



MISSOURI

Description of the Formula

The state of Missouri has a new foundation formula effective with the 2006-07 year that is student needs based rather than tax-rate based. This new formula is based on the average current expenditure per average daily attendance of local and state dollars in those districts meeting all performance standards established by the Missouri State Board of Education (SBE). It is designed to assure that all districts have at least this "state adequacy target" of money behind each child if the district chooses to have a tax levy equal to or greater than the performance tax levy set by the legislature at \$3.43. For 2006-07, the state adequacy target is \$6,117 per weighted average daily attendance. This amount will be recalculated every two years.

Weighted Average Daily Attendance includes average daily attendance of the regular school term and the summer school term plus weighting for Free or Reduced Lunch eligible students, Special Education students and Limited English Proficient students when the district's count of these student populations exceeds the average percentage (threshold of the districts meeting all performance standards established by the SBE).

The product of the state adequacy target and weighted average daily attendance is then multiplied by a variable labeled the Dollar Value Modifier (DVM). The DVM was designed by the legislature to reflect the relative purchasing power of a dollar as related to wage data for metropolitan, micropolitan and county areas available from the U.S. Department of Commerce, Bureau of Economic Analysis. From the products of these calculations is subtracted the amount of local effort for the 2004-05 school year. The local effort amount in the formula calculation is fixed for the life of the formula with two exceptions. If a district's assessed valuation decreases below the 2004 valuation, the lower valuation will be used in the local effort calculation. Likewise, if a district's revenue from Fines increases, the higher Fines amount will be used in the local effort calculation.

The remaining amount is the initial calculation of state money to the district. This formula will be phased in over seven years beginning in 2006-07. The initial calculation is then adjusted for the phase-in provisions and hold harmless provisions.

For details of Missouri's formula, please refer to Chapter 163 of the Revised Statutes of Missouri. The website for Missouri's statutes is: <http://www.moga.mo.gov/STATUTES/C163.HTM>

District-Based Components

Density/Sparsity of Small Schools

There is no specific adjustment for density/sparsity of small schools. However, districts are paid on the greater of the second preceding year's Weighted Average Daily Attendance, the first preceding year's Weighted Average Daily Attendance, or an estimate of the current year's Weighted Average Daily Attendance. This provision helps districts with declining student counts as well as those with increasing student counts.

There is a small school grant for districts with an average daily attendance, including summer school, no greater than 350. The \$15 million appropriation is distributed in two parts. One part of \$10 million is distributed equally per average daily attendance for the eligible districts. The second part of \$5 million is distributed on a tax-rate weighted average daily attendance basis to the eligible small districts with a tax rate for general school purposes equal to or greater than the state performance levy of \$3.43.

Grade Level Differences

Does not apply.

Declining Enrollment or Growth

Districts are paid on the greater of the second preceding year's Weighted Average Daily Attendance, the first preceding year's Weighted Average Daily Attendance, or an estimate of the current year's Weighted Average Daily Attendance. This provision helps districts with declining student counts as well as those with increasing student counts.

Capital Outlay and/or Debt Service

There is no state funding specifically for capital outlay or debt service. However, a portion of each district's state aid comes through the Classroom Trust Fund. This fund consists of money generated by state riverboat gaming operations and unclaimed lottery prize money. This money may be placed in any fund at the discretion of the local school board, including Capital Projects and Debt Service, and used for any purpose.

School districts in Missouri may take advantage of the state's credit rating when issuing general obligation bonds, thus obtaining a lower interest rate than would otherwise likely be available to the district. Districts choosing this option have a portion of their monthly state payment redirected to a selected bank that manages the principal and interest payments on the bonds.

Due to funding constraints, districts may transfer previously accrued funds from Capital Outlay back to either the Incidental or Teacher Fund. This allowance applies until such time the Foundation Formula again becomes fully funded.

Transportation

Reimbursement is 75% of allowable costs of transporting eligible pupils. It is limited by each district's efficiency factor. In recent years the state appropriation for transportation aid has not increased resulting in a lower percentage of reimbursement to districts. This year, for example, transportation funding is approximately 28% of allowable costs.

from the school district's payment

Funding for transportation was increased for FY15 by \$15 Million.. It is statutorily allowable to fund up to 75% of the cost for transporting eligible students, however, appropriations for FY15 will provide funding to cover only an estimated 31% of the cost for transporting those students.

Charter Schools

Charter Schools are funded in the following manner as prescribed by law:

A charter school that has declared itself as a local educational agency shall receive from the department of elementary and secondary education an annual amount equal to the product of the charter school's weighted average daily attendance and the state adequacy target, multiplied by the dollar value modifier for the district, plus local tax revenues per weighted average daily attendance from the incidental and teachers funds in excess of the performance levy as defined in section 163.011 plus all other state aid attributable to such pupils. If a charter school declares itself as a local education agency, the department of elementary and secondary education shall, upon notice of the declaration, reduce the payment made to the school district by the amount specified in this subsection and pay directly to the charter school the annual amount reduced

Student-Based Components

Special Education

State Special Education aid is now included in the Basic State Aid to districts. When a district's count of students with an Individualized Education Plan exceeds the state threshold, currently at 13.2% of the district's ADA, the excess is weighted at .75 and added to the district's ADA calculation in the overall weighted average daily attendance.

Low Income / At-Risk

State aid for students at-risk of completing their K-12 education is included in the Basic State Aid to districts. When a district's count of students eligible for Free or Reduced Price Lunch exceeds the state threshold, currently at 38.8% of the district's ADA, the excess is weighted at .25 and added to the district's ADA calculation in the overall weighted average daily attendance.

English Language Learner/Bilingual Education

Effective in 2006-07, state money is now included in the Basic State Aid to districts. When a district's count of Limited English Proficient students exceeds the state threshold, currently at 1.8% of the district's ADA, the excess is weighted at .60 and added to the district's ADA calculation in the overall weighted average daily attendance.

Gifted and Talented Education

Expenditures for gifted education were included in the calculation of the state adequacy target. There is no targeted state aid for Gifted Education. The state adequacy target is multiplied by the district's total weighted average daily attendance.

Preschool Education

Preschool students are not used in the calculation of state aid.

Revenue and Expenditure Information**State Mandates Restricting Revenue or Expenditure Increases**

A district's local property tax levy must be rolled back if assessed valuation increased by a percentage greater than the CPI, excluding new construction and personal property.

Property Assessment Ratios Used/Legal Standards For Property Assessment

There are varying ratios depending on property classification, i.e. personal property, 33.33%; commercial real property, 32%; residential real property, 19%; and agricultural real property, 12% of productive value.

Measure of Local Ability To Support Schools

The new formula recognizes each district's 2004-05 local effort using a fixed tax rate (performance levy of \$3.43) when determining how much state aid each school district should receive. The district's local effort is subtracted from the product of the state adequacy target of \$6,131, the district's weighted average daily attendance and the district's dollar value modifier to determine the state money to the district. Disregarding hold harmless provisions, the school districts with more local effort will receive less state aid.

School District Budget and Tax Rate Procedures/Sources of Local Revenue

The 524 school districts in Missouri are fiscally independent. The maximum local levy without voter approval is 27.5 mills. Simple majority approval by voters is required for tax increases up to 60 mills; two-thirds majority votes are required for levies above 60 mills. Five election dates are available during the year. Sources of local revenue include current tax, delinquent tax, sales tax, financial institution tax, and revenues from food services sales, interest income and student activities receipts.

State Support for Nonpublic Schools

Does not apply.