

# FundEd: Missouri Report

## A Detailed Look at Missouri's Funding Policies



## Missouri



### Funding Basics

#### Formula Type

Missouri has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both through program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students.

The categories of students generating supplemental funding in Missouri are English-language learners, low-income students, and students with disabilities. Services for students enrolled in career and technical education programs and students in small schools are funded through program-specific allocations.

#### Base Amount

Missouri has a fixed base funding amount per student. For FY2018, the per-student base amount was \$6,241.

This means that an average student with no special needs or disadvantages would be funded at that level. This amount may be adjusted downward when the total state aid requirement exceeds the amount appropriated for it.

### Local Revenue

#### Expected Local Share

Missouri expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values, its revenue from other local sources, and historical property values: each district is expected to contribute \$34.30 for every \$1,000 of assessed local property wealth, as assessed in the 2004-2005 school year, for the purpose of funding its schools.

If the local valuation has decreased below its valuation in that year, the state aid will rise to compensate; however, districts are not expected to increase their contribution if the local valuation increases. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected revenue from local property taxes as well as other sources of revenue distributed to school districts, and provides the difference in the form of state education aid. (See "Other Local Taxes for Education" for a description of other local revenues in Missouri).

## Property Tax Floors and Ceilings

Missouri sets a floor for local property tax rates. School districts must impose a tax rate of at least \$27.50 for every \$1,000 of taxable property wealth.

Missouri does not set a threshold above which voter approval is required, but setting property tax rates always requires voter approval, regardless of the rate being set. Each year, the school board is required to prepare an estimate of the tax rate required for operating costs and for capital projects and submit the question to voters. School districts must impose at least \$27.50 for every \$1,000 of taxable property wealth for districts to receive state funding. If the school board believes it necessary, or if a petition is submitted with signatures from 10% of the number voters who voted for the school board member receiving the greatest number of votes, the board may ask for voter approval to increase the property tax rate.

## Other Local Taxes for Education

School districts in Missouri may receive local revenue from property taxes, a local income tax, and a variety of other sources of local income, including a tax on assets of financial institutions and a surtax on commercial real estate.

School districts in Missouri may only impose local property taxes. However, revenue from several sources collected at other levels is distributed to school districts and makes up part of the total local share. These include a local earnings and income taxes, a tax on intangible assets of financial institutions, a surtax on commercial real estate (to replace revenue lost from the elimination of a merchants and manufacturing tax), and some penalties and fines. These additional sources of local revenue are included as part of the district's expected local contribution for the purposes of determining the state aid allocation.

## District Characteristics

### Grade Level

Missouri does not differentiate funding based on students' grade levels.

### English-Language Learner

Missouri provides increased funding for English-language learners (ELLs). It does so by applying a multiplier of 1.6 to the base per-pupil amount for these students. However, increased funding is provided only for pupils above a certain prevalence threshold.

In 2017-18, this threshold was 1.94% of district enrollment. The threshold for supplemental funding for ELLs is calculated as follows: First, the state identifies "performance districts" (those that have met certain performance standards). Then, the state calculates the average ELL enrollment percentage across these districts, excluding certain outlier districts; this becomes the enrollment threshold above which ELLs in each district generate supplemental funding.

Missouri defines ELLs as those students whose native language is a language other than English and whose difficulties in speaking, reading, writing, or understanding English may prevent them from meeting state standards, engaging in the classroom, or participating fully in society.

## Poverty

Missouri provides increased funding to districts with high concentrations of low-income students. It does so by applying a multiplier of 1.25 to the base per-pupil amount for low-income students in districts above a certain threshold for the concentration of low-income students they serve.

Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch (FRL) under the National School Lunch Program. The multiplier of 1.25 is applied to FRL-eligible students above a certain threshold that is recalculated every two years. In 2017-2018 the threshold was 36.12% of district enrollment.

The threshold for supplemental funding for low-income students is calculated as follows: First, the state identifies “performance districts” (those that have met certain performance standards). Then, the state calculates the average FRL-eligible enrollment percentage across these districts, excluding certain outlier districts; this becomes the enrollment threshold above which low-income students in each district generate supplemental funding.

## Special Education

Missouri funds special education using a single student weight system, providing the same amount of state funding for each student with disabilities, regardless of the severity of those disabilities. It does so by applying a multiplier of 1.75 to the per-student base amount for students with disabilities.

However, the state only provides special education funding for students above a certain prevalence threshold. In 2017-2018, the threshold was 12.16% of district enrollment. The threshold for supplemental funding for students with disabilities is calculated as follows: First, the state identifies “performance districts” (those that have met certain performance standards). Then, the state calculates the average special education enrollment percentage across these districts, excluding certain outlier districts; this becomes the enrollment threshold above which special education students in each district receive supplemental funding.

The remainder of state special education funding is distributed through reimbursements for the education of high-cost students (those whose educational costs exceed three times that district’s current per-pupil expenditure), for students placed in a school outside their district of residence by a state agency, and for the Readers for the Blind Program.

## Gifted

Missouri does not provide increased funding for gifted and talented students.

## Career and Technical Education

Missouri provides increased funding for career and technical education (CTE) programs. It does so through a competitive grant.

The Vocational-Technical Education Enhancement Grant is available, by application, to districts seeking to expand career education offerings.

## Sparsity and/or Small Size

Missouri provides increased funding for small districts. It does so through a flat per-student grant for all students enrolled in districts serving 350 students or less.

Each year, a \$10 million appropriation is distributed in proportion to the total number of students statewide in qualifying districts. A further \$5 million is distributed to otherwise eligible districts that levy a higher tax rate than the expected rate, in proportion with their tax rate and student count.

Acceptable uses of this funding include distance learning; defraying extraordinary transportation costs; recruiting teachers for rural schools; and providing students with learning opportunities that would otherwise be unavailable within the district.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

