

School Finance

May 2023



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Payment Calculations

Basic Formula

The pandemic provision was applied for districts and payment was based on the current data available for Fiscal Years 2022-23, 2021-22, 2020-21, or 2019-2020 weighted average daily attendance (WADA). Calculation documentation can be found linked on the payment transmittal. Charter schools are paid on the higher of the current year estimate, 1st preceding year, or 2nd preceding year.

Classroom Trust Fund

The payment was calculated as allowed by Section 163.021.1(4), RSMo using the higher of FY 2021-22, FY 2020-21, or FY 2019-20 average daily attendance (ADA) data.

Proposition C

The payment was calculated as allowed by Section 163.021.1(4), RSMo using the higher of FY 2021-22, FY 2020-21, or FY 2019-20 weighted average daily attendance (WADA) data.

Transportation

The calculation is based on 2021-22 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). Calculation documentation can be found linked on the payment transmittal. The percent of reduction to the calculated entitlement computed for the calculation is shown below.

The percentage reduction and the A and B factors are as follows:

<u>Month</u>	<u>Reduction Factor</u>	<u>A Factor</u>	<u>B Factor</u>
May 2023	0.00%	4.615842	-1.383176

Small Schools Grant

The payment was calculated as allowed by 163.021.1(4), RSMo., using the higher of FY 2021-22, FY 2020-21 or FY 2019-20 average daily attendance (ADA) data and tax levy data.

Point of Interest

ASBR Data is be used in a variety of reporting. Please ensure all data in the ASBR is correct and all expenditures are coded to appropriate project codes if applicable.



Charter School Payment

Charter School Payment

A new Charter School payment simulation tool has been posted to the School Finance [Calculation Tools](#) Website.

The Charter Sponsor Cap is to be recalculated each year per 160.400.11 RSMo and has been calculated at \$181,470.59 for FY 2024 year.

House Bill 1552 modified the charter school basic formula calculation to allow charter schools to be paid on Formula Weighted ADA (FWADA). FWADA is the use of the higher of the 2nd preceding, 1st preceding, or estimate of the current year WADA, less that year's summer school, plus the current year summer school.

Fiscal Year 2023 Budget Estimates

Payment	SAT/Amount Per/Proration Percent	Appropriation	Denominator
Basic Formula ³	\$6,375.00	\$3,561,737,794	
Classroom Trust Fund ¹	\$425	\$349,005,372	820,000
Prop C ²	\$1,286	\$1,181,958,000	919,000
Small Schools Grant \$10M ¹	\$250	\$10,000,000	
Small Schools Grant \$5M ⁴	\$140	\$5,000,000	
Transportation	100%	\$328,411,105	

¹ADA / ² WADA/ ³ FWADA / ⁴ Tax-Rate WADA

⁵ Percentage increase in appropriation will affect each LEA differently. See transportation calculation for actual reimbursement amounts.

Remember that these amounts will only be achieved if revenue is available to fund at the level appropriated. Also keep in mind that the ADA/WADA used for the various funding streams are very uncertain for FY 2023, and will not be known until after June MOSIS data are certified. Updates to these projections will be provided at that time. If dedicated revenues exceed the appropriation level, a supplemental appropriation may be necessary in order to distribute the additional funds.

Fiscal Year 2024 Budget

Payment	SAT/Amount Per /Proration Percent	Appropriation	Denominator
Basic Formula ³	\$6,375.00	\$3,664,031,194	
Classroom Trust Fund ¹	\$450	\$364,134,511	810,000
Prop C ²	\$1,360	\$1,187,660,000	873,000
Small Schools Grant \$10M ¹	\$250	\$10,000,000	
Small Schools Grant \$5M ⁴	\$140	\$5,000,000	
Transportation	100%	\$347,297,933	

¹ADA / ² WADA/ ³ FWADA / ⁴ Tax-Rate WADA

Remember that these amounts will only be achieved if revenue is available to fund at the level appropriated. If dedicated revenues exceed the appropriation level, a supplement appropriation may be necessary.

[Point of Interest](#)

Information regarding Attendance Hour reporting for the 2023 School Year can be found on the [Attendance Reporting Guidance](#) document located under Finance Topics & Procedures on the School Finance webpage.

State Adequacy Target (SAT) and Threshold Recalculations

The SAT and related Thresholds for Fiscal Year 2022-23 and 2023-24 are as follows:

Item	Amount
State Adequacy Target	\$6,375.00
Free & Reduced Lunch Threshold	30.95%
Special Education (IEP) Threshold	13.11%
Limited English Proficiency Threshold	2.39%

163.021.1(4), RSMo. Impact on Payments

DESE has determined that FY 2022 student attendance has been broadly impacted by the COVID-19 pandemic, specifically due to the Delta and Omicron variants that occurred during the school year. As such, payment calculations for districts will include the use of FY 2020 ADA and WADA values as outlined below.

163.021.1(4), RSMo. indicates that “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.”

By applying this provision to FY 2023 payment calculations that rely on pandemic-impacted attendance years, the Basic Formula, Classroom Trust Fund, Prop C, and Small Schools Grant will be adjusted. Districts’ Basic Formula payments will include the greater of the FY 2020, FY 2021, FY 2022, or an estimate of FY 2023 WADA. For Classroom Trust Fund and Prop C, School Finance will utilize the greater of the FY 2020, FY 2021, or FY 2022 ADA or WADA for payment purposes. For the Small Schools Grant, FY 2022 ADA will be used to determine if a district qualifies for the grant, then the greater of FY 2020, FY 2021, or FY 2022 ADA will be used for payment purposes (not to exceed 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 statutory provision does not apply to charter schools.

UPDATE: For the Basic Formula calculation in FY 2024, DESE considers FY 2022 as impacted under this statute and will adjust Basic Formula payment calculations accordingly. District Basic Formula payments will include the greater of the FY 2020, FY 2021, FY 2022, FY 2023, or an estimate of FY 2024 WADA. Districts should anticipate a return to regular payment methodology for the Basic Formula in FY 2025. Classroom Trust Fund, Prop C, and Small Schools Grant payments will rely on FY 2023 ADA or WADA for payment purposes in FY 2024. This statutory provision does not apply to charter schools.

Estimating Average Daily Attendance (ADA)

If a district has had an increase in enrollment or other factor that will make the FY 2023 regular term ADA higher than the preceding three years, the district may wish to estimate their ADA for payment purposes.

To help determine if it would be advantageous for your district to estimate ADA for the FY 2022-23 year, please see the Estimated ADA page located under School Finance in the web application system. A tool to help with estimating ADA can be found on the School Finance website under [Calculation Tools](#).

Point of Interest

Preliminary FY 2022-23 transfer amounts have been posted on the School Finance Website under the [Data & Reports webpage](#).

Final amounts will be posted after the June payment is completed.

Calendar

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. The school term shall consist of one thousand forty-four hours of actual pupil attendance, 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 an hour requirement of 1,044 hours or 522 hours in session for half-day kindergarten or prekindergarten programs claimed for state aid.

The weather make-up hour requirements are as follows.

- 36 planned make-up hours are required. 18 planned make-up hours for half day programs
- The LEA school cannot go below 1,044 hours in session, or 522 hours in session for half-day kindergarten or prekindergarten programs claimed for state aid, unless forgiven by weather make-up requirements.

Weather make-up requirements are:

- The first 36 (18 for half-day programs) weather hours are made up, then half the amount thereafter up to 48 (24 for half day) hours, for a maximum of 60 (30 for half-day programs) total make-up hours.

1% Professional Development Expenditures

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 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 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.

If transportation funding remains at the budgeted amount of \$328,411,105, the provision of Section 160.530.1, RSMo requiring the full one percent (1%) funds to be spent **will** apply. Districts will be required 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 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.

Data Reporting

Once a MOSIS Cycle has been completed, it is important to verify that data has moved into Core Data and that the data appears correct. The report menu in Core Data provides numerous reports to help with this verification process.

2022-2023 Attendance Reporting

For guidance regarding various attendance reporting scenarios please refer to the [Attendance Reporting](#) guidance document on the School Finance website.

Payment Request Deadlines

Federal Grant payment requests must be submitted no later than June 20, 2023 to receive the funds by June 30, 2023. Several CTE state grants have different deadlines which can be found on the [2022-23 Career and Technical Education \(CTE\) Finance Calendar](#).

[Point of Interest](#)

The [Transportation Document Preparation Manual](#) can be found on the Student Transportation webpage.

Summer School Attendance

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

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, ESSER II and ESSER III 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. That means no attendance hours should be included for students serviced in a summer school program paid for with ESSER, ESSER II and ESSER III funds. Attendance hours and absent hours should be zero in the August Enrollment and Attendance MOSIS file submission.

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.

Gifted Penalty

In 2016, the legislature promulgated a state law ([Section 163.031.6, RSMo](#)) that requires a withholding for districts who experience a significant drop in identified and served gifted students:

“In the 2017-18 school year and in each subsequent school year, if a district experiences a decrease in its gifted program enrollment of twenty percent or more from the previous school year, an amount equal to the product of the difference between the number of students enrolled in the gifted program in the current school year and the number of students enrolled in the gifted program in the previous school year multiplied by six hundred eighty dollars shall be subtracted from the district's current year payment amount. The provisions of this subdivision shall apply to districts entitled to receive state aid payments under both subsections 1 and 2 of this section but shall not apply to any school district with an average daily attendance of three hundred fifty or less.”

To determine the payment adjustments, desk audits are completed using the data submitted by districts in their October, Missouri Student Information System (MOSIS) Student Information files indicating if a student is identified as gifted and currently being served in a state-approved gifted program. Additionally, the student identification process reported in the August Core Data (Screen 25) and the teacher core reported in October is analyzed to determine if teachers are appropriately certified. Districts with state-approved gifted programs need to accurately complete the required Core Data and MOSIS information about these programs to ensure compliance with the provisions of this legislation.

2023 Gifted penalties have been applied to the May Basic Formula for those districts who met the above criteria.

Point of Interest

Information regarding MOSIS & Core Data can be found on the School Data website, [Core Data & MOSIS](#) webpage.

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, 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.

Lease/Rental Reminders

Several questions have been raised recently regarding a LEA taking title to property at the end of a lease/rental contract or regarding students paying a nominal fee to take possession of property from a district that the district has been leasing/renting. Following are some important points to remember when leasing/renting property:

Lease/rental amounts are paid from the General (Incidental) Fund and included in current operating costs.

A LEA will NOT take title to property. In addition, if a LEA is leasing/renting property for a student, the student should not be allowed to pay the district a nominal fee to take possession of the property since the district does not own the property. If this type of arrangement is going to occur, the student would need to purchase the equipment from the company that the district is leasing/renting the property from since they actually own the property.

If a LEA buys the item at the end of the rental and takes or assumes title to real property, the full amount expended for the real property will be deducted from the state aid payment in the year following the transfer of title to the district (per Section 177.088.11, RSMo).

Teachers Fund – Salary and Benefits

The requirement in Section 165.011.3, RSMo to pay for employee benefits for certificated staff from the Teachers Fund raises awareness of what fund to use to pay certain salaries and benefits. Being a member of the Public School Retirement System instead of the Public Education Employee Retirement System is not the determining factor of payment from the Teachers Fund. The nature of employment and required certification for the employment must be considered. For questions regarding which fund is appropriate to pay salaries and benefits from for different type of staff, please see the [Salary Coding Guidance](#) document or contact School Finance at 573-751-0357. For questions regarding which retirement system is appropriate for different type of staff please contact Public School & Education Employee Retirement Systems of Missouri at 573-634-5290 or toll free at 800-392-6848.

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.

Point of Interest

Calculation tools to help with revenue projects can be found on the [School Finance Calculation Tools](#) webpage.

School Governance & Transportation

Family Education Rights and Privacy Act (FERPA)

On many occasions, school district officials have questions directed to them regarding data privacy and the Family Education Rights and Privacy Act (FERPA). A good source of information regarding these two areas is found on the Private Technical Assistance Center (PTAC) website. The PTAC website can be accessed at <http://ptac.ed.gov/>.

Transfer Timing Amendments to Existing Direct Deposit Agreements

During 1995 the Missouri Health and Educational Facilities Authority (MOHEFA) was charged with developing guidelines for and the administration of the Direct Deposit Program, which provides strong credit ratings for Missouri school districts. Since the inception of this arrangement, school districts have not been required to obtain individual bond ratings prior to the issuance of General Obligation Bonds but rather have been able to enjoy the benefit of utilizing the bond rating for the State of Missouri resulting in the reduction of front-end issuance costs to school districts. In addition, long-term savings have been achieved by this arrangement resulting in an approximate twenty-five basis points reduction below what would have been market. It has been estimated that since the initiation of this Direct Deposit Program that total savings to Missouri schools has exceeded \$200 million.

While this program has been of tremendous benefit to school districts, the rapid change in the economic climate was becoming problematic for some school districts, especially those who rely more heavily on local property tax revenues. The original agreement called for bond payment amounts to be withheld from state payments during the months of March through December with no withholding during January and February. Since some district balances are at their lowest levels during the ending month of each calendar year, cash flow issues began to arise.

Instead of 10 monthly transfers occurring in March through December, it is now possible to skip at least two months any time during the year. This flexibility could ease cash flow issues for districts and possibly eliminate the need for some districts to borrow funds until local tax revenue is received.

If this is something that is of interest to your district, please contact MOHEFA, or your district's bonding advisor for more information about the process.

State Transportation Aid Calculation

See payment section above.

Certified School Bus Driver Instructor Training

The Annual Train the Trainer Workshop will be held in Warrensburg on July 26th-28th at the American Legion.

The Re-Certification Workshop will be held in Columbia, July 6th at the Courtyard by Marriott.

Registration information can be found [here](#).

Point of Interest

Calculation tools to help with revenue projections and inclement weather tracking and required make-up can be found on the [School Finance Calculation Tools webpage](#).

School Finance Contact Information & Staff Changes

Name	Duties
David Tramel Coordinator, Administrative and Financial Services David.Tramel@dese.mo.gov	Contact for Governance questions or Transportation question other than Transportation data reporting or Transportation payment.
Tammy Lehmen Coordinator, School Finance Tammy.Lehmen@dese.mo.gov	Contact for districts in counties 048 & Kansas City Charters 347-347. Contact for Transportation data reporting or Transportation payment questions.
Sharon Bax Director, School Finance Sharon.Bax@dese.mo.gov	Contact for districts in counties 075-115 & St Louis Charters
Vacant Director, School Finance	Contact for districts in counties 060-074 Contact for questions regarding Audits.
Kara Shumate Director, School Finance Kara.Shumate@dese.mo.gov	Contact for districts in counties 001-047 & 049-059 Contact for County Clerks.



School Finance

P.O. Box 480 • 205 Jefferson Street, Jefferson City, MO 65102
 Phone # (573) 751-0357 • Fax # (573) 526-3897 • finadmgo@dese.mo.gov
<https://dese.mo.gov/financial-admin-services/school-finance/>

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