KLRD | Kansas Legislative Research Department
Providing nonpartisan, objective research and fiscal analysis for the Kansas Legislature since 1934

68-West–Statehouse | 300 SW 10th Ave. | Topeka, Kansas 66612-1504
(785) 296-3181

kslegres@klrd.ks.gov https://klrd.gov/

March 27, 2025

MISSOURI SCHOOL FINANCE FORMULA

Overview

Missouri's school finance system is governed by Missouri Code Ann. § 163.011 *et seq.* The current Missouri school finance formula was established in 2005 and is based on a Successful Schools Model that established state and local funding target to match current expenditure levels of Performance Districts meeting certain standards. Performance Districts are defined as any district that has met performance standards and indicators as established by the Missouri Department of Elementary and Secondary Education for purposes of accreditation under Missouri law and as reported on the final annual performance report for that district each year. The number of Performance Districts is limited to 25.0 percent of all public school districts.

[*Note:* For additional information about the Missouri school finance system, please see the "Missouri School Funding Formula" document provided by the Missouri Department of Elementary and Secondary Education.]

Primary Funding Model

Missouri's primary funding model (School Foundation Program) is a student-based model. [*Note:* Under student-based models, school districts generally receive a base amount of funding per student with additional money or weights added to provide additional services and support to students with unique needs. Kansas also uses a student-based model.]

Under the School Foundation Program model, state funding is determined using the Weighted Average Daily Attendance (WADA), the State Adequacy Target (SAT), the Dollar Value Modifier (DVM), and local tax dollars (local effort).

State Funding = WADA x SAT x DVM – Local Effort

Weighted Average Daily Attendance (WADA)

For the 2024-2025 school year, WADA is determined using the greater of the current year average daily attendance (ADA) or the first or second preceding year ADA plus:

- The free and reduced lunch pupil count that exceeds the free and reduced-price lunch threshold (30.95 percent) multiplied by 0.25;

- The special education pupil count that exceeds the special education threshold (13.11 percent) multiplied by 0.75; and

- The limited English proficiency pupil count that exceeds the limited English proficiency threshold (2.29 percent) multiplied by 0.60.

These thresholds are calculated by dividing the respective pupil count of every performance district that falls entirely above the bottom 5.0 percent and entirely below the top 5.0 percent of ADA, when such districts are rank-ordered based on their current operating expenditures per ADA, by the total ADA of all included performance districts.

State Adequacy Target (SAT)

The SAT was initially calculated using the average current expenditure of Performance Districts and equaled $6,117. Subsequently, the SAT is recalculated every two years using data from the current list of Performance Districts. It is recalculated by taking the sum of the current operating expenditures of every Performance District that is entirely between the bottom and top 5 percent of average daily attendance[1] and dividing by the total average daily attendance of all included Performance Districts. The recalculated SAT cannot decrease and has remained at $6,375 for the past three calculations.

SAT = Included Performance Districts' Current Operating Expenditures / Included Performance Districts' Total Average Daily Attendance

Dollar Value Modifier (DVM)

The DVM is an index of the relative purchasing power of a dollar based on regional wage ratios. Districts in areas with higher wage rates receive additional funding. The DVM is calculated as:

DVM = 1.0 + [15% x (Regional Wage Ratio – 1.0)]

The DVM must not be applied at a rate less than 1.0.

Regional Wage Ratios

Regional Wage Ratios are the ratio of the Regional Wage Per Job divided by the State Median Wage Per Job.

Regional Wage Ratio = Regional Wage Per Job / State Median Wage Per Job

1 Determination is made by ranking all districts based on their current operating expenditures per average daily attendance.

Regional Wage Per Job. The Regional Wage Per Job is determined using one of the following calculations:

- The total Missouri wage and salary disbursements of the metropolitan area as defined by the Office of Management and Budget (OMB) divided by the total Missouri wage and salary employment for the metropolitan area for the county signified in the school district number or the City of St. Louis as reported by the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce for the fourth year preceding the payment year, and recalculated upon every decennial census;

- The total Missouri wage and salary disbursements of the micropolitan area as defined by the OMB divided by the total Missouri wage and salary employment for the micropolitan area for the county signified in the school district number or the City of St. Louis as reported by the BEA for the fourth year preceding the payment year, and recalculated upon every decennial census; or

- If a county is not part of a metropolitan or micropolitan area as established by the OMB, then the county wage per job is used for the school district.

County Wage Per Job. The County Wage Per Job is defined as the total county wage and salary disbursement divided by the total county wage and salary employment for each county and the City of St. Louis as reported by the BEA of the U.S. Department of Commerce for the fourth year preceding the payment year.

State Median Wage Per Job. The State Median Wage Per Job is defined as the 58th highest county wage per job.

Local Effort

Local Effort is an amount that represents the local tax dollars the district received in FY 2005 plus any increase in the amount received for school purposes from fines. Local effort is computed as the 2004 equalized assessed valuation of the property of a school district divided by 100, then multiplied by the performance levy ($3.43), less the percentage retained by the county assessor and collector, plus the following:

- 100.0 percent of the amount received in FY 2005 for school purposes from intangible taxes, fines, escheats, payments in lieu of taxes, and receipts from state-assessed railroad;

- 100.0 percent of the amount received for school purposes from merchants' and manufacturers' taxes;

- 100.0 percent of the amounts received for school purposes from federal properties not used in calculating Federal Impact Aid;

- 50.0 percent of Proposition C revenue received for school purposes from the School District Trust Fund; and

- 100.0% of local earnings or income taxes received by the district for school purposes.

If a school district has an assessed valuation that has decreased since 2004, the district's local effort is calculated using the district's current assessed valuation.