

***Inside this issue***

**Home**

- Please note budget simulations available for FY2014
- Alignment of school finance payment system with the FY2014 budget summarized
- Changes to district contracts with education service centers announced

**Reminders**

- Year-end financial data needed
- Here's how to apply for a waiver

**Resources**

- USAS manual and expenditure data available
- Compare Ohio's education revenue to other states
- ilearnOhio is accepting applications for advanced placement tuition waivers

**Race to the Top (RttT)**

- The latest FY2014 budget allocations are online
- FY2013 final expenditure reports due by Sept. 1
- Year 4 budget templates uploaded for participating local education agencies

***Please note budget simulations available for FY2014***

With the passage of the FY2014-2015 budget bill, the Ohio Department of Education (ODE) is working hard to prepare information and tools for schools regarding the amount of state funding each school will receive in accordance with the bill. This information will help school treasurers forecast their revenues, provide information to their school boards and communities, and update their five-year forecasts as accurately as possible.

The department's website now features [foundation funding simulations](#) produced by the Ohio Legislative Service Commission (LSC) in June for the budget bill's Conference Committee using data available at that time from ODE and the Ohio Department of Taxation. These simulations show foundation funding by district of residence, including any applicable guarantees or caps, for each city, exempted village, local or joint vocational school district. They are based on non-final ADM data from FY2013 (except for joint vocational schools, which are based on FY2012 data). Also available is a simulation of community school funding based on FY2012 ADM. The department will not be providing any additional simulations. LSC does not have simulations for educational service centers or boards of developmental disabilities.

Changes between the LSC estimates and actual state aid may be significant, especially for individual school districts. This month, the department will begin providing online calculators that will allow school districts and community schools to simulate state aid based on student counts they can adjust given their knowledge of their district's or school's student population for the coming school year. These funding calculators will allow treasurers to substitute previous year data (such as ADM, number of economically disadvantaged or special education students, educational service center contract amounts, etc.) with their own best estimate of the data, and calculate the estimated foundation payment. When the calculators are available, the department will send out a notification.

***Alignment of school finance payment system with the FY2014 budget summarized***

The payment-by-payment calculations for all types of foundation payments (city, exempted village and local school districts; joint vocational school districts; community schools; educational service centers; and boards of developmental disabilities) will continue to be available throughout the year as payments are made. The School Finance Payment Report, which will replace the "Bridge" Report, will include the annual state funding amounts, explanatory worksheets, the Statement of Settlement giving the calculation for each monthly/semi-monthly payment and the Foundation Payment Letter explaining the data used for the calculations.

The budget bill directs ODE to make FY2014 foundation payments, transfers and deductions according to FY2013

methodology until the effective date of the bill, Sept. 29, 2013. After that date, foundation payments and reports will be based on new calculations that will use the most current data available. As in past years, the data from the prior year will be replaced by the current year data as it becomes available. For instance, the traditional school payments will use FY2013 October count data until approximately the December #1 payment, and then will switch to FY2014 October count data as reported by school districts through EMIS.

As the calculations and data are updated, the school payments will be aligned to the new payment amounts. In the end, each school's total payment amount for FY2014 will be based on the new budget bill's calculations with FY2014 data. If the payments at the beginning of the year, based on FY2013 calculations and data, turn out to have been too high or too low, subsequent payments will be adjusted as needed. Any revisions upward in school payments are expected to be made with one payment, while downward revisions will be spread out over the year's remaining payments.

### ***Changes to district contracts with educational service centers outlined***

Educational service center (ESC) contracting and payments have been changed by the FY2014-2015 budget bill. The department will discontinue the calculation of supervisory units to be deducted from client school districts and paid to ESCs. However, ODE will continue to do deductions and payments of the basic \$6.50 per-pupil amounts. If an ESC and school district have previously provided for an amount other than \$6.50, the department will continue in FY2014 to use the FY2013 alternate amount, unless the ESC and district send a [signed cover sheet and contract](#) specifying the change.

As in past years, school districts and ESCs can enter into additional service contracts per [state law](#), and ask ODE to make deductions from school districts and corresponding payments to ESCs. For any such arrangements, the district or the ESC should send in a contract cover sheet from this [Web page](#) that is signed by both parties. The department already has received many of these contract cover sheets in FY2014 and has started making payments and deductions. These can be added or changed any time throughout the school year, but it is preferable to send them in early in the fiscal year to spread out the payments. All additional service contract cover sheets are for one fiscal year only, and a new one will have to be submitted to continue the payments in a new fiscal year. If a school district would like an ESC to continue providing services formerly paid through the supervisory unit calculations, the two parties should send in a cover sheet for an additional service contract. Note that the sheet would have to specify a dollar amount; the department will no longer calculate the supervisory unit amount.

School districts and ESCs may want to revisit the terms of their primary service agreements, since the budget bill changed many relevant statutes. There are changes relating to services that previously were mandatory for local school districts, including attendance officers or representatives for business advisory councils.

Districts and ESCs may have noticed that the foundation payments in FY2014 are still being calculated based on the old formula with supervisory units. The budget bill specifies that payments and deductions before the effective date of the bill (Sept. 29, 2013) will be made according to FY2013 methodology. However, after that date, payments will use the new FY2014 methodology and ODE will make adjustments if ESCs were overpaid or underpaid for the first three months. ESC treasurers may want to refrain from spending some of the revenue in the first three months if they believe that their later payments will be adjusted to a lower amount.

## **Reminders**

### ***Year-end FY2013 financial data needed***

School districts should submit their Period H FY2013 financial reporting data by Sept. 30. This includes school accounting information, capital assets and other miscellaneous data types. This data will be used for the expenditure reports, including data that will be added to the Web version of the Local Report Card later this fall.

### ***Here's how to apply for a waiver***

If your district will be conducting an Innovative Education Pilot Program next year that may prompt you to seek a waiver from any state statute, please review the information posted [here](#). Please direct any questions to [IPPwaivers@education.ohio.gov](mailto:IPPwaivers@education.ohio.gov). Waivers must be approved by ODE before use. Complete waiver requests must be received by ODE at least 45 days ahead of use and no later than Dec. 31, 2013. Innovative Education Pilot Program applications do not apply to community schools.

## **Resources**

### ***USAS manual and expenditure data now available***

The Auditor of State's [website](#) features the most recent revisions to the Uniform School Accounting System (USAS) User Manual dated June 13 (see the Manuals and Publications heading). A recorded webinar about the USAS coding changes is among the resources available on the Ohio Department of Education's [expenditure rankings Web page](#). On this Web page, you also will see revised crosswalks that include clarification of equipment spending and reporting categories; an

explanation of the FY2012 data and statewide comparison data; and spreadsheets showing school district expenditures using draft FY2012 data. Each treasurer should review his or her district's FY2012 draft report. If any numbers seem odd or incorrect, you can review the school district's coding and ODE's crosswalks and consider corrections for FY2013 reporting that will start after July 1. The final FY2012 data will not be posted on ODE's website nor used for rankings, but the FY2013 data will be.

### ***Compare Ohio's education revenue to other states***

The U. S. Census Bureau just released on their [website](#) the annual report Public Education Finances for 2011. The report gives state-by-state data on education revenue and spending, including per-pupil amounts.

### ***FY2012 transportation cost reports are posted***

Two [transportation cost analysis reports](#) are available for FY2012. First, the reimbursement analysis report details all costs and ridership reported by the district. Also, the cost analysis reports detail operating costs for students who ride yellow school buses.

### ***Online grants management courses available to federal grant recipients***

Online courses about grant administration are now available to provide technical support and information to U.S. Department of Education grant recipients. The Risk Management Service, Office of the Deputy Secretary of Education, encourages all recipients of U.S. Department of Education grants to take advantage of this opportunity to increase their awareness of proper grant management. The five courses, which are described in more detail [here](#), are: Discretionary Grants Administration, Formula Grants Administration, Internal Controls, Cash Management and Indirect Costs.

### ***ilearnOhio is accepting applications for advanced placement tuition waivers***

Under the direction of the Ohio Board of Regents, *ilearnOhio* is offering one-time funds for Ohio high school students (public and private) who want to enroll in online advanced placement (AP) courses at little to no cost to the student or school. A student may receive only one Digital AP Tuition Waiver and must attend a public or private Ohio high school or be homeschooled with an Ohio school of residence. A school official must complete the application for the student through *ilearnOhio*. The district or school (or school of residence for homeschooled students) enrolling the student shall award the student credit for successful completion of the course. For more information, please contact the program office at [web@ilearnOhio.org](mailto:web@ilearnOhio.org) or visit the [ilearnOhio](#) website.

*ilearnOhio* is accepting applications for the Digital AP Tuition Waiver to begin anytime now through this fall. For students who want to enroll in an online AP course for the next academic year, now is the time to begin considering this option. Interested applicants also may wish to inquire how this program may apply to students enrolling in postsecondary education option (PSEO) programs.

## **Race to the Top**

### ***The latest FY2014 budget allocations are online***

The latest four-year budget allocations for currently participating local education agencies are posted on the Race to the Top [website](#) (see the Resources heading). These allocations reflect adjustments the department made to redistribute unused funding. The next budget allocations update will be posted in the CCIP and on the website on Sept. 1. If additional participants withdraw from the grant during Year 4, the department will update the budget allocations accordingly.

### ***FY2013 final expenditure reports due by Sept. 30***

Local education agencies currently participating in Race to the Top, as well as those agencies that dropped out of the grant during FY2013, can now submit FY2013 final expenditure reports for review and approval to the department's Office of Grants Management. The deadline for these reports, to be submitted via the CCIP, is Sept. 30. Those that are receiving funds via a paper process (i.e. Innovative Grant), should submit paper-based reports by Sept. 30.

### ***Year 4 budget templates uploaded for participating local education agencies***

In the RttT Collaboration Center (SharePoint), the Year 4 Excel budget template is located in the Year 4 budget folder for each RttT participating agency. Districts are responsible for updating their budgets using the template with the actual expenses for the first three years of RttT. Budget templates need to be fully updated after the carryover from FY2013 has been approved and placed into the FY2014 budget allocation in CCIP.

***For more information, contact your [area coordinator](#) or the ODE staff member below.***

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