



SCHOOL FINANCE TOPICS, GOVERNANCE AND TRANSPORTATION

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Presentation Topics

- Basic Formula Calculation
- July Payments
- Budget
- Tax Rate Information
- Calendar
- Annual Secretary of the Board Report (ASBR)
- Governance
- Transportation





Basic Formula Calculation

Formula Calculation

Weighted Average Daily Attendance

x State Adequacy Target

x Dollar Value Modifier

- Local Effort

= State Funding



Weighted ADA

$$\begin{aligned} & \text{Regular Term ADA} \\ + & \text{ Summer School ADA} \\ = & \text{Total ADA} \end{aligned}$$

$$\begin{aligned} + & \text{Free and Reduced Lunch Weighting} \\ + & \text{IEP Weighting} \\ + & \text{ LEP Weighting } \\ = & \text{Total WADA} \end{aligned}$$



Total ADA

- Regular Term ADA
 - Regular term attendance hours divided by the calendar hours in session
 - Each district provides the attendance hours to DESE via the Missouri Student Information System (MOSIS) and the calendar to DESE via Core Data
- Summer School ADA
 - Summer school attendance hours divided by 1,044
 - Each district provides the summer school attendance hours to DESE via the Missouri Student Information System (MOSIS)
- Total ADA
 - Regular Term ADA plus Summer School ADA



Weighted ADA

Weighting Components

2014-2015 and 2015-2016

- Free and reduced price lunch > 41.00% of ADA weighted at .25
- Special Education (IEP) students > 12.60% of ADA weighted at .75
- Limited English Proficient (LEP) students > 2.10% of ADA weighted at .60

2016-2017 and 2017-2018

- Free and reduced price lunch > 36.12% of ADA weighted at .25
- Special Education (IEP) students > 12.16% of ADA weighted at .75
- Limited English Proficient (LEP) students > 1.94% of ADA weighted at .60

- Recalculated every two years



Example - FRL Weighting

Total ADA (1+2)	100
Free & Reduced Lunch (FRL) count	50
Threshold Percentage	36.12%
Threshold Amount (Total ADA times the threshold percentage)	36.12
Count to be weighted (FRL count minus Threshold Amount)	13.88
FRL Weighting (Count to be weighted times weighting of .25 which applies to FRL)	3.47

The example provided is specifically for FRL, this same calculation can be followed for IEP and LEP weighting by using the threshold percentage and weighting components that apply to IEP and LEP.



Community Eligibility Program (CEP)

- If the district is participating in CEP the FRL count is a calculated number for the year in which the district is participating
- The count will be calculated using a percentage based on numbers reported by the district in the year prior to the district electing to participate in CEP
- The percentage is calculated by taking the FRL count and dividing by the ADA
- This percentage will be multiplied by the current year ADA to obtain the FRL count that will be used



Formula Weighted Average Daily Attendance (WADA)

- Formula WADA is based on the highest of the:
 - Current Year WADA
 - Estimated ADA
 - First Preceding Year WADA minus the summer school ADA associated with that year
 - Second Preceding Year WADA minus the summer school ADA associated with that year
- Plus the current summer school ADA

	2014-15	2015-16	2016-17	
WADA	559.9034	525.5798		
Summer ADA	22.0985	19.5726	21.2056	
Highest Year	537.8049	506.0072		
				559.0105



Formula Calculation

Weighted Average Daily Attendance
x State Adequacy Target
x Dollar Value Modifier
- Local Effort
= State Funding



State Adequacy Target

- Average expenditures of districts designated as Performance Districts based on 5 CSR 30-660.080
 - Recalculated every 2 years
 - The SAT is adjusted in the calculation due to underfunding
 - Calculated SAT for 2016-17 and 2017-18 is \$6,241
 - SAT used in the June calculation is \$6,198.711938359



State Adequacy Target

- 2009-2010 and prior years \$6,117
- 2010-2011 \$6,124
- 2011-2012 \$6,131
- 2012-2013 – 2013-2014 \$6,716 (\$6,131 used)
- 2014-2015 \$6,580 (\$6,131 used)
- 2015-2016 \$6,580 (\$6,145.826158666 - June)
- 2016-17 \$6,241 (\$6,198.711938359 - June)
- 2017-18 \$6,241
- Recalculated every 2 years



Formula Calculation

Weighted Average Daily Attendance
x State Adequacy Target
x Dollar Value Modifier
- Local Effort
= State Funding



Dollar Value Modifier

- ✓ Index of relative purchasing power of a dollar
- ✓ $1 + .15(\text{regional wage ratio} - 1.00)$
- ✓ Shall not be less than 1.00
- ✓ Regional wage ratio = regional wage per job \div state median wage per job
- ✓ Calculated on a regional basis if district is in a micropolitan or metropolitan area
- ✓ Otherwise, on a county basis
- ✓ Range - currently 1.000 to 1.092
- ✓ The DVM for each district can be located at <https://dese.mo.gov/financial-admin-services/school-finance/data-reports>



Formula Calculation

Weighted Average Daily Attendance
x State adequacy target
x Dollar Value Modifier
- **Local Effort**
= State Funding



Local Effort

- 2004-05 Property Tax Calculation
- 2004-05 Revenue in Incidental & Teachers Funds
 - ◆ Financial Institutions Tax (5114)
 - ◆ Fines, Escheats (5211)
 - ◆ In Lieu of Tax (5116)
 - ◆ Merchants & Manufacturers (5115)
 - ◆ State Assessed Railroad & Utilities (5221)
 - ◆ Federal properties, unless used in Impact Aid (5231)
 - ◆ One-half of Proposition C (5113)



Local Effort

2004-05 Local Property Tax Effort

1.	Assessed valuation (December 31, 2004)	\$41,171,230
2.	Performance Tax Levy	\$3.43
3.	Local Tax Revenue (Line 1/100 x Line 2)	\$1,412,173.19
4.	Minus Collector and Assessor Fees (2.50 % x line 3)	\$35,304.33
5.	Net Local Tax Revenue (Line 3 - Line 4)	\$1,376,868.86



Local Effort

2004-05 Incidental + Teachers Fund Receipts

6.	School District Trust Fund (Prop C) x ½	\$368,741.80
7.	Financial Institution Tax	\$21.90
8.	Merchant's and Manufacturer's Tax	\$9,997.19
9.	In Lieu of Tax	\$1,133.95
10.	Fines, Escheats, etc.	\$22,846.98
11.	State Assessed Utilities	\$149,800.35
12.	Federal Properties	\$0.00
13.	Local Earnings and Income Taxes	\$0.00
14.	Total Receipts (Sum Lines 6 – 13)	\$552,542.17
15.	Total Local Effort (Local Property Tax Effort + Receipts) (Line 5 + Line 14)	\$1,929,411.03



Local Tax Effort Reminders

- ❖ Performance levy is \$3.43 for every district except special districts
- ❖ Performance levy does not change when the State Adequacy Target is recalculated
- ❖ Remains constant through the life of the formula, except:
 - ❖ Decrease in assessed valuation below 2004 valuation
 - ❖ Increase in Fines above 2004-05 revenue



Formula Calculation

Weighted Average Daily Attendance
x State Adequacy Target
x Dollar Value Modifier
- Local Effort
= State Funding



Formula Worksheet Example

1. Formula Weighted ADA	1,020.2497
2. Multiplied by State Adequacy Target	\$6,131
3. Equals District Total (Line 1 X Line 2)	\$6,255,150.91
4. Multiplied by Dollar Value Modifier	1.0250
5. Equals District Total Modified (Line 3 x Line 4)	\$6,411,529.68
6. Minus Local Effort	\$1,929,411.03
7. Equals State Funding (Line 5 - Line 6)	\$4,482,118.65



Hold Harmless

>350 ADA, hold harmless is:

2005-06 Amount Modified by DVM

2005-06 funding x DVM ÷ 2005-06 WADA



Hold Harmless

≤ 350 ADA, hold harmless is:

the greater of -

2004-05 total state funding from 7 sources

2005-06 total state funding from 7 sources

Includes receipts from:

Basic Formula

Line 14

Exceptional Pupil Aid

Gifted Aid

Remedial Reading

Fair Share

Free Textbook

Higher Amount Modified by DVM





July Payment

July Payment – Basic Formula

- July is not the most accurate payment of the fiscal year
- Payment is more accurate as district data is more accurate
- Timely and accurate reporting of Summer School Attendance Hours is important
 - Effects the Formula WADA that is used to distribute funds to districts throughout the state



July Payment – Proposition C

- Payment is based on the 2015-2016 Weighted Average Daily Attendance (WADA) that was used in the June Proposition C payment
- The August Proposition C payment may use the 2016-2017 WADA.



July Payment – Classroom Trust Fund (CTF)

- Payment is calculated using the 2016-2017 Average Daily Attendance (ADA) if the ADA was greater than zero
- If not greater than zero then the 2015-2016 ADA was used



July Payment - Transportation

- Payment was based on the June 2017 Transportation payment data and the FY17 Transportation allocation
- The August and September payments will also use the June 2017 Transportation payment data
- Updated data will be used beginning with the October or November payment





Budget



Budget

- Review the adopted budget and make it your own
- Review all projected revenues and expenditures



Classroom Trust Fund (CTF)

- Gaming monies
- Part of revenue available to fund formula
- State funds to districts will show dollars from CTF and dollars from state GR
- Paid on first preceding year ADA



Classroom Trust Fund

- Shall be spent at discretion of local school district
 - 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.

- May be used for:
 - Teacher recruitment, retention, salaries
 - School construction, renovation, leasing
 - Technology, textbooks, instructional materials
 - School safety
 - Supplying additional funding for required programs



Classroom Trust Fund

2016-2017

June 2016-2017 CTF was \$404.9466 per 2015-2016 ADA

Budgeting for 2017-2018

\$413 per 2016-2017 ADA

The state will only distribute funds that are actually collected into the Classroom Trust Fund



Small Schools Grant

- \$10M distributed equal amount per ADA to Districts with prior year ADA ≤ 350
- \$5M will be distributed to districts with tax rates $\geq \$3.43$ on a tax-rate-weighted ADA basis



Small School Funding Estimate

2016-2017

June 2016-2017 Small Schools was:

- \$10,000,000 portion - \$277.7350 per ADA
- \$5,000,000 portion - \$154.9317 per tax rate weighted ADA

Budgeting for 2017-2018

- \$10,000,000 portion - \$277 per ADA
- \$5,000,000 portion - \$154 per tax rate weighted ADA



Proposition C

A \$.01 state-wide general sales tax for education with a corresponding property tax reduction for school districts. Prop C sales tax revenue is collected locally, transmitted to the state and then passed on to school districts based on an amount per prior year Weighted Average Daily Attendance (WADA) amount.



Proposition C

2016-2017

June 2016-2017 Proposition C - \$979.04 per
2015-2016 WADA

Budgeting for 2017-2018

Estimate is \$988 per 2016-2017 WADA

Please bear in mind that the amount appropriated may or may not be the amount actually distributed.



Basic Formula Calculation Tool

Located on the School Finance website at:

<http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>



Estimating Local Tax Revenue

Assessed Valuation (AV) divided by 100 times
Tax Levy times Collection Rate (Historic Figure)

(AV	÷	100)	X	_____ . _____	X	_____	=	_____
				Tax Levy		Collection Rate		Local Tax Revenue



Considerations for Estimating Expenditures

- Prior year expenditures
- Amounts needed to meet departmental budgets
- Policy changes that may influence costs
- Changes in the laws or regulations
- Contractual obligations
- Salaries and related items
- District growth or decline in student population
- Building projects or capital outlay - buy, build, remodel, etc.



Budget No-No's

- Do not budget to spend more than you receive unless you are consciously reducing balances. State law prohibits budgeting a negative fund balance in any fund.
- State law requires that a budget amendment be made prior to actual expenditures for a given fund(s) exceeding the officially approved budget for that fund(s).



General Reminders

- The budget amendment should be noted in the board minutes along with the reasons the amendment was made.
- It is not required that a district amend its budget at the end of the year to show actual revenues and expenditures.
- The approved budget is a public document.
- Until a new budget is approved, the approved budget for the preceding fiscal year will regulate the district's business activities.





Tax Rate Information

State Auditor's Office (SAO)

Property Tax Forms

- Located on the SAO website at <http://www.auditor.mo.gov/TaxRates/Index.aspx>
- Single Rate Method – used for all counties other than St. Louis County
- Multi Rate Method – used for St. Louis County
- Questions regarding the completion of these forms should be directed to the SAO at 573-751-4213



Estimate of Required Local Taxes

- Establishes the tax rate to be extended onto the tax books for the calendar year
- One form is sent to each county clerk where the school district has assessed valuation
- Must be filed by September 1 of each year
- Charter counties and the City of St. Louis must file the form must by October 1
- The unadjusted and adjusted levies are reported by fund on this form
- Excel form can be located at <http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>



District Tax Data

- Collected on Core Data Screen 6
- Should reflect the same unadjusted and adjusted levies by fund as filed with the county clerk on the Estimate of Required Local Taxes
- Should reflect the same tax rate ceiling as approved by the State Auditor's Office



Tax Rate Hearing

- The board of education of a school district must hold at least one public tax rate hearing on the proposed tax rates before setting the tax rates for the school district.
- The board of education determines the time and place for such hearing.



Notice of Tax Rate Hearing

- Notice must be published or posted at least seven days prior to the date of the hearing.
- Notice must state the hour, date and place of the hearing.
- Notice shall be published in at least one newspaper qualified under the laws of Missouri of general circulation in the county in which the largest portion of the district is situated QR posted in at least three public places within the school district.



Notice shall include

- The assessed valuation by category of real, personal and other tangible property in the school district for the fiscal year for which the tax is to be levied (current fiscal year) and for the preceding taxable year;
- The amount of revenue required to be provided from the property tax for each rate to be levied as set forth in the district's annual budget, and;
- The tax rates proposed to be set for the various purposes of taxation.
- Each political subdivision shall also include the increase in tax revenue due to an increase in assessed valuation as a result of new construction and improvement in the increase, both in dollar value and percentage, in tax revenue as a result of reassessment if the proposed tax rate is adopted.



Following the hearing

The board of education of the school district shall set the rates of taxes to be extended onto the tax book.





Calendar



School Calendar Options

1. A traditional calendar may be adopted which requires the school board to provide a minimum term of at least 174 days and 1,044 hours of instruction, 171.031.1, RSMo.
 - a. Minimum required hours in a school day of 3 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 7 hours per Section 171.031.7, RSMo.
2. A calendar of less than 174 days may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.029.1, RSMo.
 - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 8 hours per Section 171.031.7, RSMo.



School Calendar Options

3. A calendar of 142 days (four days per week) may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.031.1, RSMo.
 - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 8 hours per Section 171.031.7, RSMo.



School Calendar

- There is a day requirement
 - Three calendar options that have been discussed
 - Districts cannot operate under hours only
- Districts will report the planned calendar to the department by August 15 of each year
- Once the type of calendar has been established by the district the number of days of planned attendance can't be changed
- Districts planned calendars will be used when determining if a district has gone the required number of days in a year



School Calendar

- A school day ending before the minimum required hours on class time does not count toward the day requirement and the hours do not count toward the 1,044 hour requirement
 - The day is not a legal day
 - The hours and day do not count for state aid purposes
 - Hours are not reported as a part of the school district's calendar and the attendance hours are not reported for the ADA calculation for state aid purposes





Annual Secretary of the Board Report (ASBR)

Annual Secretary of the Board Report (ASBR)

What is the ASBR?

- Year end financial summary of the district, required by statute (Section 162.821, RSMo)
- Financial tool to be used by district staff and board of education
- Provides information that is used by DESE, MSTa, MNEA, MSBA, MoASBO, federal government, etc.
- Provides financial information to the public



Importance of the ASBR

- Quick look at the financial condition of the district
- Identifies financially stressed districts
- Identifies revenues by sources: local, county, state, and federal
- Identifies expenditures by fund, function, and object
- Identifies restricted funds
- Identifies interfund transfers
- Identifies long and short term debt



ASBR Deadline

Must be **submitted** by midnight, August 15





Governance



Governance Areas

- Boundary issues
- Parent and/or patron concerns
- Building issues
- Board of Education issues
- Transportation Hardship Requests
- Calendar questions
- Residency



Residency – §167.020, RSMo.

- Determines right to register in a Missouri Public school
- Residency established through
 - Meeting statutory definition
 - Meeting an exception to the statutory definition
 - Waiver of proof of residency
 - Residency Enrollment Checklist can be located at <https://dese.mo.gov/sites/default/files/sf-ResidencyEnrollmentChecklist.pdf>
 - Residency Frequently Asked Questions can be located at <https://dese.mo.gov/financial-admin-services/school-governance/residency-student-enrollment>



Statutory Definition of Residency

- Section 167.020, RSMo.

<http://www.moga.mo.gov/mostatutes/stathtml/16700000201.html>

- Student resides and is domiciled within the district with a parent, military guardian or court-ordered legal guardian
- Based on the student's physical presence in the district
- Homeless Child
 - Person under 21 years of age who lacks a fixed, regular and adequate nighttime residence



Enrollment of Homeless Children/Youth

- Homeless is an exception to residency requirement (§167.020.6, RSMo)
- Federal Law – immediate school enrollment required
- Contact district’s homeless coordinator for more information on enrolling homeless children/youth – review schools residency and homeless policies



Federal No Child Left Behind Act* defines “homeless children and youth”

as:

- Lacking a fixed, regular and adequate nighttime residence and includes those who are:
 - Sharing housing of other persons due to loss of housing, economic hardship or similar reasons
 - Living in motels, hotels, trailer parks, or camping groups due to lack of alternative adequate accommodations
 - Living in emergency or transitional shelters
 - Abandoned in hospitals
 - Awaiting foster care placement – those incarcerated and placed in foster care are not considered homeless

*See <http://www.nclb.gov/>



Special Circumstances

□ 167.151, RSMo.

<http://www.moga.mo.gov/mostatutes/stathtml/16700001511.html>

□ Student is an orphan

□ Student only has one parent living

□ Agriculture (all conditions must be met)

- Owns real estate of which 80 acres or more are used for agricultural purposes
- Parent's residence is on the real estate
- At least 35% of the real estate is in the district
- Parent notified district on or before June 30 that the student would be attending



Relative Caregiver

- Section 431.058, RSMo
 - Signed notarized affidavit
 - Must be relative by blood, marriage, or adoption
 - Must be 18 years of age or older
 - Can make medical and educational decisions
 - Must reside with relative caregiver



Special Circumstances

- Parent is a teacher or a regular employee of the school district
- Educational contracts between districts
- Unaccredited school transfers



Other Exceptions to the Statutory Definition

- ❑ Interdistrict Transfer Program established under a court-ordered desegregation program
- ❑ Ward of the State and has been placed in a residential care facility by state officials
- ❑ Has been placed in a residential care facility due to a mental illness or developmental disability
- ❑ Has been placed in a residential facility by a juvenile court



Waiver of Proof of Residency

- Student resides in district alone or with someone other than parent/guardian
- Waiver based upon hardship or good cause
- 45 day timeline for review of request
- Student enrolled until waiver acted upon, unless superintendent certifies danger
- Denial of waiver appealed to circuit court
- Standard established in Horton v. Marshall



Guardianships

- Chapter 475, RSMo.
 - Allows any person to file a petition in court for the appointment of guardianship of a minor
 - Issues:
 - Usually requires hiring an attorney
 - Payment of court costs
- §475.060(11), RSMo.
 - Petition for the appointment of a guardian of a minor may be filed for the sole and specific purpose of:
 - School Registration or
 - Medical insurance coverage
 - Popularly known as “educational guardianship”



Non-resident Students

- Tuition paying students
- Tax credit tuition
- Transportation Hardship





Transportation

Ridership

- ❑ Students living more than three and one-half miles from school must be provided transportation service
- ❑ All students can be transported by local board decision (Section 167.231, RSMo.)
- ❑ Funding is available for students who live one mile or more from school
- ❑ No funding is available for students who live less than one mile from school (except when required by an IEP)



Eligible Miles Definition

- ❑ Eligible transportation miles are those miles traveled from where the bus is kept at night until it returns to the same location after the pupils have been returned home, as long as it is used only to transport pupils to and from school (at the beginning and ending of the regular school day).
- ❑ Eligible miles include handicapped summer school route miles, but do not include non-handicapped summer school route miles.
- ❑ Eligible transportation miles are eligible for state transportation aid (5 CSR 30-261.010(5)(A)(1) and 5 CSR 30-261.040).



Ineligible Miles Definition

- ❑ All miles that are driven for any purpose other than transporting students to and from school during the regular school term are ineligible for state transportation aid.
- ❑ Non-handicapped summer school routes, non-handicapped early childhood routes, field trips, athletic trips, and other extra-curricular activity trips are examples of ineligible miles.
- ❑ Miles traveled to rerun a route or part of a route to transport students participating in before-school or after-school activities or training (including remediation and extra-curricular) are also ineligible miles.
- ❑ All ineligible miles shall be recorded and subsequently reported on the Application for State Transportation Aid (5 CSR 30-261.010(5)(A)(2) and 5 CSR 30-261.040 (3)(B)).



Non-Conforming Van Use

- ❑ Since July 1, 2001, any vehicle that transports 11 or more passengers including the driver that is newly purchased, leased, or contracted must be a school bus and meet all Missouri Minimum Standards for School Buses as well as all Federal Motor Vehicle Safety Standards for School Buses (with the exception of motor coaches).
- ❑ This means that a school district cannot purchase, contract, or rent 12/15/17 passenger vans for the transportation of school children.



Evacuation Drills

- ❑ Emergency evacuation drills on school buses are required for all students in kindergarten through sixth grade at least once per semester
- ❑ The first drill must be completed prior to October 31
- ❑ The public school district board of education shall prescribe emergency evacuation drill requirements for all other students (5 CSR 30-261.010 (1)(J))



School Bus Driver Training

- ❑ All school bus drivers must have 8 hours of annual training
- ❑ The district or contractor should retain the documentation of this training in the employee's training file



School Bus Drivers Physical

School bus drivers must have a physical examination annually, no more than ninety days before the beginning of the school year (5 CSR 30-261.040).

School bus drivers employed with a school bus contractor who drive more than home-school-home routes are required, by federal regulation, to have DOT physicals, local school district and/or contractor policy may require DOT physicals for other drivers.

Anyone who is licensed in Missouri to perform physical examinations can perform a school bus driver physical (5 CSR 30-261.040).



Student Transportation Contact

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QUESTIONS?

