

# School Finance

February 2023



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## 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, 1<sup>st</sup> preceding year, or 2<sup>nd</sup> 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>
February 2023	0.00%	4.600061	-1.386311

## 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 will soon 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.

### Fiscal Year 2023 Budget Estimates

Payment	SAT/Amount Per/Proration Percent	Appropriation	Denominator
Basic Formula <sup>3</sup>	\$6,375.00	\$3,561,737,794	
Classroom Trust Fund <sup>1</sup>	\$425	\$349,005,372	820,000
Prop C <sup>2</sup>	\$1,255	\$1,153,426,000	919,000
Small Schools Grant \$10M <sup>1</sup>	\$250	\$10,000,000	
Small Schools Grant \$5M <sup>4</sup>	\$140	\$5,000,000	
Transportation	100%	\$328,411,105	

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

<sup>5</sup> 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. If dedicated revenues exceed the appropriation level, a supplement appropriation may be necessary.

A Supplemental Appropriation for Prop C has been proposed for FY23 in the amount of \$28,532,000, which if passed would result in \$1,286 per WADA if revenue receipts equal the increased appropriation level.

### Fiscal Year 2024 Governors Recommendations

Payment	SAT/Amount Per /Proration Percent	Appropriation	Denominator
Basic Formula <sup>3</sup>	\$6,375.00	\$3,652,638,733	
Classroom Trust Fund <sup>1</sup>	\$450	\$364,134,511	810,000
Prop C <sup>2</sup>	\$1,360	\$1,187,660,000	873,000
Small Schools Grant \$10M <sup>1</sup>	\$250	\$10,000,000	
Small Schools Grant \$5M <sup>4</sup>	\$140	\$5,000,000	
Transportation	100%	\$347,297,933	

<sup>1</sup>ADA /<sup>2</sup> WADA/ <sup>3</sup> FWADA / <sup>4</sup> 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.



### Financial Institution Tax Reduction Payment

In 2019 House Bill 604 modified 163.031, RSMo., creating a payment to offset the loss in Financial Institution Tax revenue due to the corporate income tax break which started January 1, 2020. First payment occurred in January 2022.

This will be an annual payment received in January, but the amounts and the districts that receive the revenue will vary from year-to-year depending on the income tax paid by the banks and Savings and Loans located within the district boundaries. This payment only applies to districts who have a bank or Savings and Loan within their district, so not all districts will receive this payment.

Revenues will be recorded as 5311 – Financial Institution Tax Reduction Payment. There is no project code assigned to these revenues or expenditures made from these funds.

There was an error in the calculation of this payment in January of 2022 and 2023. A second payment correcting the amounts will be made by the end of February.

#### Point of Interest

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

Section 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, but an administrative rule revision has been approved to adopt a similar approach under 5 CSR 30-660.090 Charter School Local Education Agency (LEA) Attendance Hour Reporting for FY 2022.

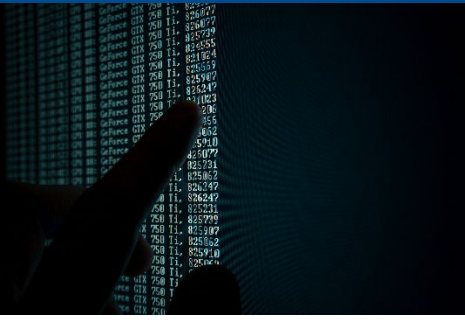
UPDATE: For the Basic Formula calculation in FY 2024, DESE considers FY 2022 as impacted under this statute and will adjust Basic Formula payment calculations accordingly. District Basic Formula payments will include the greater of the FY 2020, FY 2021, FY 2022, FY 2023, or an estimate of FY 2024 WADA. 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.

### Financial Software Survey

In an effort to ensure School Finances has a current list of the Financial Software vendors used by LEA’s, each LEA needs to complete the [School Finance – Financial Software Survey](#)

#### Point of Interest

A variety of School Finance Guidance documents can be found on the [Finance Topics & Procedures](#) webpage.



## Data Reporting

### Mid-Year Fund Balance Reporting

The mid-year fund balance reporting is a part of the February Core Data cycle on Core Data Screen 35. Each district is required to report the following information as of December 31, 2022:

- Incidental and Teachers Funds Unrestricted Ending Fund Balance as of December 31 that can be found in the district's accounting records.
- Tax Anticipation borrowing in the Incidental or Teachers Funds between July 1 and December 31.
- Transfers from the General Fund to the Capital Projects or Debt Service Funds between July 1 and December 31.

If you have any questions regarding this reporting, please contact School Finance at (573) 751-0357.

### January Membership

The February Cycle MOSIS submission will populate Core Data Screen 16 providing a membership count of resident students who were enrolled on January 25, 2023, and were in attendance one of the previous ten school days. The February Cycle is due to DESE by February 15, 2023.

### Inclement Weather

Districts must comply with Section 163.021.1, RSMo, which requires compliance with the minimum term to be eligible for state aid. Additionally, Section 171.033.3, RSMo, allows "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".

"Inclement weather", for purposes of this section, shall be defined as ice, snow, extreme cold, excessive heat, flooding, or a tornado.

Reminder: Hours that are forgiven due to inclement weather will not have an adverse impact on the average daily attendance (ADA) calculation. The above information regarding inclement weather and a short FAQ are available at on the [Finance Topics and Procedures](#) page under the Inclement Weather link.

There are two calculation tools to help with determining weather make-up. They can be found under [Calculation Tools](#).

### 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 1,044 hours or 522 hours in session for half-day kindergarten or prekindergarten programs claimed for state aid.

There is also a weather make-up hour requirement.

- 36 planned make-up hours are required. Per SB 681 which took effect August 28, 2022, 18 planned make-up hours are required 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 and then half the amount thereafter up to 48 (24 for half day programs) hours, for a maximum of 60 (30 for half day programs) total make-up hours.

Also, up to 36 [Alternative Method of Instruction \(AMI\)](#) hours can be used for any hours of school lost or cancelled due to exceptional or emergency circumstances during a school year which shall include, but not be limited to, inclement weather, a utility outage, or an outbreak of a contagious disease. To use AMI the district must have a DESE approved AMI, plan for the year.

#### [Point of Interest](#)

## State FTE Resident Free or Reduced Lunch Eligible Students

The February Cycle MOSIS submission will populate the Home School/Free and Reduced Lunch Data, Core Data Screen 15, which is used to collect the number of students eligible for free or reduced price lunch as of the last Wednesday in January (January 25, 2023) in the category described in the Core Data Collection System Manual –State FTE Free or Reduced Lunch Eligible Students. A description follows:

### State FTE Resident Free or Reduced Lunch Eligible Students

- Report the full-time equivalency count of resident students enrolled in grades K-12 on January 25, 2023, and in attendance one of the 10 preceding school days whose eligibility for free or reduced lunch is documented (through the application process using federal eligibility guidelines or through the direct certification process). For districts that participate in the Community Eligibility Program (CEP), all of the students enrolled in the district (if CEP has been chosen district wide) or all of the students enrolled in a CEP building (if only certain buildings in the district participate) are considered eligible for free and reduced lunch.
- Participating in the Seamless Summer Option or the Summer Food Service Program does not qualify a student to be documented as qualifying for free lunch. Documentation proving income eligibility must be obtained to mark students as qualifying for free or reduced lunch when the district participates in these programs.
- Report eligible students on a full-time equivalency (FTE) basis. A student attending one-half day is counted as .5, one-fourth day as .25, etc. Kindergarten students attending less than a full day per the first grade calendar are included in the counts as a ratio of the kindergarten calendar divided by the first grade calendar. Example: If the calendar for “full day” students in a school is 1050 hours and the calendar for kindergarten students is 630, then the FTE for those kindergarten students would be 630/1050 or .60. In no case should a full-time half-day kindergarten student be reported less than .50.
- Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
- Nonresident students are to be counted by the district which pays the tuition for those students.
- Do not count students for whom the Department does not distribute state aid.

## 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 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.

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.

### 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](#).



## Other Important Reminders

### 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, including new debt within seven days of issuing the bond or incurring the debt. This information shall be supplied to Office of Administration (OA) for display on the [State's Accountability Portal](#).

A user link for the portal is available on the main page. 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 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.

### 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.

### 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



#### Point of Interest

Various relief Fund [Grant Guidance Documents](#) can be found on the [DESE COVID Relief Information page](#).

## Non-Certificated Educators – Attendance Hours Adjustment Continued:

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:

- did not hold a valid Missouri educator certificate for the Regular School year teaching assignment or;
- 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 Improvement 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.

## School Governance & Transportation Continued

### State Transportation Aid Calculation

See payment section above.

### Ridership List

The second ridership list for the current school year must be finalized on the second Wednesday of February (February 8, 2023). This list should be a compilation of the students' names that regularly ride the bus from the beginning of the second semester to the February count day and should identify which students are eligible for state transportation aid (those living one mile or more from school) and those ineligible for state transportation aid (those living less than one mile from school).

The ridership list should not be a listing of all students who are eligible or ineligible to ride the buses nor should it be a listing of only those students riding on the count day, but should be a listing of students regularly riding the buses. A student should ride the bus a minimum of once a week to be considered a regular rider.

### [Point of Interest](#)

Definitions of all MOSIS/Core Data elements can be found in the [Core Data and MOSIS Manual](#).

## Drug and Alcohol Clearing House

The following information is from the DOT website:

The [Clearinghouse](#) is a secure online database that will give employers, the FMCSA, State Driver Licensing Agencies (SDLAs), and State law enforcement personnel real-time information about commercial driver's license (CDL) and commercial learner's permit (CLP) holders' drug and alcohol program violations. An act of Congress directed the Secretary of Transportation to establish the Clearinghouse.

The [Clearinghouse](#) will enable employers to identify drivers who commit a drug and alcohol program violation while working for one employer, but who fail to inform another employer (as required by current regulations).

The Clearinghouse will also require the following:

- Employers will be required to query the Clearinghouse for current and prospective employees' drug and alcohol violations before permitting those employees to operate a CMV on public roads.
- Employers will be required to query the Clearinghouse annually for each driver they currently employ.

## School Bus Train the Trainer and Recertification Workshops

The Annual Train the Trainer Workshop held in Warrensburg will be held July 26<sup>th</sup>-28<sup>th</sup> at the American Legion Hall in Warrensburg.

The Re-Certification Workshop will be held in Columbia July 6<sup>th</sup> at the Courtyard by Marriott.

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

### Point of Interest

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



## School Finance Contact Information

We ask that you always call our main number of 573-751-0357 or email the email addresses listed below and speak with your designated contact. Updated contact list for staff assignments are as follows:

Name	Duties
<b>David Tramel</b> Coordinator, Administrative and Financial Services <a href="mailto:David.Tramel@dese.mo.gov">David.Tramel@dese.mo.gov</a>	Contact for Governance questions or Transportation question other than Transportation data reporting or Transportation payment.
<b>Tammy Lehmen</b> Coordinator, School Finance <a href="mailto:Tammy.Lehmen@dese.mo.gov">Tammy.Lehmen@dese.mo.gov</a>	Contact for districts in counties 048 & Kansas City Charters 347-347.  Contact for Transportation data reporting or Transportation payment questions.
<b>Sharon Bax</b> Director, School Finance <a href="mailto:Sharon.Bax@dese.mo.gov">Sharon.Bax@dese.mo.gov</a>	Contact for districts in counties 075-115 & St Louis Charters
<b>Taylor Doerhoff</b> Director, School Finance <a href="mailto:Taylor.Doerhoff@dese.mo.gov">Taylor.Doerhoff@dese.mo.gov</a>	Contact for districts in counties 060-074  Contact for questions regarding Audits.
<b>Kara Shumate</b> Director, School Finance <a href="mailto:Kara.Shumate@dese.mo.gov">Kara.Shumate@dese.mo.gov</a>	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 • [finadmgov@dese.mo.gov](mailto:finadmgov@dese.mo.gov)  
<https://dese.mo.gov/financial-admin-services/school-finance/>

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