



# Missouri Report

## A Detailed Look at Missouri's Funding Policies

## Missouri



### Funding Basics

#### Formula Type

Missouri has a primarily student-based formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in Missouri's funding policy are English-language learners, students in high-poverty districts, students with disabilities, students enrolled in career and technical education (CTE) programs, and students enrolled in small districts.

Missouri expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values and the proceeds from other local taxes and historical property values. Districts in Missouri are permitted to raise and keep additional local revenues for regular district operations.

Supplemental funding for certain English-language learners, students in high-poverty districts, and students with disabilities is generated through the application of multipliers to the base amount. Services and additional funding for students enrolled in career and technical education programs and students enrolled in small districts are provided through program-specific grants and allocations.

#### Base Amount

Missouri has a fixed base funding amount per student. For FY2021, the per-student base amount was \$6,375.

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 local property wealth, as assessed in the 2004-05 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 state 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 of 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 impose only 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 sources 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 a district's expected local contribution for the purposes of determining the state aid allocation.

## Student Characteristics

### Grade Level

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

### English-Language Learner

Missouri provides increased funding for English-language learners. 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 2020-21, this threshold was 2.07% of district enrollment. The threshold for supplemental funding for English-language learners is calculated as follows: First, the state identifies "performance districts" (those that have met certain performance standards). Then, the state calculates the average English-language learner enrollment percentage across these districts, excluding certain outlier districts. The average enrollment becomes the enrollment threshold above which English-language learners in each district generate supplemental funding.

Missouri defines English-language learners 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 does not provide increased funding for individual students from low-income households. However, the state does provide increased funding for districts based on the concentrations of low-income students they serve. It does so by applying a multiplier of 1.25 to the base per-pupil amount for low-income students in districts where the concentration of low-income students is above a certain threshold (for more information, see "Concentrated Poverty").

## 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 provides special education funding only for students above a certain prevalence threshold. In 2020-21, the threshold was 12.83% 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. The average special education enrollment 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 with a personal aide, private nurse, or interpreter; 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.

However, if a district experiences a decrease in enrollment in its gifted program of 20% or more from the previous school year, the district’s current-year state aid payment will be reduced by \$680 for every student no longer enrolled in the gifted program.

## Career and Technical Education

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

CTE Program Improvement Grants are available, by application, to assist with the costs of implementing and supporting CTE programs. The awarded grant amount comprises a base component and a performance component. The base component is determined by the number of certified teachers in approved CTE programs and the number of CTE program credits earned by students in each local education agency. The performance component is incentive based and determined by student placement and completion data.

To be eligible for grant funding, an LEA must have an approved CTE program (serving grades 7-12). Districts are required to pay 50% of the costs of equipment purchases and professional development and teacher training with local funds.

## District Characteristics

## Concentrated Poverty

Missouri provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so by applying a multiplier of 1.25 to the base per-pupil amount for low-income students in districts where the concentration of low-income students is above a certain threshold.

The threshold above which the multiplier is applied is recalculated every two years. In 2020-21, the threshold was 29.45% of district enrollment. Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch (FRL) under the National School Lunch Program.

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. The average FRL-eligible enrollment becomes the enrollment threshold above which low-income students in each district generate supplemental funding.

## 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 fewer.

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 their district.

## Charter Funding

Funding for charter schools in Missouri is calculated based on a formula similar to the one used to calculate funding for traditional public schools.

Like traditional public schools, charter schools are funded through a student-based funding formula that considers the characteristics of students they educate. For each student, charter schools receive state funding that is adjusted for regional costs in the district(s) where charter students reside and that reflects any additional funding generated by students in special programs and need categories.