Appendix C: MOE Waiver Request

This form must be used for the submission of a request for a waiver of the requirements noted below. For assistance, please contact your State mailbox, which is [State].oese@ed.gov .

State Missouri

On behalf of my State, I request a waiver of the following State maintenance of effort (MOE) requirements for the following fiscal years:

Please check all that apply:

- ☐ FY 2020 MOE requirement for elementary and secondary education under section 18008 of the CARES Act.
- ☑ FY 2020 MOE requirement for higher education under section 18008 of the CARES Act.
- ☐ FY 2021 MOE requirement for elementary and secondary education under section 18008 of the CARES Act.
- ☐ FY 2021 MOE requirement for higher education under section 18008 of the CARES Act.
- ☐ FY 2022 MOE requirement for elementary and secondary education under section 317(a) of the CRRSA Act and section 2004(a) of the ARP Act.
- ☐ FY 2022 MOE requirement for higher education under section 317(a) of the CRRSA Act and section 2004(a) of the ARP Act.
- ☐ FY 2023 MOE requirement for elementary and secondary education under section 2004(a) of the ARP Act.
- ☐ FY 2023 MOE requirement for higher education under section 2004(a) of the ARP Act.

Data for State support and overall State spending

A State must resubmit the baseline data for FYs 2017, 2018, and 2019 (baseline years) as part of this MOE waiver request. If these baseline data differ from a State's previously submitted data, please provide a description of the reason for the change. Additionally, a State must submit MOE data for the years in which it is requesting this waiver.

	State support for elementary and secondary education	State support for higher education	Overall State spending *	State support for elementary and secondary education as a proportion of overall State spending	State support for higher education as a proportion of overall State spending
FY 2017	$ 4,572,935,920	$ 1,046,113,385	$ 17,102,441,240	26.74 %	6.12 %
FY 2018	$ 4,670,072,549	$ 985,808,223	$ 17,423,568,009	26.80 %	5.67 %
FY 2019	$ 4,785,593,895	$ 967,515,819	$ 17,690,764,353	27.05 %	5.47 %
Average FYs 2017-2019				26.86 %	5.75 %
FY 2020	$ 4,734,338,485	$ 995,175,819	Not Required	Not Required	Not Required
FY 2021	$ 4,983,779,393	$ 1,029,877,301	Not Required	Not Required	Not Required
FY 2022	$ 5,091,133,637	$ 1,034,598,924	$ 19,140,342,413	26.60 %	5.41 %
FY 2023	$ 5,487,842,945	$ 1,109,151,217	$ 20,780,304,497	26.41 %	5.34 %

*For overall State spending, a State may request a waiver based on final allocations or appropriations. For more information, see FAQ 10.

Additional submission requirements

In an attachment, please provide:

1. A description of the extent to which the State experienced fiscal burdens in preventing, preparing for, and responding to the coronavirus and an explanation of how those fiscal burdens affected the State's ability to maintain fiscal effort (e.g., the status of and any changes to the State's rainy day fund, whether the State experienced a decline in revenues, or an increase in other emergency expenses resulting from the pandemic, such as expenses related to health care, unemployment insurance, or support for small businesses); and
2. Documentation and data supporting the description of the State's fiscal burdens (e.g., revenue data, appropriation tables, unemployment statistics, etc.) including any State action that impacted State revenue (e.g., tax increases or decreases).
3. In addition, in its waiver request, a State should submit information on the relevant factors listed below to support its request. The Secretary may ask States for additional information after States submit the MOE waiver request form.

In determining whether to grant a State an MOE waiver, the Secretary may consider factors such as:

Has the State increased support for education?

The Department understands that it is possible that a State has maintained or increased overall funding for education and the proportion of the State budget for education has still declined because of increases in other areas of the budget (e.g., public health). In these cases, the Secretary may consider:

- Has total State funding for K-12 education and for higher education (calculated separately) increased from the prior fiscal year?
- Has total State funding for K-12 education and for higher education (calculated separately) increased over time (e.g., since baseline years)?
- Has per-pupil State funding for K-12 education and for higher education (calculated separately) increased from the prior fiscal year?
- Has per-pupil State funding for K-12 education and for higher education (calculated separately) increased over time (e.g., since baseline years)?
- Has the State appropriated an increase in State funding for K-12 education and for higher education for future fiscal years?

Are there exceptional circumstances that caused the State to be unable to maintain support for education?

If a State's support for education declined, the Secretary may consider:

- Are there specific severe effects of the COVID-19 pandemic on the State's economy that necessitated reductions in support for elementary and secondary education and for higher education?
- What steps did the State take to avoid and/or minimize such reductions?
- Did the State use Coronavirus State and Local Fiscal Recovery Funds awarded by the U.S. Department of the Treasury under section 9901 of the ARP Act to support elementary and secondary education and higher education?
- How did reductions in support for elementary and secondary education and for higher education compare to other budget categories?
- Did the State take steps that reduced or will it take steps to proactively reduce its financial resources in a way that impacted or will impact its ability to meet MOE requirements (e.g., tax changes (and in what context), additional contributions to rainy day funds)? If so, what was the impact of the reduction (e.g., to what extent were its resources reduced or will its resources be reduced)?

Has the State used or will it use ESSER, GEER, or Higher Education Emergency Relief (HEER) funding to replace State funding for education?

It is important for the Department to understand the State's use of pandemic-related Federal funds when reviewing a request for a waiver. The Secretary may therefore consider:

- Will all unallocated ESSER or GEER funds relevant to the waiver be used to provide net new resources to K-12 schools and to higher education and <u>not</u> be used to replace existing State commitments to K-12 education and to higher education?
- Will all unallocated HEER funds be used to provide net new resources to higher education and <u>not</u> be used to replace existing State commitments to higher education?
- Has the State previously used any ESSER, GEER, or HEER funds to replace State funding for education?

To the best of my knowledge and belief, all of the information in this MOE data submission are true and correct and the failure to submit accurate data may result in liability under the False Claims Act, 31 U.S.C. § 3729 et seq.; OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement) in 2 CFR part 180, as adopted and amended as regulations of the Department in 2 CFR part 3485; and 18 USC § 1001, as appropriate, and other enforcement actions.

Margaret M. Vandeven, Commissioner of Education	(573) 751-4446
Governor or Chief State School Officer or Authorized Representative (Typed or Printed Name)	Telephone
	03/15/2023
Signature of Governor or Chief State School Officer or Authorized Representative	Date

Public Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1810-0745. Public reporting burden for this collection of information is estimated to average 2 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain or retain benefit under section 18008 of the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, Division M, Section 317 of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA) Act, and Section 2004(a) of the American Rescue Plan Act of 2021 (ARP Act) If you have any comments concerning the accuracy of the time estimate, suggestions for improving this individual collection, or if you have comments or concerns regarding the status of your individual form, application or survey, please contact Britt Jung, Office of State and Grantee Relations, Office of Elementary and Secondary Education, U.S. Department of Education, 400 Maryland Avenue, SW, Washington, DC 20202-6450, email: SGR@ed.gov directly.

The Missouri Department of Elementary and Secondary Education (MO DESE), in cooperation with the Missouri Office of Administration, Division of Budget & Planning, provides this supporting information for consideration of Missouri's Maintenance of Effort Waiver Application. Specifically, MO DESE requests a waiver for the Fiscal Year 2020 (FY 2020) Maintenance of Effort for Higher Education. For FY 2020, Higher Education funding fell short of the expected Maintenance of Effort level by approximately $4.6 million, representing less than 0.5% of the preceding three-year average appropriation. The State of Missouri has made significant increases in appropriations for Higher Education in the years since FY 2020.

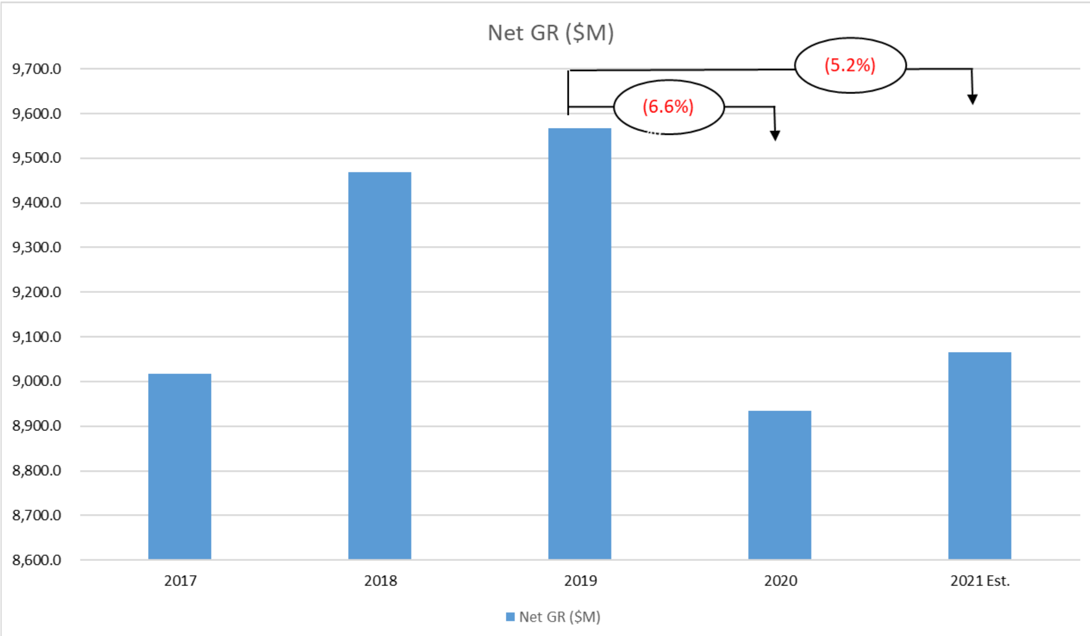
General Revenue

The largest three sources of tax collections in Missouri are individual income tax (~70% of total collections), sales tax (~ 23%), and corporate income tax (~4%).

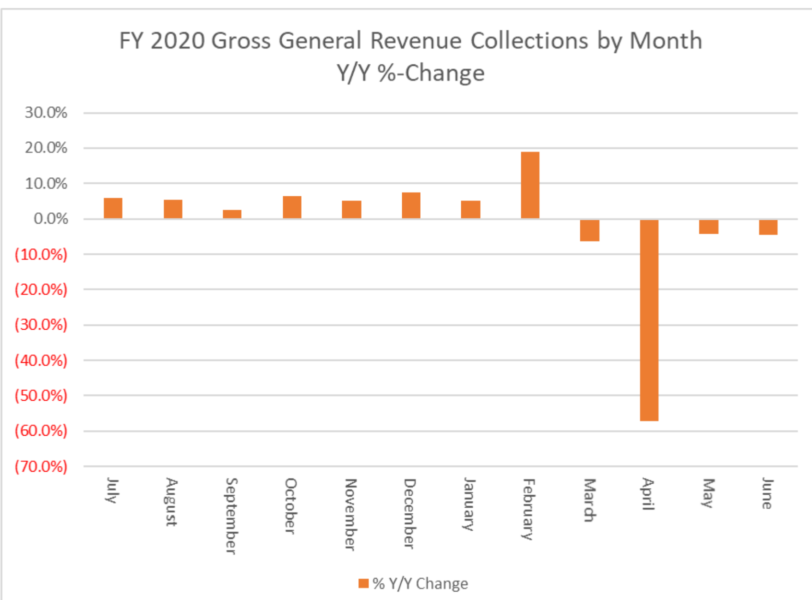
Missouri's fiscal year runs from July 1 to June 30. In FY 2020, General Revenue ended with total collections of $8,933.5 million. This was $864.2M short of the revised FY 2020 forecast of $9,797.7 million. This forecast was adopted in December 2019, roughly halfway through the fiscal year and just before the onset of the pandemic. The revised FY 2020 forecast called for 2.4 percent growth over FY 2019 actual collections; however, revenues ended the year down by (6.6) percent. This was the largest decline in General Revenue since the Great Recession; however, unlike then Missouri only had a few weeks to prepare for this downturn.

The drop in FY 2020 revenues was sudden as state and local shut down orders were effective between late March and early June. In addition, since Missouri's income tax due dates mirror the federal due dates, both the individual and corporate remittance due date (April 2020) as well as the individual and corporate declarations due dates (April and June 2020) were delayed until July 15, 2020. Therefore, substantial portions of income tax collections were shifted from FY 2020 into FY 2021. Approximately $783.8 million in income tax collections were delayed from FY 2020 into FY 2021, roughly 8-9% of expected collections. However, the amount of the delayed income taxes was unknown when the FY 2021 budget was crafted and enacted (in the spring of Calendar Year 2020). In addition, the delayed income taxes were $73.8 million short of forecast, so Fiscal Year 2021 got off to a poor start.

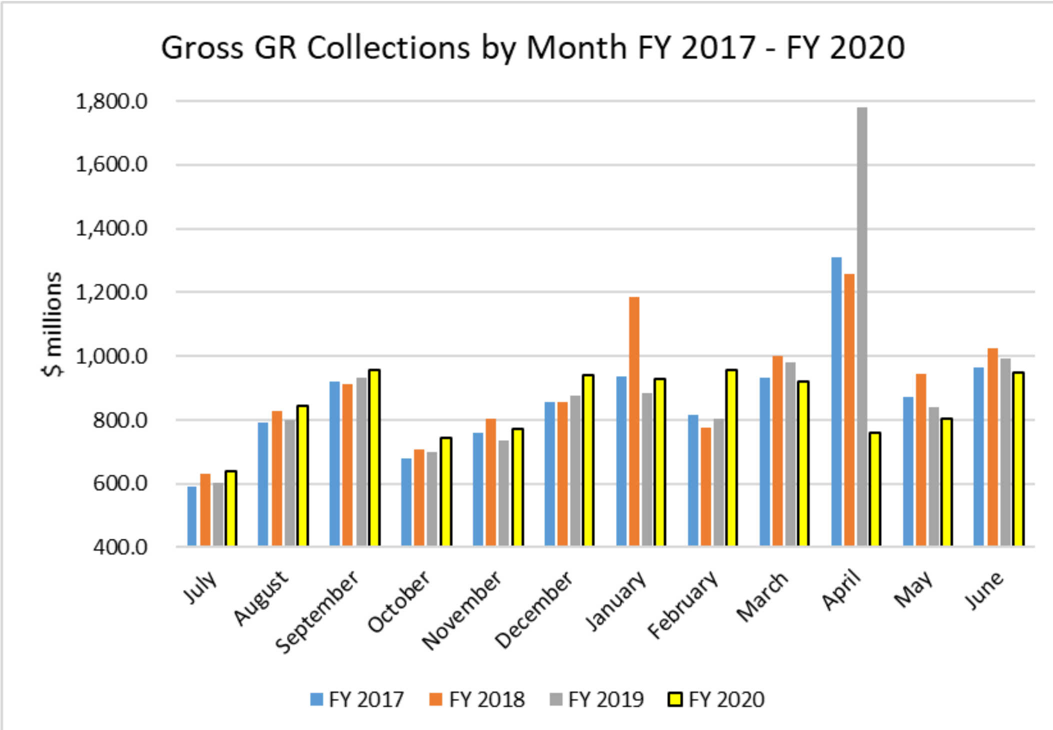
The original FY 2021 revenue estimate (developed in December 2019, pre-COVID) anticipated growth of 1.9 percent over the original FY 2020 forecast, for total collections of $9,983.9 million. However, the revised FY 2021 forecast (developed after the onset of COVID) estimated revenue growth of only $9,065.9 million. This revised forecast was developed during FY 2021 budget deliberations by the General Assembly and included the estimated income tax collections that were shifted from FY 2020 into FY 2021 due to the delayed due dates.



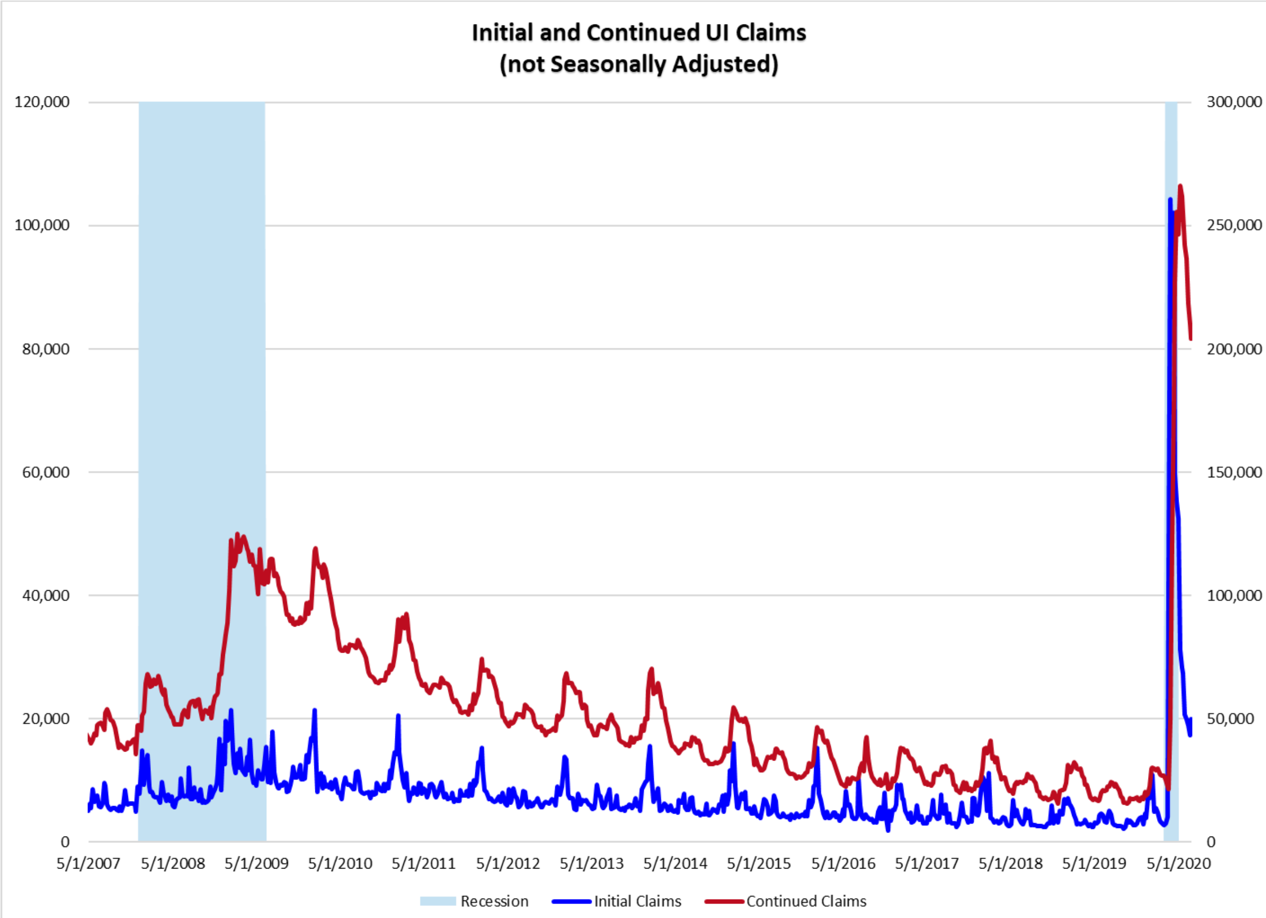
Prior to March 2020, General Revenue collections were running on target with the revised FY 2020 forecast of 2.4% growth. Collections began declining precipitously in mid-March, culminating in a (57.2) percent decline in April. Between March and June 2020 revenues declined by (25.2) percent compared to March through June 2019.



Compared to March through June 2018, collections in March to June of 2020 declined by (18.7) percent. Compared to the same period in 2017, the 2020 collections declined by (15.9) percent.



The Fiscal Year 2021 budget was crafted by the General Assembly from February to May of Calendar Year 2020 (the budget must be enacted early in May). During this time, initial unemployment claims were between 30,000 to 100,000 per week (typically claims average around 2,000 to 10,000 depending on the time of year) and in a matter of a few weeks totaled the initial unemployment claims received during the entire Great Recession. By April of 2020, employment had fallen (12.3) percent below its pre-recession peak (January 2020) and the Missouri unemployment rate exceeded 10 percent. Prior to the recession, the unemployment rate was 3.6 percent (January and February 2020).



Concurrently, economic forecasts which underpin Missouri's income and sales tax collections were pessimistic. National forecasts were predicting sharp declines in personal income and wages over the remaining 2020 calendar year and recovery in income and wage growth not occurring until the end of calendar year 2021 (well into Missouri's Fiscal Year 2022). Further, these forecasts also anticipated an extremely slow recovery in employment, which was not expected to reach pre-pandemic levels again until at least late calendar year 2022 (well into Missouri's Fiscal Year 2023). Similarly, forecasts were calling for corporate profits to be essentially cut in half and not recovering until the end of calendar year 2021. Finally, national forecasts called for personal consumption expenditures to be severely curtailed throughout calendar years 2020 and 2021.

Along with this dire outlook, Missouri also had two additional complications in sales tax law that it was believed would lead to even further reduced tax collections. First, while the sales of groceries at grocery stores increased dramatically, which could have helped offset lost revenue from restaurants, Missouri does not levy its three percent general revenue sales tax on unprepared food sold at grocery stores (the state does levy the rate on prepared food sold at restaurants). Second, a significant amount of consumption has been shifted to goods purchased online. However, Missouri only recently (spring of 2021) updated its tax law to collect taxes on online purchases; collections for online purchases are not scheduled to begin until January 2023.

Budget Impacts

Since the Fiscal Year 2020 downturn occurred during the third and fourth quarters of the state's fiscal year, budget options available to deal with the declining revenues were limited. Missouri's expenditures cannot exceed available resources in a given fiscal year, even though income tax collections were artificially shifted.

Several expenditure restrictions from general funds were announced[1] in the spring of 2020 that impacted FY 2020 spending. Numerous state agencies were impacted, including elementary, secondary, and higher education. These restrictions were not able to be restored.

- April 1 -- $171.0 million
- April 20 -- $47.2 million
- June 1 -- $209.8 million
- June 23 -- $2.4 million.

Similarly, $438.5 million of general fund expenditure restrictions for the FY 2021 budget were announced July 1, 2020[2], the first day of the state fiscal year. Fortunately, as general revenue collections improved, particularly in the spring of Calendar Year 2021, these restrictions were eventually released.

For FY 2021, state general revenue dedicated to K-12 education was essentially restored to pre-pandemic levels. Funding for public institutions of higher education increased significantly in each of FYs 2022, 2023, and FY 2024:

- The FY 2022 budget included a $32,223,105 core increase.[3]
- The FY 2023 budget included a $51,589,474 core increase.[4]
- The FY 2024 Governor's recommended budget includes a 7% core increase of $70,797,156.[5]

While state funding has increased, enrollment at public IHEs has declined since the onset of the pandemic. Between autumn of Calendar Year 2019 and 2022, enrollment fell by 6.8 percent.[6] Therefore, state funding by enrollment has increased significantly since the pandemic.

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[1] https://oa.mo.gov/budget-planning/budget-information/2020-budget-information

[2] https://oa.mo.gov/budget-planning/budget-information/2021-budget-information

[3] https://oa.mo.gov/budget-planning/budget-information/2022-budget-information/appropriation-bills-fy-2022

[4] https://oa.mo.gov/budget-planning/budget-information/2023-budget-information/appropriation-bills-fiscal-year-2023

[5] https://oa.mo.gov/budget-planning/budget-information/2024-budget-information/fiscal-year-2024-executive-budget

[6] https://dhewd.mo.gov/data/

Elementary and Secondary Education

$30M of GEER I funding was used for the Missouri Student Connectivity project to increase student access to digital learning resources ($15M), and to address increase student transportation costs because of the pandemic ($15M).

$12.1 million of GEER II funding has been allocated to DESE. Proposed spending includes $5.9 million for career centers to provide teacher training, replace equipment needed for high-demand fields, and expanding the number of students served; $6.1 million to increase high demand career and technical education certificates for students through a parent reimbursement grant, and $141 thousand for Jobs for America's Graduates to help at-risk youth remain in school through graduation.

The State has not used ESSER or GEER funding to replace State funding for education. Further, all unallocated ESSER/GEER funds are being used to provide net new resources to K-12 schools and are not being used to replace state aid.

Higher Education

The State allocated $23.6 million in GEER I funds to Missouri's public higher education institutions (IHEs). Allocation amounts under the GEER I fund was based on a model which considered several factors, including each institution's share of statewide enrollment, Pell enrollment, faculty/staff, and FY 2020 expenditure restrictions implemented due to COVID-19's impact on Missouri's state budget. The IHEs received broad discretion on how to use GEER I funds, this includes replacing lost revenue incurred between shortfalls in institutionally generated and/or state provided revenue. The Department of Higher Education and Workforce Development's (the department) can confirm that some GEER I funds was used by IHEs for overall revenue replacement. The department is unable to distinguish between revenue replacements from state and institutionally generated dollars.

The State has reserved an additional $1 million in GEER I and $12 million in GEER II funding for higher education and workforce development efforts. These funds will not be used to replace State funding for higher education.

No remaining GEER I or GEER II funding for higher education will be used to replace existing State commitments to higher education.

While the department coordinates IHEs' state operating and capital project funding requests and distribution, all non-state funds received by IHEs are outside the department's oversight. This responsibility lies with each institution's Board of Governors or Board of Regents in accordance with applicable state and federal laws. Since HEER funds are outside the state appropriations process, with no specific reporting requirements to the State, the department has not collected information on how these funds are used by IHEs. However, it is assumed that IHEs used HEER funds to replace revenue similarly to how they may have used for GEER, without claiming the same revenue replacement twice.