

## Reimbursement for the Phase-out of Tangible Personal Properties and Public Utility Deregulation

The phase-out of the Tangible Personal Properties (TPP) and the Public Utility Deregulation (PUD) reimbursement continues in FY21. The calculation and distribution methodology for these reimbursements follow the provisions enacted in S. B. 208 of the 131<sup>st</sup> General Assembly.

The following details the calculation and distribution methodologies for reimbursements in FY21 and beyond. Some aspects of the reimbursement calculations are rooted in FY16 and FY17. For additional information and context, please visit prior year reimbursement narratives. The only remaining reimbursements in FY21 are for Fixed Rate Operating Expense levy losses, Fixed Sum Operating Levy losses, and Fixed Sum Debt Purpose Levy losses. All other reimbursements have been phased out. For questions about other reimbursements, please consult prior year reimbursement narratives.

### Operating Expense Levy Loss Reimbursement (FY16 to as long as levies are in place)

ORC Section 5709.92(C)(2) provides that in FY18 and the subsequent fiscal years, payment shall be made to school districts and joint vocational school districts based on the difference obtained by subtracting from the FY17 reimbursement for Fixed Rate Current Operating levy losses, an amount equal to 1/16 of 1% of the 3-year average total taxable valuation of the district for TY14, TY15 and TY16. For each ensuing fiscal year, the exact same amount is to be subtracted from the latest annual calculation of the Fixed Rate Current Operating levy reimbursement to come up with the annual reimbursement for that year. So, in FY21, 1/16 of 1% of the 3-year average total taxable valuation of the district for TY14, TY15 and TY16 is subtracted from the FY20 reimbursement amount and so on. This reduction will continue until the reimbursement amount reaches zero.

### Fixed Sum Operating Levy Loss Reimbursement (FY16 through FY21)

ORC Section 5709.92(D)(1) provides that in FY16 and the ensuing fiscal years, reimbursement for Fixed Sum Operating levy losses which amounts to all emergency and substitute levies will be calculated separately from bond and facilities levy loss reimbursements. Under this section of the law, for each year, districts will receive reimbursements based on a phase-out schedule that progressively reduces the portion of the FY15 reimbursement in each fiscal year. The law provides for a reimbursement calculation based on tax years, however since the reimbursement distributions are based on fiscal years, this requires adjusting the tax year-based reimbursement amounts to reflect exactly what districts should receive in each fiscal year. The phase-out schedule is as follows:

$$\begin{aligned} \text{TY16 Amount} &= (\text{FY15 TPP Reimbursement} \times 1.0) + (\text{FY15 PUD Reimbursement} \times 1.0) \\ \text{TY17 Amount} &= (\text{FY15 TPP Reimbursement} \times 1.0) + (\text{FY15 PUD Reimbursement} \times 0.8) \\ \text{TY18 Amount} &= (\text{FY15 TPP Reimbursement} \times 0.8) + (\text{FY15 PUD Reimbursement} \times 0.6) \\ \text{TY19 Amount} &= (\text{FY15 TPP Reimbursement} \times 0.6) + (\text{FY15 PUD Reimbursement} \times 0.4) \\ \text{TY20 Amount} &= (\text{FY15 TPP Reimbursement} \times 0.4) + (\text{FY15 PUD Reimbursement} \times 0.2) \\ \text{TY21 Reimbursement} &= (\text{FY15 TPP Reimbursement} \times 0.2) \end{aligned}$$

In order to convert the tax year based reimbursement calculation to fiscal year reimbursement distribution, for each scheduled payment in a fiscal year (November and May), we correspond the half of the tax year based calculation with the fiscal year with which the tax year overlaps. In this manner, in FY17, half of the tax year 2016 calculation is distributed in November 2016 and half of the tax year 2017 calculation is distributed in May 2017. The same distribution methodology is applied to the ensuing fiscal years.

### **Fixed Sum Debt Purpose Reimbursement (FY16 to as long as the levies are in place)**

ORC Section 5709.92(E)(1) provides that from FY16 this reimbursement will be distributed as Fixed Sum Debt Purpose reimbursement and will be comprised of 100% of the FY15 combined PUD and TPP reimbursements for such levy losses.

Distribution of the reimbursements in each fiscal year is scheduled for the last Wednesday in November and May. If a levy on the basis of which local losses had occurred and subsequently reimbursements were calculated on, ceases to exist (expired, repealed or changed purpose) the reimbursements will be adjusted accordingly to reflect the levy changes. Sometimes these adjustments occur in mid fiscal year, after the November and before the May distributions and as a result the distributions for these months would differ.

To view the FY21 reimbursements broken down by levy type for traditional school districts, please click [this link](#). In addition to the calculation of the FY21 distributions, we have projected the reimbursement amounts for FY22 based on provisions of S. B. 208. This information can be accessed through [this link](#).

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