



School Finance & Governance Update

*Dr. Kari Monsees, Deputy Commissioner,
Financial and Administrative Services*

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Presentation Topics



- State Budget Update
- SB 727 Implications
- FY 2026 Budget Request
- Grant Programs
- Federal Relief Funds



State Budget Update

State Revenue Update



- Fiscal Year 2025 collections as of October 16:

Individual Income Taxes	+1.4%
Sales Taxes	-3.7%
Corporate Income Taxes	-2.0%
All Other	+9.7%
<u>Refunds (deduct)</u>	<u>+30.1%</u>
Net General Revenue	-1.4% (approx. -\$49.7 M)

- FY 2025 net general revenue can decline by 2.0% and still meet the consensus revenue projection

SAT, DVM, and Threshold Percentages



State Adequacy Target (SAT) for FY 2025 = \$6,760

State Adequacy Target (SAT) for FY 2026 = \$7,145

Dollar Value Modifier (DVM) for can be viewed at

<http://dese.mo.gov/financial-admin-services/school-finance/data-reports-0>

Threshold Percentages

	FY 2023 & FY 2024	FY 2025 & FY 2026
Free & Reduced-Price Lunch (FRL)	30.95%	16.73%
Individualized Education Program (IEP)	13.11%	13.30%
Limited English Proficiency (LEP)	2.29%	2.09%



- The pandemic provisions impacting ADA/WADA have all expired.
- Due to the change in thresholds, many LEAs will benefit from estimating ADA for FY 2025.
- Accurate estimates will help ensure the current appropriation is maximized.
- The SAT is held lower to start the year, pending better data and a potential supplemental appropriation.

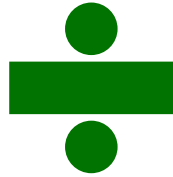
FY 2025 Classroom Trust Fund



For every \$10 million shortfall in receipts, compared to the appropriation, the amount per ADA adjusts by -\$13 per ADA



\$1,306,961,000
Appropriation

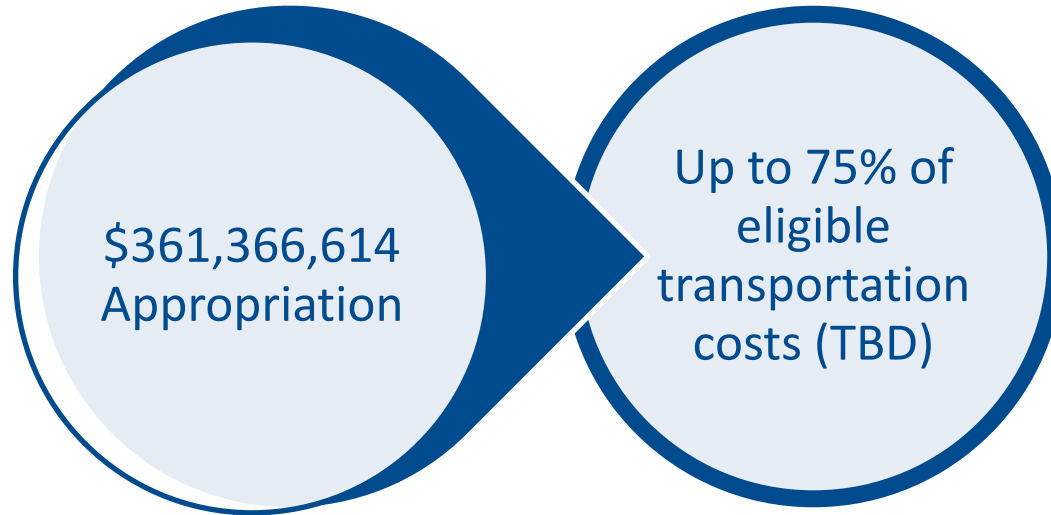


864,000
2024 Est.
WADA



\$1,513 per
WADA

Each \$10 million variance from the appropriation level impacts the amount per WADA by approximately \$12



Transportation is paid on the prior year's ASBR data
(first live payment will be in October)



Basic Formula Calculation Tool

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

Finance Topics & Procedures

<http://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures>

School Finance Memos

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

The State Auditor's Office Tax Rate Calculation

<https://auditor.mo.gov/property-tax-calculators>



SB 727 Implications



- Local Effort Adjustment
- Small Schools Grant
- Prekindergarten Attendance Claiming
 - 8% of K-12 FRL Count
- Calendar Incentive: FY 2025 is the Basis Year for FY 2026

Note: A supplemental appropriation will be necessary to fund enhancements in FY 2025.



- Incentive for providing a school term of 169 days or more in the prior school year
- Incentive amount is based on Line 17 of the prior year's June payment
 - 1% in FY 2026
 - 1% in FY 2027
 - 2% in FY 2028 and beyond

Minimum School Term



- Changes effective 7/1/2026
- 1,044 hours still required
- 169 days required in:
 - Districts wholly or partially within charter counties
 - Districts wholly or partially within cities >30,000
 - Unless voters approve 4-day week by majority vote

Note: Current weather makeup/forgiveness provisions apply to the 169-day requirement, but do not apply to the 169-day calendar incentive payment requirements.



- Alternative Methods of Instruction § 171.033, RSMo
 - Inclement weather, utility outage, contagious disease
 - LEAs must have an approved plan
 - Notify parents on the day of implementation
 - Limited to 36 hours per year
 - AMI hours replace the scheduled hours of instruction
 - Attendance based on completion of assignments

Minimum Teacher's Salary



- Minimum: \$40,000 starting FY 2026
- Master's plus 10 years experience minimums:
 - \$46,000 in FY 2026
 - \$47,000 in FY 2027
 - \$48,000 in FY 2028
- Inflationary adjustments in FY 2029 and beyond
- Teacher Baseline Salary Grant Fund established

Payment on Membership



- Multiple year transition to using weighted membership as a partial basis of the student count in the Foundation Formula

Fiscal Year	Weighted ADA	Weighted Membership
2026	90%	10%
2027	80%	20%
2028	70%	30%
2029	60%	40%
2030+	50%	50%



FY 2026 Budget Request

FY 2026 New Decision Items



Appropriation	Increase Request	Total Requested Funding
Foundation Formula	\$497,305,178	\$4,282,736,000
Transportation Formula	\$15,208,835	\$376,575,449
Small Schools Grant	\$15,000,000	\$30,000,000
ECSE	\$20,792,763	\$237,674,030
Teacher Baseline Salary	\$5,775,634	\$39,197,008
IDEA Grant	\$26,786,892	\$253,510,047
MLDS/MTDS/Literacy Coaches	\$8,899,000	\$8,899,000
Elementary Literacy Program	\$5,000,000	\$5,000,000



Grant Programs



- Propane School Bus Grant (new)
- Prekindergarten Grants
- Teacher Baseline Salary Grant
- Career Ladder
- Feminine Hygiene Products
- Evidenced-Based Reading

Imagination Library



Dolly Parton's Imagination Library is Available for Every Missouri Zip Code for Children Age 0-5!

- High-quality, age-appropriate books mailed directly to the homes of enrolled children from birth to age five, **free** to the family
- Funding made possible by legislation (§ 178.694 RSMo.) and DESE budget for Fiscal Year 2025





Federal Relief Funds



- Final Obligations – September 30, 2024
- Liquidation Extensions
- Data Collections
- Monitoring
- Notice of Federal Interest (Real Property)



School Finance 573-751-0357

Name	Title
David Tramel, David.Tramel@dese.mo.gov	Coordinator, Financial and Administrative Services Contact for school governance and transportation
Tammy Lehmen, Tammy.Lehmen@dese.mo.gov	Coordinator, School Finance Contact for districts in county 048 & Kansas City Charters, transportation finance
Sharon Bax, Sharon.Bax@dese.mo.gov	Director, School Finance Contact for districts in counties 080-115 & St Louis Charters
Emilea Edmondson Emilea.Edmondson@dese.mo.gov	Director, School Finance Contact for districts 045-47 & 049-079 & Audits
Kara Shumate Kara.Shumate@dese.mo.gov	Director, School Finance Contact for districts in counties 001-044