

# School Finance

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## PAYMENT CALCULATIONS

### April Payments

#### **Basic Formula**

The payment was based on the current data available for Fiscal Years 2021, 2020 and 2019 weighted average daily attendance (WADA). Governor Parson announced the release of over \$123.3 million in Foundation Formula funds that had been withheld. The release of funds was spread over the March and April payments resulting in no proration percentage for the April payment. At this time, it appears this release of funds should result in local education agencies (LEAs) receiving the full State Adequacy Target of \$6,375 through the June payment.

#### **Classroom Trust Fund**

The payment was calculated using School Year 2020 average daily attendance data (ADA). Cash available continues to run below appropriated levels. Predicting the exact level of total receipts for FY 2021 is not possible at this time, but current trends indicate a range of \$390 to \$400 per prior year ADA.

#### **Proposition C**

The payment was based on SY 2020 weighted average daily attendance (WADA). Collections have trended upward throughout the fiscal year, with receipts through the March payment projecting to an annual amount of \$1,025 to \$1,048 per WADA.

#### **Transportation**

The Transportation payment is based on SY 2020 cost, miles, and ridership data. See the Transportation section of this memo for more information.

#### **Small Schools Grant**

The payment was calculated using SY 2020 average daily attendance data (ADA) and tax levy data.

## FISCAL YEAR 2022 BUDGET ESTIMATES

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

The SAT and related Thresholds for FY 2021 and 2022 are as follows:

Item	Amount
State Adequacy Target FY 2020	\$6,375
Free & Reduced Lunch Threshold	29.45%
Special Education (IEP) Threshold	12.83%
Limited English Proficiency Threshold	2.07%

### Fiscal Year 2022 Budget Estimates

	Basic Formula <sup>3</sup>	Classroom Trust Fund <sup>1</sup>	Prop C <sup>2</sup>	Small Schools Grant \$10M <sup>1</sup>	Small Schools Grant \$5M <sup>4</sup>	Transportation
<b>SAT/Amount</b>						
<b>Per/% Increase</b>	\$6,375	\$425	\$1,047	\$270	\$140	No Change
<b>Governor's Budget</b>	\$3,561,737,794	\$353,254,932	\$958,400,000	\$10,000,000	\$5,000,000	\$93,947,713
<b>Denominator</b>		830,000*	915,000*			

<sup>1</sup>ADA / <sup>2</sup> WADA / <sup>3</sup> FWADA / <sup>4</sup> Tax-Rate WADA

\*ADA and WADA amounts are estimated as the impact of COVID-19 and applying 163.021.4, RSMo, to the payment.

Remember that these amounts will only be achieved if revenue is available to fund at the level appropriated.

### 163.021.1(4), RSMo. Impact on Payments

163.021.1(4), RSMo. states “Computes average daily attendance as defined in subdivision (2) of section 163.011 as modified by section 171.031. Whenever there has existed within the district an infectious disease, contagion, epidemic, plague or similar condition whereby the school attendance is substantially reduced for an extended period in any school year, the apportionment of school funds and all other distribution of school moneys shall be made on the basis of the school year next preceding the year in which such condition existed.”

For FY 2022, districts’ Basic Formula payments will process as normal by including the greater of the FY 2020, FY 2021 or an estimate of FY 2022. For Classroom Trust Fund and Prop C, School Finance will utilize the greater of the FY 2021 or FY 2020 ADA or WADA for payment purposes. For the Small Schools Grant, FY 2021 ADA will be used to determine if a district qualifies for the grant, then the greater of FY 2021 or FY 2020 ADA will be used for payment purposes (capped at 350 ADA per statute requirements). Districts will not need to take any action for a prior year to be utilized for payment purposes when beneficial to the district under this provision. This provision does not apply to charter schools, but a similar approach will apply to the Classroom Trust Fund and Prop C payments to charters for 2021-2022 under the 5 CSR 30-660.090 Charter School Local Education Agency (LEA) Attendance Hour Reporting rule.

## STATUTORY WAIVERS

### Statutory Waivers Extended

Per the extension of the State of Emergency to August 31, 2021, as recently announced by Governor Parson, the following education-related statutory waivers are in effect:

- Use of School Buses – Section 163.161.1, RSMo
- Professional Development Fund, etc. – Section 160.530, RSMo
- Retired Member of PSRS Working for a District – Sections 169.560.1 and .2, RSMo
- Retired Member of PSRS Working for a District – Section 169.660.2, RSMo
- Hearings for Unaccredited or Provisionally Accredited Districts – Section 162.081.2, RSMo

### Statutory Waivers Terminated

The following education-related statutory waivers have been terminated:

- Hold Harmless Districts Exempt from Withholdings – Section 163.031.7, RSMo
- Transfers to and from the Incidental Fund – Section 165.011, RSMo
- Audit of Records – Section 165.121.4, RSMo

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

Districts with growing enrollment or weighted populations of students are encouraged to estimate their ADA for payment purposes. 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 be paid on those students in the current year (an estimate is only necessary if the current year's estimated WADA including the PK ADA will be higher than the previous two years' actual WADA).

To help determine if it would be advantageous for your district to estimate ADA for the FY 2021 year, please see the Estimated ADA screen located under School Finance in the web application system. In addition, a tool was developed to compare current year information for your district to the district's first or second preceding year's WADA. This tool is located on the School Finance website under Calculation Tools [here](#). 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 FY 2021, please email your district's School Finance contact the following:

- The regular term ADA you wish to estimate separated by PK and K-12.
- The enrollment used as the base on your 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 FY 2021 estimated ADA may be made through **May 15, 2021**. Contact School Finance staff if you have questions about estimating ADA.

## IMPORTANT REMINDERS AND TOPICS OF INTEREST

### Bonuses/Stipends/Extra-Duty Pay

Several Missouri constitutional provisions prohibit extra compensation to be paid to public employees. In addition, the Teacher Tenure Act, case law, and Opinions of the Attorney General provide that in Missouri, it is unlawful to give bonuses to public employees. When an LEA wants to compensate an employee with a stipend for extra work beyond an employee’s regular contract, then the LEA must develop written documentation beforehand that indicates the extra work to be performed, the date(s) of performance, and the amount or rate to be paid to the employee. A written agreement, if established, must also be signed by a representative of the LEA and the employee to show the acceptance of the terms. If an LEA plans to pay compensation for work beyond an employee’s regular contract, proper processes must be in place to document the extra work performed.

In addition, if paid with federal funds the employee must complete time and effort documentation that supports the extra work beyond the employee’s regular contract. This documentation could be a semi-annual time certification or monthly personnel activity reports.

LEAs should consult their legal counsel with any questions about these provisions.

### Fund Transfer Maximums

Transferring money between funds is governed by statute and there is limited authority to transfer money from the General Fund to the Capital Projects Fund. There is no statutory authority to transfer above the maximum amount calculated.

All statutorily allowed transfers are outlined in a [Transfer](#) guidance document posted on the School Finance website under Topics and Procedures. Before planning large capital outlay projects, districts need to be aware of statutory transfer allowances and maximum transfer amounts. Below is a summary of the transfers allowed to be made between the General Fund and the Capital Projects Fund:

	Transfer Type	Transfer From	Transfer To	Note
004	Transportation Calc Cost	General (Incidental) Fund	Capital Projects Fund	Limited, amount posted under the School Finance Website under <a href="#">Data and Reports</a> .
005	Area Career Center	General (Incidental) Fund	Capital Projects Fund	Must be used to satisfy expenditures in the capital projects fund for state approved area vocational schools located within the district.
006	Grant Match	General (Incidental) Fund	Capital Projects Fund	Limited to local match percentage
007	DNR Energy Conservation Loans	General (Incidental) Fund	Capital Projects Fund	Limited to the yearly amount of cost savings certified when entering into the Energy Loan.
008	Food Services	General (Incidental) Fund	Capital Projects Fund	Limited to balances in the Food Service Account
009	Student Activities	General (Incidental) Fund	Capital Projects Fund	Used only if the Student Activities has the money or raised the money for a purpose that must be paid from the Capital Project Fund.
010	\$162,326 or 7% x SAT x WADA	General (Incidental) Fund	Capital Projects Fund	Limited, amount posted under the School Finance Website under <a href="#">Data and Reports</a> . Can never transfer above the maximum transfer amount.
016	FY06 Designated Levy or 5% x SAT x WADA	General (Incidental) Fund	Capital Projects Fund	Limited, amount posted under the School Finance Website under <a href="#">Data and Reports</a> . Cannot be used in conjunction with the 7% transfer.
018	Guaranteed Energy Performance Contract	General (Incidental) Fund	Capital Projects Fund	Limited to the yearly amount of cost savings certified when entering into the Guaranteed Energy Performance Contract.

## Over-Transfer of Funds

When planning transfers, it is essential that the district make an accurate estimate of the new fiscal year's expenditures from the Capital Projects Fund. If total expenditures versus revenues are not realistic, the district may have difficulty paying for those budgeted expenditures.

If the district exceeds its transfer ability "the Department of Elementary and Secondary Education shall deduct from a school district's state aid calculated pursuant to Section 163.031, RSMo, an amount equal to the amount of any transfer of funds from the Incidental Fund to the Capital Projects Fund or Debt Service Fund performed during the previous year in violation of this section; except that the state aid shall be deducted over no more than five school years following the school year of an unlawful transfer based on a plan from the district approved by the Commissioner of Elementary and Secondary Education", Section 165.011.6, RSMo.

## Changing Depository Banks

Districts/charter schools changing banks or bank accounts must first be registered in the State of Missouri new procurement system MissouriBUYS. All banking changes will then be completed in MissouriBUYS. MissouriBUYS weblink is <https://MissouriBUYS.mo.gov>. Reminder: when depositories are changed, the first payment issued after the change could be in the form of a paper check. If you have issues in using MissouriBUYS, please contact MissouriBUYS team via email [WebProcure.Support@perfect.com](mailto:WebProcure.Support@perfect.com) or phone (866) 889-8533.

## 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.

Per the [ESSER](#) and [ESSER II](#) guidance documents, ESSER funds may be used to support summer school programs to the extent that such expenditures are related to preventing, preparing for, and responding to COVID 19 and the costs are reasonable and necessary. For summer school reimbursement, LEAs would be able to claim under ESSER the difference between the cost of instruction and the revenue generated by ADA through the Foundation Formula and Prop C sources. Likewise, LEAs can claim under ESSER the cost of providing supplemental or remedial service expenses during the school year in excess of what is reimbursable through the Foundation Formula. LEAs that utilize ESSER funds for all summer school or all remedial program expenses may not claim ADA for those same services. The LEA cannot be paid twice for the same supplemental service.

Note: Summer school transportation and transportation to support supplemental instruction during the school year are allowable uses of both ESSER funds and GEER Transportation Supplement funds. Any student transportation expenses funded under the CARES/CRRSA/ARPA relief programs should be coded to Function Code 2558 – Non-Allowable Transportation to avoid double claiming for reimbursement. The miles associated with these costs should not be reported on the Application for State Transportation Aid.

## PDC Expenditure Requirements Modification Enacted August 28, 2018

While the 1% PDC spending requirement has been waived for FY 2021 as noted above, the information below applies to FY 2022.

Section 160.530.1, RSMo, requires districts to spend one percent (1%) of the Basic Formula monies (based on Line 17B of the district's June basic formula calculation) for professional development committee expenditures. A minimum of seventy-five percent (75%) of one percent (1%) of the current year's Basic Formula current apportionment must be spent in the year received for purposes determined by the Professional Development Committee and identified in the professional development plan in relation to a school improvement plan. This is completely separate from professional development that may be required by other programs such as title or special education programs. Expenditures should be recorded to Function Code 2214. Any portion of the other twenty-five percent (25%) of the one percent (1%) not expended during the year must be shown as a part of the restricted fund balance on June 30.

Effective August 28, 2018, HB 1606 modified 160.530.1, RSMo, to allow “that in any fiscal year ending with fiscal year 2024 in which the amount appropriated and expended to the public schools under section 163.161 for the transportation of pupils is less than twenty-five percent of the allowable costs of providing pupil transportation under said section, a school district may, by majority vote of its board, allocate an amount less than one percent of the moneys received pursuant to section 163.031, exclusive of categorical add-ons, to the professional development committee of the district but in no instance shall the district allocate less than one-half of one percent of the moneys received pursuant to section 163.031, exclusive of categorical add-ons, to the professional development committee of the district.” Any portion of the amount allocated and not expended during the year must be shown as a part of the restricted fund balance on June 30.

Function Code 2214 may **only** be used to code those expenditures made to meet the requirement of Section 160.530, RSMo, described above. Any instructional staff professional development required by other programs or expenditures made that do not meet the requirement of Section 160.530, RSMo, should be coded to Function Code 2213. Starting with the 2019-20 ASBR expenditures with a source code or project coding indicating use of funds other than Basic Formula funds will not be allowed. If improper coding has occurred the district will be required to make adjusting entries and amend the Annual Secretary of the Board Report (ASBR) as necessary.

### 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 of 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.

### Non-Certificated Educators – Attendance Hours Adjustment

Attendance hours for any educator without a valid teaching certificate will be disallowed for state aid payment purposes. State law requires all school district personnel who are responsible for working with students in an instructional or supervisory capacity during the school day to have a valid Missouri teaching certificate. This applies to in-school suspension teachers as well as those supervising study hall, recess, virtual courses taken in school, or other computer based instructional programs taken in school. A substitute certificate meets the requirement of a certificate when the employee is functioning as a substitute teacher in the absence of the teacher-of-record or is employed as the teacher-of-record.

A report is available on the Data Collection web application system which will identify educators within the district that do not have a valid certificate on file with the Department of Elementary and Secondary Education. To access this report in the Data Collection system, go to the left hand navigational tree and select Reports, then Special Reports, then Staff Certification.

The Department will prepare a list of educators meeting the following criteria:

1. did not hold a valid Missouri educator certificate for the regular school year teaching assignment or;
2. has a certificate pending but did not initiate the required background check.

School districts notified they have an educator(s) that met the above criteria must provide School Finance with the attendance hours by building and by grade for all students who were under the supervision of those educators since the educator did not have a valid certificate. These hours of attendance will be excluded from the total hours of attendance for the school year.

## Attendance Recovery

There is no allowance in state statute that would allow for the make-up of attendance hours. A school district may require a student to make-up time for excessive absences; however, this does not allow the district to count those hours as attendance hours for the student.

## 2020-21 Attendance Reporting

For guidance regarding various attendance reporting scenarios please refer to the [Attendance Reporting](#) guidance document on the School Finance website. Valuable information is found in the [Attendance Frequently Asked Questions for the 2020-21 School Year](#) document linked within the Attendance Reporting guidance document.

## Missouri Accountability Portal (MAP) – Debt Reporting

Section 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 must be entered into 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](mailto: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

### Architectural and Engineering Services

From time to time school districts have questions about the required use of an architect or engineer for a construction project. A good source of information is the Division of Professional Registration at the Department of Insurance, Financial Institutions and Professional Registration; they can be reached at 573-751-0047.

## STUDENT TRANSPORTATION

### 2020-21 State Transportation Aid Calculation

The FY 2021 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 can be found [here](#).

This is the seventh live state transportation calculation made for the current year. The calculation is based on SY 2020 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 April 2021 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 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>
April 2021	69.377985%	4.93112	-1.381013

**NEW Federal Entry Level Driver Training (ELDT) – Effective Date February 7, 2022**

More resources to prepare for the February 7, 2022, new Federal Entry-Level Driver Training (ELDT) Regulation, can be found on the [Federal Motor Carrier Safety Administration](#) website. It contains a link to a recorded webinar discussing the new regulation, a frequently asked questions document, and training provider resources including an ELDT checklist and a curricula summary.

**State Aid for Transportation of Pupils Statute Waived**

As stated in the March 30, 2021 DESE Update, a requirement of the state aid for transportation of pupils statute has been waived through August 31, 2021. This waiver means the miles driven by school buses that are delivering food and/or remote learning opportunities to students, and/or providing Wi-Fi near students’ homes, are allowable transportation costs (under the district’s emergency preparedness plan) and may now be reported as eligible route miles on the Application for State Transportation Aid. Amid COVID-19 school closures, schools continue to take food and school to Missouri students, instead of bringing students to school.

**Certified School Bus Driver Instructor Training**

The Certified School Bus Driver Instructor recertification training will be held in Columbia on July 20, 2021. The Certified School Bus Driver Instructor workshop is scheduled for July 28-30, 2021, in Warrensburg. Registration forms for this training and a listing of all current certified School Bus Driver Instructions are available [here](#).

**School Finance**

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<https://dese.mo.gov/financial-admin-services/school-finance/>



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