPassingSurvey>.



## **School Finance**

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