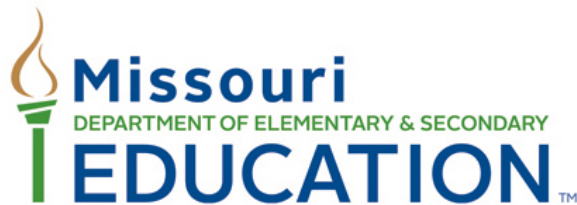


*David Tramel, Coordinator, School Administrative Services*

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# MASA School Finance Presentation

April 2018



# Topics

- Budget
- Annual Secretary of the Board Report (ASBR)
- Inclement Weather
- School Calendar Options
- Summer School
- Non-Certificated Educators

# Statutory Requirements

- Section 67.010, RSMo, requires that a budget consist of five items:
  - I. A narrative style budget message that describes the important features of the budget and any changes from the preceding year
    - ❖ Is general and unique to each district
    - ❖ Explains how the budget was developed, who was involved, and what the school's goals and objectives are in relation to the budget

# Statutory Requirements

- ii. Estimated revenue by fund and by source, with a revenue comparison to the preceding two years



# Budget – Estimated Revenues

# Budget – Estimated Revenues

- Estimates of available revenue should be based on past experience of the district as well as budget estimates provided. The source of revenue should be carefully evaluated and consideration given to the balances carried forward from the previous year.
- The district should evaluate program and funding changes at the state and federal level, as well as local changes (e.g., changes in local property taxes due to growth, business closures and tax levy elections).

# Proposition C Funding Estimates

- 2017-18 Prop C Estimate
  - Based on the WADA and estimated revenue of \$901,600,000, the 2016-17 estimated amount per WADA would be \$988. At this point, we remain cautiously optimistic that Proposition C funds will remain strong during the second half of FY18 and that the projected amount per WADA will be realized. You are urged to continue to closely monitor the Proposition C receipts very closely for the remainder of the year.
  - Monitor the monthly School Finance memos for updates.

# Proposition C Funding Estimates

- 2018-19 Prop C Estimate
  - The Governor's Budget has projected an increase in Proposition C revenue for the 2018-19 fiscal year. The 2018-19 Proposition C Sales Tax payment will be paid on the 2017-18 weighted average daily attendance (WADA).
  - With statewide ADA basically holding constant and the assumption that summer school will do the same, it is predicted that Proposition C Payment WADA will be in the vicinity of 912,000 in FY18. If the Revenue Estimate of \$917,500,000 is achieved, it would mean a WADA payment of approximately \$1,006. While it appears this level of collection is achievable, caution should be used as determination of budget estimates are made.



# Classroom Trust Fund Estimates

- 2017-18 Classroom Trust Fund Estimate
  - \$413 per prior year ADA
  - State will only distribute funds actually collected into the Classroom Trust Fund (may or may not reach the appropriated level of \$351,663,349)
- 2018-19 Classroom Trust Fund Estimate
  - Approximately \$417 per ADA
  - Classroom Trust Fund is one funding source of Basic Formula; like other funding areas, exact funding level unknown until appropriation process concludes

# Small Schools Grant

- To qualify for the Small Schools Grant, district's prior year ADA must be = or < 350
  - \$10M distributed equal amount per ADA to districts with prior year ADA  $\leq$  350
  - \$5M will be distributed to districts with tax rates  $\geq$  \$3.43 on a tax-rate-weighted ADA basis

# Small Schools Funding Estimate

- 2017-18 Estimate
  - ❑ \$10,000,000 portion – \$275 per ADA
  - ❑ \$5,000,000 portion – \$156 per tax rate weighted ADA
  
- 2018-19 Estimate
  - ❑ \$10,000,000 portion – \$273 per ADA
  - ❑ \$5,000,000 portion – \$154 per tax rate weighted ADA

# Estimating Local Tax Revenue

Assessed Valuation (AV)  $\div$  100  $\times$   
Tax Levy  $\times$  Collection Rate (Historic Figure)

# Revenue Sources for the Capital Projects Fund

- Existing balances
- Tax rate set in the Capital Projects Fund
- Bond sale proceeds
- Net insurance recoupment for capital loss
- All money received from the sale of capital assets including real estate, school buildings, other buildings, furniture, and equipment
- Gifts and grants
- Transfers

# Budget Information and Resources

- Revenue estimating tools for basic formula revenue –  
<http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>
- Located under K-12 Basic Formula Calculation or K-8 Basic Formula Calculation
- Using the basic formula calculation tool
  - ❑ Log into web applications and access transmittal page
  - ❑ Select Basic Formula – State Monies
  - ❑ Print calculation sheet and all available links
  - ❑ Plug all numbers into calculation tool; ensure totals match to calculation sheet
  - ❑ Once numbers are correctly entered, add/change numbers for projection purposes

# State Adequacy Target (SAT)

- State Adequacy Target = sum of current operating expenditures of every performance district that falls entirely above the bottom 5% and entirely below the top 5% of average daily attendance when districts are rank-ordered based on current operating expenditures per ADA, divided by the total ADA of all included performance districts
- Performance districts = districts that have earned at least 90% of possible points reported in both school years immediately prior to year in which the calculation must be made
- Calculated every two years

# State Adequacy Target (SAT)

Fiscal Years	Calculated SAT	Used SAT	June Proration Percentage	Prior Year Correction Proration Percentage
2007	\$6,117	\$6,117	100.000000%	100.000000%
2008	\$6,117	\$6,117	100.000000%	100.000000%
2009	\$6,117	\$6,117	100.000000%	100.000000%
2010	\$6,117	\$6,117	98.661002%	98.272000%
2011	\$6,124	\$6,124	96.979260%	96.458193%
2012	\$6,131	\$6,131	94.150969%	93.550547%
2013	\$6,716	\$6,131	92.583743%	92.387206%
2014	\$6,716	\$6,131	93.282523%	92.787959%
2015	\$6,580	\$6,131	96.869553%	96.439251%



# State Adequacy Target (SAT)

Fiscal Years	Calculated SAT	June Proration Adjusted SAT	Prior Year Correction Adjusted SAT
2016	\$6,580	\$6,145.826158666	\$6,121.383388689
2017	\$6,241	\$6,198.711938359	\$6,176.457027823*
2018	\$6,241	\$6,230.082232245*	
2019	\$6,308		
2020	\$6,375		

\* As of the February 2018 Payment

## State Adequacy Target (SAT)

- At the current Formula WADA level, for every one dollar change in the SAT the foundation formula call will change by approximately \$727,000.

# Dollar Value Modifier (DVM)

- DVM for FY 2019 –

<http://dese.mo.gov/financial-admin-services/school-finance/data-reports>

# Threshold

## Threshold percentages for FY 2017 & FY 2018

Free & Reduced-Price Lunch	36.12%
Special Education (IEP)	12.16%
Limited English Proficiency (LEP)	1.94%

## Threshold percentages for FY 2019 & FY 2020

Free & Reduced-Price Lunch	31.42%
Special Education (IEP)	12.06%
Limited English Proficiency (LEP)	2.50%

# Budget Information and Resources

- Revenue estimating tool for summer school – <http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>
- Located under Summer School Estimated Revenue Calculation Tool
- Complete basic formula calculation worksheet discussed on previous slide and calculate basic formula revenue with summer school ADA included and without summer school ADA included; calculate the difference

# Budget Estimates

- Updated 2017-18 and 2018-19 budget estimates provided in the February School Finance Memo – <http://dese.mo.gov/financial-admin-services/school-finance/school-finance-memos>

# Statutory Requirements

- III. Proposed expenditures by fund, function, and object, with an expenditure comparison to the two preceding years
- IV. The amount required for payment of interest, principal, and redemption charges on the debt of the district

# PK Funding

- If the basic formula is fully funded as of June 2018, then a limited amount of PK students can be claimed for state aid.
  - ❑ The PK student must qualify for FRPL.
  - ❑ The number of PK students to claim cannot exceed 4% of the number of K-12 students who qualify for FRPL.



# PK Funding

- ❑ PK student must
  - reside in district
  - be enrolled in early childhood program operated by district/LEA
  - qualify for Free and Reduced-Price Lunch
  - **not** be served in an ECSE program
- ❑ If PK student is served partially in ECSE funded program, student's parents must **not** be charged tuition; total funding received from ECSE and state aid must **not** exceed cost of student's instructional program

# PK Funding

- PK student must **not** be served in a fully funded Title I preschool
  - If served in a partially funded Title I preschool, student's parents must **not** be charged tuition; total funding received from Title I and state aid must **not** exceed cost of the student's instructional program
- PK student must **not** be served in fully funded MPP program
  - If served in MPP program, parents must **not** be charged tuition
- If district receives money from Department of Health and Senior Services for Child Care Assistance on PK student, student's parents must **not** be charged tuition

## PK Funding

- If PK ADA is claimable next year for state aid, districts/charter schools who do so need to determine if they should estimate their ADA for payment purposes.



# Budget – Estimated Expenditures

# Budget – Estimated Expenditures

- Proposed expenditures for each department, office, commission, and other classifications for the year together with comparative statement of actual or estimated expenditures for the two prior years, itemized by fund, function, and object
- When estimating costs, must consider board of education policy changes that influence educational costs
- Changes in laws or regulations

# Budget – Estimated Expenditures

- Contracted obligations must be considered (certificated personnel, non-certificated personnel, transportation services, school food services, etc.)
  - Giving raises
  - Contracts must be offered to teachers or changes made to contract of permanent teacher before May 15
    - Teacher has 15 days to respond to contract
- Must consider amounts required to meet departmental budgets, desired additional services, normal increases in costs
- District growth or decline in student population
- Building projects or capital outlay – buy, build, remodel, etc.

# Budget

- Section 67.010, RSMo states, “In no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimates for the beginning of the budget year...” This provision prohibits a district from budgeting for a negative fund balance in any fund.

# Statutory Requirements

- v. General budget summary



# General Budget Summary

- Includes
  - ❑ Assessed Valuation
  - ❑ Unadjusted and Adjusted Tax Levies by Fund
  - ❑ Estimated Beginning, Ending, and Restricted Balances
  - ❑ Estimated Revenues and Expenditures by Fund
  - ❑ Estimated Transfer to and from each Fund

# Budget Information and Resources

- Budgeting documents and potential timeline found under “Budgeting” – <http://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures>
- School Finance Memos = information on budget estimates and state budget – <http://dese.mo.gov/financial-admin-services/school-finance/school-finance-memos>
- Revenue estimating tools for basic formula revenue – <http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>
- Annual Secretary of the Board Reports in Web Applications – <https://apps.dese.mo.gov/weblogin/login.aspx>

# Budget Information and Resources

- The State Auditor's Office tax rate calculation tool –  
<http://www.auditor.mo.gov/taxrates/index>
- The Proposition C Rollback Calculation Form –  
<http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>
  - ❑ Form only necessary for use at districts that do not have a full waiver of Proposition C and are required to calculate and apply a rollback to the tax rate
- The Estimate of Required Local Taxes form –  
<http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>
  - ❑ Districts required to submit completed form to county clerk of each county where district has assessed valuation on or before September 1

# Annual Secretary of the Board Report (ASBR)

- Annual Secretary of the Board Reports in Web Applications  
<https://apps.dese.mo.gov/weblogin/login.aspx>
- Year-end financial summary of the district, required by statute (Section 162.821, RSMo)
- Financial tool that can be used in the budget process

# Annual Secretary of the Board Report (ASBR)

- Provides quick look at financial condition of 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
- **Must be submitted by midnight, August 15**

# Statutory Deadlines

A complete list of the Statutory Deadlines –

<http://dese.mo.gov/sites/default/files/sf-YStatutoryDeadlines.pdf>

# Inclement Weather

- Section 160.041.1, RSMo
- Minimum required hours of class time to count as a school day
  - ❑ Schools with minimum term of 174 days and 1,044 hours of instruction must provide at least 3 hours of class time
  - ❑ Schools with a minimum term of less than 174 days and 1,044 hours of instruction must have at least 4 hours of class time

# Inclement Weather

- School day ending before required hours of class time does **not** count toward the day requirement; hours do **not** count toward the 1,044 hour requirement
- Hours and day do **not** count for state aid purposes
- Such hours **not** reported as a part of the district's calendar; attendance hours **not** reported in the June MOSIS Enrollment and Attendance file submission for ADA calculation purposes



# Inclement Weather

- Inclement Weather, for the purpose of this section = ice, snow, extreme cold, flooding, or a tornado; **not** excessive heat
- Must make up days missed for reasons other than inclement weather
- Must make up first 6 days lost due to inclement weather; required to make up the 7<sup>th</sup> day and are forgiven the 8<sup>th</sup>; required to make up the 9<sup>th</sup> and forgiven the 10<sup>th</sup> and so forth until 10 days have been made up
- Specific information/FAQ regarding inclement weather –  
<http://dese.mo.gov/divadm/finance/topicsandprocedures/documents/sf-InclementWeather.pdf>

# School Calendar Options

1. Traditional calendar may be adopted requiring school board to provide minimum term of 174 days and 1,044 hours of instruction –Section 171.031.1, RSMo
  - a. Minimum required hours = 3 hours per Section 160.041.1, RSMo
  - b. Maximum possible hours = 7 hours per Section 171.031.7, RSMo
2. Calendar of less than 174 days may be adopted by school board that provides a minimum of 1,044 hours of instruction – Section 171.029.1, RSMo
  - a. Minimum required hours = 4 hours per Section 160.041.1, RSMo
  - b. Maximum possible hours = 8 hours per Section 171.031.7, RSMo

# School Calendar Options

3. School board may adopt a calendar of 142 days (four days per week) that provides a minimum of 1,044 hours of instruction –171.031.1, RSMo
  - a. Minimum required hours = 4 hours per Section 160.041.1, RSMo
  - b. Maximum possible hours = 8 hours per Section 171.031.7, RSMo

# Summer School

- Separate from the regular school term
- Not required
- Section 167.227, RSMo –“No pupil shall attend summer school classes in more than one district during any one summer.”
  - ❑ If student attends summer school in more than one district, the district that student attended first will be only district allowed to report the attendance hours for state aid

# Summer School

- In order for summer school attendance hours to be counted in the calculation for state aid, summer school program must be approved by DESE
- Summer school application must be submitted no later than May 1
- Summer School Handbook –  
<https://dese.mo.gov/office-quality-schools/summer-school-program>
- HB 643

# Non-certificated Educators

- Attendance Hours for any educators without a valid certificate will be disallowed for state aid payment purposes.
- 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 which will identify educators within the district that do not have a valid certificate on file with DESE.
  - 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.

# Non-certificated Educators

- At the end of the 2017-18 year, DESE will prepare a list of educators who
  - ❑ did not hold a valid Missouri educator certificate for the Regular School Year teaching assignment, or
  - ❑ have a certificate pending but did not initiate the required background check.
- School districts notified of an educator(s) who 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 that educator from the time 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.

# Non-certificated Educators

- Questions regarding appropriate teacher certification should be directed to Educator Certification.
- Questions regarding documentation for exclusion of attendance hours should be directed to School Finance.





# Coding Changes due to ESSA

# Coding Changes due to ESSSA

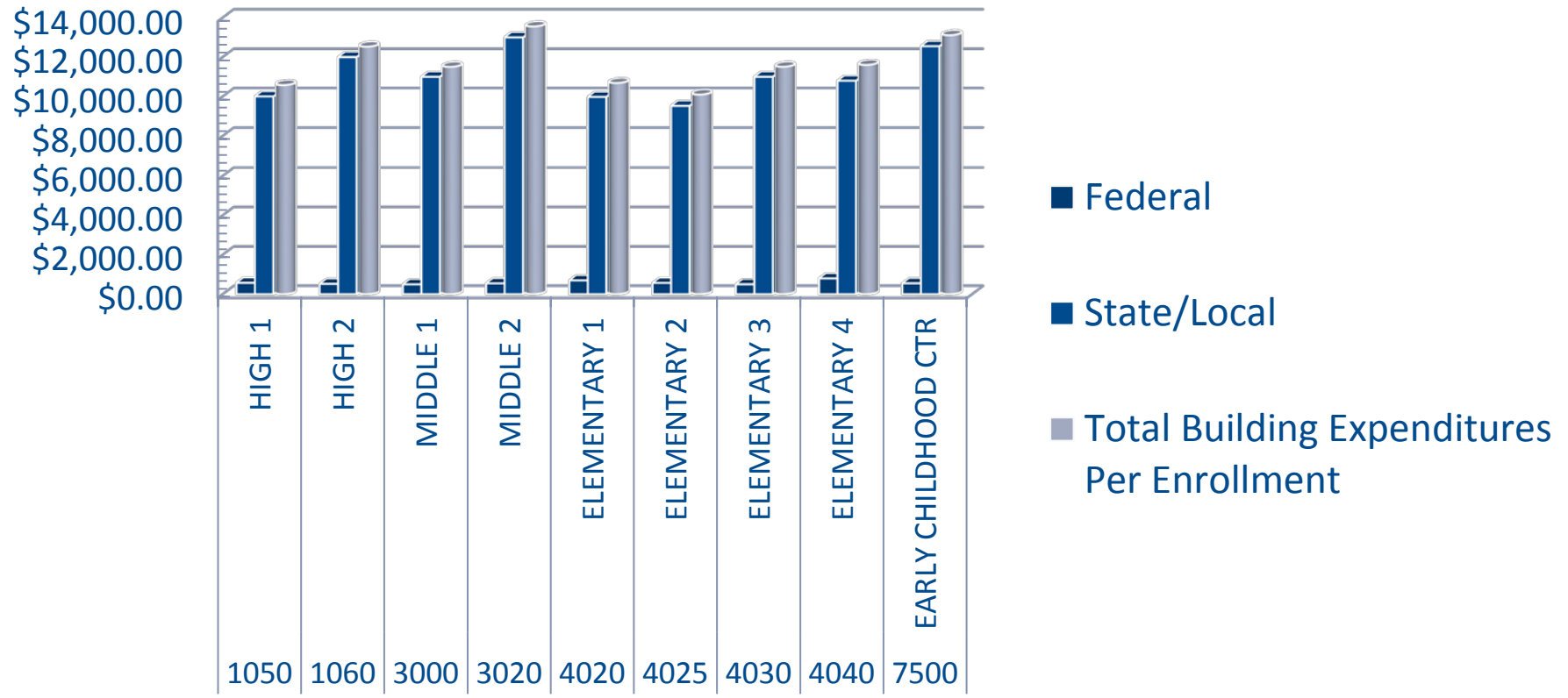
- Expenditure new Chart of Account Changes Starting FY 2019

Expenditure Code Structure						
Fund Type	Function Code	Object Code	Location Code	Source of Funds	Project Code	Dollar Amount
1 to 3 Digits	4 Digits	4 Digits	4 Digits	1 Digit	5 Digits	14,2

- Order of items in the district/charter schools account entries will vary by vendor.
- Location, Source of Funds, and Project Codes will now be required.

# Current Expenditure by Building

Building Number	Building Name	September Enrollment	Building Level Expenditures Per Enrollment			District Level Expenditures Per Enrollment			Total Building Expenditures Per Enrollment
			Federal	State/Local	Total Building	Federal	State/Local	Total Building	
1050	HIGH 1	2,489	\$450.00	\$6,000.00	\$6,450.00	\$125.00	\$4,000.00	\$4,125.00	\$10,575.00
1060	HIGH 2	2,025	\$375.00	\$7,250.00	\$7,625.00	\$150.00	\$4,750.00	\$4,900.00	\$12,525.00
3000	MIDDLE 1	2,350	\$325.00	\$6,250.00	\$6,575.00	\$175.00	\$4,750.00	\$4,925.00	\$11,500.00
3020	MIDDLE 2	1,985	\$300.00	\$7,500.00	\$7,800.00	\$250.00	\$5,500.00	\$5,750.00	\$13,550.00
4020	ELEMENTARY 1	1,200	\$400.00	\$4,980.00	\$5,380.00	\$300.00	\$5,000.00	\$5,300.00	\$10,680.00
4025	ELEMENTARY 2	1,025	\$375.00	\$5,250.00	\$5,625.00	\$195.00	\$4,275.00	\$4,470.00	\$10,095.00
4030	ELEMENTARY 3	995	\$275.00	\$5,750.00	\$6,025.00	\$230.00	\$5,250.00	\$5,480.00	\$11,505.00
4040	ELEMENTARY 4	985	\$475.00	\$5,800.00	\$6,275.00	\$325.00	\$4,999.00	\$5,324.00	\$11,599.00
7500	EARLY CHILDHOOD CTR	100	\$275.00	\$7,525.00	\$7,800.00	\$280.00	\$5,025.00	\$5,305.00	\$13,105.00





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