

Expenditure Rankings and Expenditure Per Pupil Calculations for School Year 2019-20

Key Definitions

FUNDS: established by constitutional provisions or special statutes to help assure that money is spent for purposes specified in appropriations. Identification of funds usually is made in terms of their legal basis, in terms of objectives to be served, and sometimes in terms of both the source of receipts and type of activities which they finance. Fund codes are assigned by the Auditor of State.

FUNCTION: broad area of programs, sub-programs and activities into which expenditures are classified. These classifications assist managers by providing the capability of comparing costs through the setting up of ratios or measures for estimation and projection. For example, the ratio of the number of and cost of instructional staff to supporting services staff is an important measure in management. This dimension is designed to permit four levels of detail concerning each major function. For example; Function 1000 (first level) indicates the district-wide Instruction program, 1200 (second level) indicates Special Instruction, 1230 (third level) indicates Special Instruction-Handicapped, and 1233 (fourth level) indicates Special Instruction-Handicapped-Visually Impaired. Functions are assigned by the Auditor of State. An asterisk (*) indicates the required level of coding.

OBJECT: further identifies expenditures as it defines the goods and services for which the school district pays. The object dimension is very significant in the accounting system. As an example, decision-makers can compare the cost effectiveness ratios of two or more pieces of equipment, or that of a purchased service with the same type of service provided in-house. Objects are assigned by the Auditor of State. An asterisk (*) indicates the required level of coding.

OPERATIONAL UNIT (OPU): the dimension which identifies facilities in the system. An operational unit is identified as a permanent operational entity, such as a school, administration building, warehouse, department, office, etc. This dimension is used to identify costs by unit or facility. Operational unit assignments are made by each school district.

RECEIPT (a.k.a. Source of Funds): dimension by which revenues are identified as they are recorded in various funds by the source from which they were received and by the purpose which they serve, such as restricted or unrestricted revenues. Receipt codes are assigned by the Auditor of State.

UNWEIGHTED ADM: Year-end enrollment that has implemented the following exclusions: filter out students with an attending home status of 'Non-Instructing/MRDD' (code 26) and any students from community schools that rollup to public districts.

WEIGHTED ADM: For the per pupil amounts, the district's expenditures are divided by weighted ADM, which is calculated from the unweighted ADM, which is based off year-end student-by-student data reported via EMIS in period N. The students are counted by educating district or school, not resident

district. FTE equivalents are calculated for students attending multiple schools, or partial year, or part-time status. Pre-school special education students are included, but other pre-school students and all adult education students are excluded. The calculations mirror the procedure for determining Expenditure Flow Model (EFM) ADM calculations from past years, except that the students are “weighted”.

OPERATING SPENDING PER PUPIL: sometimes called Expenditure per Equivalent Pupil, this figure is simply the quotient of Operating Expenditures/Weighted ADM.

COMPARISON GROUP: See page 8 on Enrollment Clusters

Background

State law requires the report card to include several pieces of financial data. Revised Code 3302.20(B) outlines the following:

(1) The department shall categorize all city, exempted village, and local school districts into not less than three nor more than five groups based primarily on average daily student enrollment as reported on the most recent report card issued for each district under section 3302.03 of the Revised Code.

(2) The department shall categorize all joint vocational school districts into not less than three nor more than five groups based primarily on formula ADM as that term is defined in section 3317.02 of the Revised Code rounded to the nearest whole number.

(3) The department shall categorize all community schools that are not internet- or computer-based community schools into not less than three nor more than five groups based primarily on average daily student enrollment as reported on the most recent report card issued for each community school under sections 3302.03 and 3314.012 of the Revised Code or, in the case of a school to which section 3314.017 of the Revised Code applies, on the total number of students reported under divisions (B)(2)(a) and (b) of section 3314.08 of the Revised Code.

(4) The department shall categorize all internet- or computer-based community schools into a single category.

(5) The department shall categorize all STEM schools into a single category.

(C) Using the standards adopted under division (A) of this section and the data reported under sections 3301.0714 and 3314.17 of the Revised Code, the department shall compute annually for each fiscal year, the following:

(1) The percentage of each district's, community school's, or STEM school's total operating budget spent for classroom instructional purposes;

(2) The statewide average percentage for all districts, community schools, and STEM schools combined spent for classroom instructional purposes;

(3) The average percentage for each of the categories of districts and schools established under division (B) of this section spent for classroom instructional purposes;

(4) The ranking of each district, community school, or STEM school within its respective category established under division (B) of this section according to the following:

(a) From highest to lowest percentage spent for classroom instructional purposes;

(b) From lowest to highest percentage spent for non-instructional purposes.

(D) In its display of rankings within each category under division (C)(4) of this section, the department shall make the following notations:

(1) Within each category of city, exempted village, and local school districts, the department shall denote each district that is:

(a) Among the twenty per cent of all city, exempted village, and local school districts statewide with the lowest total operating expenditures per pupil;

(b) Among the twenty per cent of all city, exempted village, and local school districts statewide with the highest performance index scores.

(2) Within each category of joint vocational school districts, the department shall denote each district that is:

(a) Among the twenty per cent of all joint vocational school districts statewide with the lowest total operating expenditures per pupil;

(b) Among the twenty per cent of all joint vocational school districts statewide with the highest report card scores under section 3302.033 of the Revised Code.

(3) Within each category of community schools that are not internet- or computer-based community schools, the department shall denote each school that is:

(a) Among the twenty per cent of all such community schools statewide with the lowest total operating expenditures per pupil;

(b) Among the twenty per cent of all such community schools statewide with the highest performance index scores, excluding such community schools to which section 3314.017 of the Revised Code applies.

(4) Within the category of internet- or computer-based community schools, the department shall denote each school that is:

(a) Among the twenty per cent of all such community schools statewide with the lowest total operating expenditures per pupil;

(b) Among the twenty per cent of all such community schools statewide with the highest performance index scores, excluding such community schools to which section 3314.017 of the Revised Code applies.

(5) Within the category of STEM schools, the department shall denote each school that is:

(a) Among the twenty per cent of all STEM schools statewide with the lowest total operating expenditures per pupil;

(b) Among the twenty per cent of all STEM schools statewide with the highest performance index scores.

For purposes of divisions (D)(3)(b) and (4)(b) of this section, the display shall note that, in accordance with section 3314.017 of the Revised Code, a performance index score is not reported for some community schools that serve primarily students enrolled in dropout prevention and recovery programs.

*(E) The department shall post in a prominent location on its web site the information prescribed by divisions (C) and (D) of this section. **The department also shall include on each district's, community school's, and STEM school's annual report card issued under section 3302.03 or 3314.017 of the Revised Code the respective information computed for the district or school under divisions (C)(1) and (4) of this section, the statewide information computed under division (C)(2) of this section, and the information computed for the district's or school's category under division (C)(3) of this section.***

Expenditure Standards and Rules

The rules for categorizing and reporting the expenditure data for a given school year employ a narrowing approach. This involves taking all the expenditure data for a given district and excluding certain fund, function, and object codes (in that order). Once that is done, the remaining expenditure data is disaggregated by function code (and OPU in some instances) into line items that roll up to Classroom Instruction and Non-classroom expenditures. See page 6 for chart of this breakdown. The following is a list of expenditure-specific definitions:

Operating Spending: the sum of Classroom Instruction and Non-classroom expenditures. This is the numerator in the expenditure per pupil calculations.

Non-operating Expenditures: the sum of Enterprise Operations, Non-instructional – Other, Community Services, Adult Education, Non-elementary-secondary programs – Other, Construction, Land and Existing Structures, Equipment (Instructional and Other), and Payment to Other Governments, and Interest on Debt.

Classroom Instruction: the sum of Instruction, Pupil Support Services, and Instructional Staff Support Services.

Non-classroom Spending: the sum of General Administration, School Administration, Operations, Transportation, Other and non-specified Support Services, and Food Services.

Instruction: Total current operation expenditure for activities dealing with the interaction of teachers and students in the classroom, home, or hospital as well as co-curricular activities. Report amounts for activities of teachers and instructional aides or assistants engaged in regular instruction, special education, and vocational education programs. Exclude adult education programs.

Pupil Support Services: Report expenditures for administrative, guidance, health, and logistical support that enhance instruction. Include attendance, social work, student accounting, counseling, student appraisal, information, record maintenance, and placement services. Also include medical, dental, nursing, psychological, and speech services.

Instructional Staff Support Services: Include expenditures for supervision of instruction service improvements, curriculum development, instructional staff training, academic assessment, and media, library, and instruction-related technology services.

General Administration: Expenditure for board of education and executive administration (office of the superintendent) services.

School Administration: Report expenditure for the office of the principal services.

Operation and Maintenance of Plant: Expenditure for buildings services (heating, electricity, air conditioning, property insurance), care and upkeep of grounds and equipment, nonstudent transportation vehicle operation and maintenance, and security services.

Pupil Transportation: Report expenditure for vehicle operation, monitoring riders, and vehicle servicing and maintenance.

Other and Non-Specified Support Services: Include business support expenditures for fiscal services (budgeting, receiving and disbursing funds, payroll, internal auditing, and accounting), purchasing, warehousing, supply distribution, printing, publishing, and duplicating services. Also include central support expenditures for planning, research and development, evaluation, information, management services, and expenditures for other support services not included elsewhere.

Food Service: Gross expenditure for cafeteria operations to include the purchase of food but excluding the value of donated commodities and purchase of food service equipment.

Enterprise Operations: Include expenditure for business-like activities (such as a bookstore) where the costs are recouped largely with user charges.

Non-instructional – Other: Report the expenditure for other elementary-secondary non-instructional activities not related to food services or enterprise operations. Non-enterprise student activities should be included with "instruction".

Community Services: Include any local education agency expenditure for providing non-education services such as, operation of a swimming pool, public library, programs for the elderly, and child care centers.

Adult Education: Expenditures for basic adult education classes, such as GED or high school equivalency. Post-secondary programs for adults should be reported in "non-elementary-secondary programs – Other".

Non-elementary-secondary programs - Other: All other non-elementary-secondary programs such as any post-secondary programs for adults.

Construction: Production of fixed works and structures and additions, replacements, and major alterations thereto, including planning and design of specific projects, site improvements, and provision of equipment and facilities that are integral parts of a structure. Includes both construction undertaken either on a contractual basis by private contractors or through a government's own staff.

Land and Existing Structures: Expenditure for the acquisition of land and existing buildings including purchases of rights-of-way, payments on capital leases, title searches, and similar activities associated with real property purchase transactions.

Equipment – Instructional: Capital expenditure for all equipment recorded by school systems in general or operating funds under the "instruction" function.

Equipment – Other: Capital expenditure for all non-instructional equipment.

Payment to Other Governments: Used only at a statewide level, currently not collected at local level.

Interest on Debt: Expenditure for interest incurred on both long-term and short-term indebtedness of the school system.

To get the final expenditure numbers for a given district start with every expenditure reported in EMIS. After the initial exclusions and classifications in steps 1-5 in the chart on page 8 are conducted the following describes the specific coding rules that determine the expenditure categories (NOTE: the initial exclusions are made primarily to eliminate double counting):

- Instruction: function codes 1000-1390, 1900-1990, 4100-4390, and 4600-4690
- Pupil Support Services: function codes 2100-2190 (except 2110, 2121, 2131, 2141, 2151, and 2171)
- Instructional Staff Support Services: function codes 2200-2290 (except 2211, 2221, and 2231)
- General Administration: function codes 2300-2419 along with function codes 2110, 2121, 2131, 2141, 2151, 2171, 2211, 2221, 2231, and 2490 if OPU = central
- School Administration: function codes 2420-2429 along with function codes 2110, 2121, 2131, 2141, 2151, 2171, 2211, 2221, 2231, and 2490 if any other OPU
- Operation and Maintenance of Plant: function codes 2700-2790
- Pupil Transportation: function codes 2800-2890
- Other and Non-Specified Support Services: function codes 2500-2690 and 2900-2990
- Food Service: function codes 3100-3190
- Enterprise Operations: function codes 3300 and 3400-3431
- Non-Instructional – Other: function codes 3900 and 4500-4590
- Community Services: function codes 3200-3250 and 3290
- Adult Education: function codes 1400-1490
- Non-Elementary-Secondary Programs - Other: function code 3260
- Construction: function codes 5200-5900
- Land and Existing Structures: function code 5100
- Equipment – Instructional: See step 5 of the chart for object code classification. Function codes 1000-1390, 1900-1990, 4100-4390, and 4600-4690
- Equipment – Other: See step 5 of the chart for object code classification. Includes any function code **not** a part of Instruction
- Payment to Other Governments: No USAS codes currently exist to capture this at the local level
- Interest on Debt: function codes 6000-6100

Step 1 Exclude by fund	Step 2 Exclude by object	Step 3 Exclude by function	Step 4 Classify by fund	Step 5 Classify by object	Step 6 Classify by function	Step 7 Classify by OPU	If Elementary-Secondary Expenditure is...	Then the Expenditure is treated as...				
Exclude funds 017, 021, 022, 023, 024, 026, 027, 028, 200	Exclude objects 470-479, 810-819, 881, 891, 900-969	Exclude functions 7000-7990			1000-1390, 1900-1990, 4100-4390, 4600-4690		Instruction	II.1	Included- Classroom instructional			
					2100-2190 (except 2110, 2121, 2131, 2141, 2151, 2171)		Pupil Support Services	II.2				
					2200-2290 (except 2211, 2221, 2231)		Instructional Staff Support Services	II.3				
							2300-2419	2110, 2121, 2131, 2141, 2151, 2171, 2211, 2221, 2231 and 2490 if OPU = central	General Administration	II.4	Included- Non-classroom	
							2420-2429	2110, 2121, 2131, 2141, 2151, 2171, 2211, 2221, 2231 and 2490 if any other OPU	School Administration	II.5		
							2700-2790		Operation and Maintenance of Plant	II.6		
							2800-2890		Pupil Transportation	II.7		
							2500-2690, 2900-2990		Other and Non-specified Support Services	II.8		
							3100-3190		Elem-Sec Noninstructional Food Service	II.9		
						All fund 011, 014, 020		3300, 3400-3431		Elem-Sec Noninstructional - Enterprise Operations	II.10	Non-Operating (Excluded)
								3900, 4500-4590		Elem-Sec Noninstructional - Other	II.11	
						All fund 013		3200-3250, 3290		Nonelem-sec Programs - Community Svcs	II.12	
						All fund 012, 413, 414, 426, 501, 535		1400-1490		Nonelem-sec Programs - Adult Ed	II.13	
						All fund 025, 401		3260		Nonelem-sec Programs - Other	II.14	
								5200-5900		Construction	III.1	
								5100		Land and Existing Structures	III.2	
							645 (when function = instruction)			Equipment - Instructional	III.3	
							645 (any other function), 650, 660			Equipment - Other	III.4	
							Payments to Other Governments	IV.3-5				
					6000-6100		Interest on Debt	IV.6				

Each line item is categorized depending how it was coded. After all the exclusions are accounted for Function code largely determines the breakdown.

Enrollment guidance

Formula ADM

NOTE: this only applies to the formation of the Joint Vocational School District comparison groups. This is not used for any per-pupil calculations

This number is the count of students on the basis of which state foundation funding is calculated.

Unweighted ADM

This calculated figure is based on year-end enrollment that implements 2 filters:

- Exclude kids who have an attending home status of Non-Instructing/MRDD (code 26)
- Exclude kids in community schools who rollup to districts

Weighted ADM

As mentioned in the Key Definitions section the calculations for determining weighted ADM are based off of unweighted ADM and mirror the procedure for determining Expenditure Flow Model (EFM) ADM calculations from past years, except that the students are “weighted”. The weights are calculated in the same manner used for the fiscal benchmark report, to count as greater than 1.0 FTE students who are in special education, are economically disadvantaged, or are English language learners. Many students will fit into multiple categories. Generally, this is ignored except in the following cases. If a student is identified as economically disadvantaged and a disability in categories 3, 4, 5 or 6 the student's ADM will only be weighted by the disability category. The calculations and weights are as follows:

Economically Disadvantaged extra weight: $w=(P/A)*0.1*N$, where

- P= percent of district’s ADM reported as eligible for free or reduced price lunch
- A= average statewide percent of ADM reported as eligible for free or reduced price lunch
- N= ADM reported as eligible for free or reduced price lunch

English Language Learners extra weight: Reported ELL ADM *0.2906

Special Education extra weight: Reported ADM in each category * weight for that category

- Disability Category 1 weight: 0.2906
- Disability Category 2 weight: 0.7374
- Disability Category 3 weight: 1.7716
- Disability Category 4 weight: 2.3646
- Disability Category 5 weight: 3.2022
- Disability Category 6 weight: 4.7205

Enrollment Clusters for Expenditure Rankings

The comparison groups within which each district is compared to other districts are determined by organization type and enrollment, defined in this context as unweighted ADM. The one exception to this is Joint Vocational School Districts. JVSD comparison groups are determined by Formula ADM. JVSD numbers will vary somewhat from the unweighted Year-End Average Daily Membership numbers that are used for the expenditure per pupil calculations. districts are grouped according to the following ADM clusters:

Traditional Public School Districts

1. Enrollment less than 1,000
2. Enrollment between 1,000 and 2,499
3. Enrollment between 2,500 and 4,999
4. Enrollment between 5,000 and 9,999
5. Enrollment greater than or equal to 10,000

Brick and Mortar Community Schools

1. Enrollment less than 150
2. Enrollment between 150 and 499
3. Enrollment greater than or equal to 500

Joint Vocational School Districts

1. Formula ADM less than 500
2. Formula ADM between 500 and 999
3. Formula ADM greater than or equal to 1,000

STEM and E-Community Schools are their own clusters

- Example: District A has unweighted ADM of 1849 students. This would put them in the 'Enrollment between 1,000 and 2,499' group of public districts as a comparison group. Continuing the example; if there are 214 other districts in that group, it is against that group District A is compared for percentage of Classroom Instruction.

Source of Funds (a.k.a. Revenue Standards)

When the school district accounts for the revenue it receives, the Auditor of State requires the school district to use a Receipt Code that identifies the source of the revenue. Which receipt code is used determines the category that revenue item is classified as (i.e. source of funds). The following is the breakdown:

Step 1 Exclude by fund	Step 2 Classify by Receipt Code	Revenue Source defined as...	Rolls up to...
Exclude funds: 002, 003, 004, 005, 010, 011, 012, 013, 014, 017, 020, 021, 022, 023, 024, 025, 026, 027, 028, 033, 070, 071, 200, 401, 406, 409, 413, 414, 419, 426, 450, 453, 496, 498, 501, 505, 535, 569, 583	1100-1199	Local Sources	Operating Revenue
	1200-2999	Other Non-Tax Sources	
	3100-3499	State Sources	
	4100-4499	Federal Sources	
	5000-5399	Other Revenue Sources	Non-operating Revenue

- Similar to the expenditure data, take all the receipt data for a given school year (ex. FY2016) and exclude the following fund codes: 002, 003, 004, 005, 010, 011, 012, 013, 014, 017, 020, 021, 022, 023, 024, 025, 026, 027, 028, 033, 070, 071, 200, 401, 406, 409, 413, 414, 419, 426, 450, 453, 496, 498, 501, 505, 535, 569, and 583
- From that dataset the following ranges of receipt codes are broken into 4 revenue categories:
 - Local Funds: receipt codes 1100- 1199
 - Other Non-tax Funds: receipt codes 1200 - 2999
 - State Funds: receipt codes 3100 - 3499
 - Federal Funds: receipt codes 4100 - 4499.
 - Other Revenue Sources: receipt codes 5000 - 5399.
- The sum of Local + Other Non-tax + State + Federal equals Operating Revenue. This is the denominator for determining the percentage each source of funds represents.
 - Other Revenue Sources aren't counted as Operating Revenue and are therefore not a part of any source-of-funds calculations.

For more detailed information about the receipt codes and their specific definitions refer to the latest USAS manual (publicly available on the Ohio Auditor of State's [website](#)).

Expenditure/Financial Rankings

Once the amounts for Classroom Instruction, Non-Classroom, Unweighted ADM, and Weighted ADM have been calculated the rankings can be quickly determined. What follows are simple rules for the calculations and rankings:

- Percentage spent on Classroom Instruction (CRI): $CRI \text{ divided by Operating Expenditures} * 100$
- Percentage spent on Non-Classroom (NCR): $NCR \text{ divided by Operating Expenditures} * 100$
- Operating Spending per Pupil: $\text{Operating Expenditures divided by Weighted ADM}$
- CRI spending per pupil: $CRI \text{ divided by Weighted ADM}$
- NCR spending per pupil: $NCR \text{ divided by Weighted ADM}$
- Rank in Comparison Group for highest CRI %: Sort based on CRI% from highest to lowest within a given comparison group
- Lowest 20% of districts in Organization group (not Comparison Group) for expenditure per pupil (EPP): Sort based on EPP from lowest to highest within an organization; notate the district's that fall within the lowest 20%. For example, out of all public districts that receive a report card the 20% of them having the lowest EPP get this indicator.
- Ranking of each district's operating expenditure per pupil: Sort based on EPP from lowest to highest within the whole population of districts
- Ranking of each district's CRI%: Sort based on CRI% from [lowest to highest/highest to lowest] within the whole population of districts.

Federal, State and Local Expenditure Reporting – ESSA Requirement

Beginning with the 2018-19 school year, the federal Every Student Succeeds Act (ESSA) required states to report new financial data on school and district report cards. Specifically, states had to begin reporting on a per pupil basis, how much of a district's or school's expenditures were paid with federal funds versus the amount paid with state and/or local funds. The federal guidance said that the following expenses should be **INCLUDED** in the calculation:

Current expenditures including expenditures for the functions of:

- Instruction
- Instructional staff support services
- Student support services
- General administration/School administration
- Operation and maintenance of plant
- Student transportation
- Other support services (e.g., business/central services)
- Food services
- Enterprise operations.

For the above functions, this includes expenditures for the objects of:

- Salaries
- Employee benefits
- Supplies (e.g., physical textbooks, pens and pencils, paper, printing and copying supplies, CDs, flash or jump drives, parallel cables, monitor stands, etc.)
- Purchased services (e.g., the professional services of doctors, lawyers, architects, auditors, accountants, bankers, therapists, audiologists, dieticians, editors, negotiations specialists, paying agents, systems analysts, or planners; or training provided for teachers or other employees by a third-party vendor as part of their professional development)

Certain expenses were **EXCLUDED**. Under NCES' procedures, the following items are excluded from current expenditures:

- Repaying debts (e.g., bond retirement and interest on long-term debt)
- Capital outlays (e.g., construction, purchases of land, etc.)
- Community services
- Adult education
- Payments to private schools
- Payments to other LEAs
- Payments to charter schools outside the LEA

The ESSA guidance also said that:

- Expenses incurred at the district level only (e.g. – expenses made to support a district’s central board of education office) must be allocated back to schools. The law granted states flexibility on how to allocate these expenses back to each school.
- Expenditures must be reported on a ‘per pupil’ basis.
- States have flexibility on how to treat expenses paid for using federal Impact Aid and Payment in Lieu of Taxes. These are funds paid to districts that have a significant amount of tax exempt federal land in their boundaries, and the payments make up for the fact that they are losing local property taxes because of the federal tax exempt land. States can classify expenditures made with those funds as if they were in the state/local bucket since they are designed to make up for lost local dollars.

Allocating District Expenses to Schools

When reporting expenditure data in EMIS, some expenditures considered to be incurred by the school while others are considered to be incurred at the district-level only. For example, the salary of a teacher who is employed full-time in a single building most likely will be reported as a building level expense while the salary of the superintendent most likely is at the district level only.

The federal guidance says that states somehow must allocate district-only expenses back to the schools operated by the district, but there is flexibility on HOW the allocation occurs. Ohio chose to use a weighted average daily membership calculation where we determine what percent of a district’s total student enrollment is enrolled in each school. Those percentages then are used to allocate the funds back to the schools. For example, if a district has a weighted ADM of 1000 students, and School A has 200 students (20% of all students), School B has 150 students (15%), School C has 350 students (35%) and School D has 300 students (30%), the district-only expenses would be allocated back on that same 20%-15%-35%-30% basis.

Allocating Expenditures on a Per Pupil Basis

The ESSA guidance requires ODE to display the expenditures on a per pupil basis to make the numbers easier to read and to help readers easily compare expenditures across districts of different types and sizes. Finance reporting is not new to Ohio and several years ago, the general assembly enacted legislation to require ODE to report data on a “per equivalent pupil” or per “weighted pupil” basis.

An earlier section of this document, under the header “**Enrollment guidance**” explained how the weights are assigned to pupils with special conditions. Since ODE already was reporting other finance data on a weighted per pupil basis, the decision was made to be consistent and to report the new federal data also using a weighted ADM. The per pupil amounts are obtained by taking the total expenditure amount and dividing by the number of weighted pupils to get the amount expended per enrolled student.

Federal Impact Aid and Payment in Lieu of Taxes

Ohio’s school districts raise a significant amount of money from local property taxes. Land owned by the federal government is exempt from paying these taxes. However, if a district has a significant amount of federally-owned land in its boundaries, it may be eligible for impact aid or payment in lieu of taxes. These funds are designed to make up for the lost local revenue and under the ESSA guidance, states can consider expenses paid for with these funds to be treated as state/local expenditures. Ohio has only a few districts that have enough federal property to qualify for Impact Aid, but for those that do qualify, the funds are a significant part of their budget. Ohio has chosen to take advantage of the flexibility and does consider this money to be part of the state/local bucket when sorting expenditures.