

# **SCHOOL FINANCE TOPICS**

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of Elementary and Secondary Education

# Topics

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- Budget Projections
- Local Effort
- Minimum Salary
- Non-Certificated Educators
- Increment Weather
- School Calendar
- Summer School



## Proposition C Funding Estimates

- 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 Funding Estimates

- 2015-2016 Prop C Estimate
  - Based on the WADA and estimated revenue of \$848,739,000 the 2014-15 estimated amount per WADA would be \$942. At this point, we remain cautiously optimistic that Proposition C funds will remain strong during the second half of FY16 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.
  - The Governor recommended an increase in Proposition C as a supplemental for FY16 of \$5,261,000. If approved and available this would increase the amount per WADA to \$947.
  - Monitor the monthly School Finance memos for updates.



# Proposition C Funding Estimates

- 2016-2017 Prop C Estimate
- The Governor's Budget has projected an increase in Proposition C revenue for the 2016-17 fiscal year. The 2016-17 Proposition C Sales Tax payment will be paid on the 2015-16 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 901,000 in FY15. If the Revenue Estimate of \$880,400,000 is achieved, it would mean a WADA payment of approximately \$977. While it appears this level of collection is achievable, caution should be used as determination of budget estimates are made.



# Proposition C Funding Estimates

Below is trend data for Proposition C Payments since the inception of the current foundation formula:

Year	Dollars Distributed	WADA	WADA Payment
2006-07	\$784,900,800	915,941.2936	\$857
2007-08	\$772,820,015	914,272.3027	\$845
2008-09	\$730,325,406	908,284.1060	\$804
2009-10	\$695,120,132	910,040.6792	\$764
2010-11	\$711,615,172	915,272.7157	\$777
2011-12	\$749,703,272	901,439.5600	\$832
2012-13	\$751,559,817	899,756.8400	\$835
2013-14	\$793,100,000	896,553.9900	\$884
2014-15	\$831,282,000	902,449.0100	\$921



# 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 Estimates

- 2015-2016 Classroom Trust Fund Estimate
  - \$405 per prior year ADA
  - The state will only distribute funds that are actually collected into the Classroom Trust Fund, which may or may not reach the appropriated level of \$343,456,910.
- 2016-2017 Classroom Trust Fund Estimate
  - Approximately \$406 per ADA
  - The Classroom Trust Fund is one of the funding sources of the Basic Formula and, like other funding areas, we will not know exactly the funding level until the appropriation process concludes.





## Budget Estimates – Classroom Trust Fund

As a reminder, Senate Bill 291 passed in the 2009 legislative session includes the following provision in Section 163.043.5:

- 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.



# Small Schools Grant

- \$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

- 2015-2016 Estimate

- \$10,000,000 portion - \$270 per ADA

- \$5,000,000 portion - \$156 per tax rate weighted ADA



# State Adequacy Target (SAT)

- Average expenditures of perfect score Annual Performance Report districts
- 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 (6,110.084768601)
- 2016-17 – 2017-18 \$6,808 calculated
- Recalculated every 2 years



# Dollar Value Modifier (DVM)

- DVM for FY17 can be viewed at <http://dese.mo.gov/financial-admin-services/school-finance/data-reports>



# Threshold

Free & Reduced Lunch	35.40%
Special Education (IEP)	12.30%
Limited English Proficiency (LEP)	1.90%



# Basic Formula

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## Local Effort

- ❑ Decrease in assessed valuation below 2004 valuation
- ❑ Increase in Fines above 2004-05 revenue



# Bill Back Procedures (Local Tax Effort)

Section 167.126, RSMo, requires a school district providing education services to a student who resides in another district but was placed in the district by the Department of Mental Health, Department of Social Services or a court of competent jurisdiction to bill the district of domicile an amount equal to the average sum produced per child by the local tax effort of the district of domicile.





## Bill Back Procedures (Local Tax Effort)

- Calculated using the Annual Secretary of the Board Report (ASBR) and Core Data for the previous fiscal year.
- Computed by adding the prior year tax revenue the district of domicile received from property taxes, Intangible (Financial Institution) Taxes, M & M Taxes, In Lieu of Taxes and State Assessed Railroad and Utility Taxes, then dividing that sum by the prior year resident Average Daily Attendance (ADA) of the district of domicile.



# Bill Back Procedures (Local Tax Effort)

- The educating school district will bill the domicile district by dividing the domicile district's tax effort by the educating district's days in session and then multiplying by the number of days a student attended.

(Domicile district's tax effort per ADA / Days in Session) x Days Attended



# Bill Back Procedures (Local Tax Effort)

**The local tax effort per ADA is available on the Missouri Comprehensive Data System (MCDS) portal at <http://mcds.dese.mo.gov/Pages/default.aspx>**

Once on this website select Quick Facts, then District and School Information and then Local Effort



# Minimum Salary Requirements

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- Beginning Teacher – Minimum Salary \$25,000
- Master's Degree with 10 years experience  
\$33,000



# Minimum Salary Requirements

- Substitute teachers filling a regular classroom teacher's position as the teacher of record for the class must be paid the minimum salary
- All teachers are to receive at least their full-time equivalent proration of the applicable minimum salary
- Minimum salary requirements include study hall teachers, in school suspension teachers and all others for whom the students' hours are included in the average daily attendance calculation for state aid



# Minimum Salary Requirements

- Section 163.021.3, RSMo, specifies that the penalty for noncompliance with Section 163.172, RSMo, is the reduction of the Basic Formula to the 1993-94 amount.



# 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 2014-2015 year, DESE 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 Finance with the attendance hours by building and by grade for all students who were under the supervision of those educators since the educator did not have a valid certificate. These hours of attendance will be excluded from the total hours of attendance for the school year.





# 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.



# Inclement Weather

- ❑ Inclement Weather, for the purpose of this section, shall be defined as ice, snow, extreme cold, flooding, or a tornado, but such term shall not include excessive heat.
- ❑ Days missed for reasons other than inclement weather have to be made up
- ❑ Districts are required to make up the first 6 days lost due to inclement weather and are 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 and frequently asked questions regarding inclement weather can be located at <http://dese.mo.gov/divadm/finance/topicsandprocedures/documents/sf-InclementWeather.pdf>



# 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 1,0444 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



# Summer School

- Separate from the regular school term
- Summer School is not required
- 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



# Summer School

- In order for summer school attendance hours to be counted in the calculation for state aid the summer school program must be approved by the Department of Elementary and Secondary Education
- The summer school application must be submitted no later than May 1
- Summer School Handbook is available at <http://dese.mo.gov/sites/default/files/SummerSchoolHandbook.pdf>





# Contact Information

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