



Memo: Superintendents and Business Managers

Date: January 10, 2019

RE: FY2019-2020 MS Adequate Education Program (MAEP) Funding

The FY2019-2020 MAEP full funding calculation sheet containing the specific details for your district have been placed in SharePoint. Use this information to plan for the upcoming budget year. This is not an indication of the funding that the district will receive. Once the Legislature makes an appropriation, we will notify you of the actual amount of funding.

As you know, the Average Daily Attendance (ADA) from months 2 & 3 is a base component of the MAEP funding calculation. The ADA is multiplied by the base student cost (BSC) to arrive at one part of the funding formula. When reviewing the ADA data for FY2018-19, a decline statewide over the FY2017-2018 data was noticed. In comparing the net membership for the same years, the decline statewide is also reflected in that data. Understandably, the loss of students in enrollment would result in a decline in attendance. Consider the example below:

<u>Year</u>	<u>Base Student Cost</u>	<u>ADA</u>	<u>Base MAEP formula Amount</u>
2019	\$5,566.22	1,250	\$6,957,775.00
2020	\$5,566.22	1,150	<u>\$6,401,153.00</u>
			- \$556,622.00 loss of funding due to ADA

While other components are considered in the funding formula, such as changes to the BSC or Local Contribution, ADA is a fundamental factor. Each district is impacted differently due to the other variables in the MAEP formula. You should review this information with the business manager for planning purposes. Typically, if a district experiences a loss in ADA then the district may also experience a loss in their MAEP funding if other factors of the formula remain consistent.

Currently, there is a discussion of a possible teacher pay raise for FY2019-2020. In the event the legislature appropriates a pay raise, the base student cost will be adjusted accordingly. If your district experienced a large loss of ADA, the adjustment for the teacher pay raise may not fully off-set the loss and the district would experience a net loss in funding. The teacher pay raise in FY15 & FY16 resulted in an increase of \$180.41 to the base student cost. Assuming the same amount of increase to the BSC for FY20 in our example above, the following results would occur:

<u>Year</u>	<u>Base Student Cost</u>	<u>ADA</u>	<u>Base MAEP formula Amount</u>
2019	\$5,566.22	1,250	\$6,957,775.00
2020	\$5,746.63	1,150	<u>\$6,608,625.00</u>
			- \$349,150.00 net loss of funding

This is just an example to illustrate that even with a teacher pay raise, it is possible for a district to still see a decrease in funding if the district's ADA is below the prior year.

Please note that the ADA in this spreadsheet has been reduced for self-contained SPED grades, which are not counted in the MAEP formula. The ADA may be further adjusted following the high-growth calculation.

If you have any questions concerning this information, please contact School Financial Services at 601-359-3294.