



Department of Education

Ted Strickland, Governor
Deborah S. Delisle, Superintendent of Public Instruction

TO: Superintendents and Treasurers of City, Local, Exempted Village School Districts and Education Service Centers
FROM: Kim Murnieks, Executive Director, Center for School Options and Finance
RE: November 2009 Foundation Payment #1
DATE: November 3, 2009

This payment reflects the factors in Am. Sub. H.B.1 of the 128th General Assembly.

Foundation Payments

Foundation payments are calculated according to the **Evidenced-Based Model (EBM)** and reported on the **PA**thway to **S**tudent **S**uccess (**PASS**) form. The PASS worksheet displays the detailed data and calculations that support the funding reported on the PASS form. Reference manuals for the PASS form and the PASS worksheet are posted on the ODE web site.

In the October #2 payment, due to a processing error, eleven small districts inadvertently received payments for non-instructional aides. These payments should not have been made and will be deducted over the remaining payments of the fiscal year.

The EdChoice deduction has been updated with this payment

Statement of Settlement

JV89 – Correction of the September public utility deregulation fixed rate levy loss reimbursement. For city, local and exempted village districts, Am. Sub. HB 1 requires that the offset used for determining the direct reimbursement for public utility deregulation be the greater of the FY2009 offset or the offset calculated for the current year. The original payment for all districts was based on the FY2009 offset while implementation of the EBM was being completed. This payment reflects the difference between the September public utility deregulation reimbursement and the corrected September public utility fixed rate levy loss reimbursement.

Districts no longer eligible for the regular fixed rate reimbursement but are still eligible for reimbursement of inside debt levies received double payments in September. The amount of these overpayments will be deducted with this payment.

Positive Payments/Annual Deductions – Some districts may see an adjustment or transfer payment reported as positive payments while the annual amount is negative. This will result when previous deductions have caused the paid year to date to exceed the percent of year elapsed; in such a case, the district will receive a positive payment for the line. Please record the payment as a negative expenditure to ensure the annual funding is recorded correctly.



Monthly Payment Calculations – Continuing with this payment, the statement of settlement contains a new blended approach to calculating payments and recoveries: a percentage based method is used for payments and the installment method used in calculating the bi-monthly payment amount in previous fiscal years is used for recovery of overpayments.

This blended approach will calculate payments by setting the payment to an amount that brings the paid year-to-date to a level equal to the percentage of the year that has expired. For example, if the annual calculation for payment number 12 of 24 is \$120 million, regardless of what has transpired previously, the entity will be paid an amount that results in a paid year-to-date amount (year-to-date column + payment column) of \$60 million, or 50 percent of the annual amount. However, when the calculation of the annual amount results in an amount below what has already been paid and a negative payment situation is created, the amount to be recovered (the difference between the balance and the paid year-to-date) is divided by the number of remaining payments in the fiscal year, resulting in equal installments for payback.

As you are aware, October #2 payments were unusually higher with the new methodology for calculating the monthly payment as districts were “caught up” on their payments. Now that this catch up and transition to the new PASS system has occurred, you should see payment levels in this payment closer to anticipated monthly amounts.

ESC

The state per pupil amount of \$37.00 (\$40.52 for multi-county ESCs) is calculated at 100% for locals, cities and exempted villages, and at 83.52134% for community schools to stay within an initial appropriation amount of \$52 million. Subsequently, an appropriation reduction of \$5.6 million is applied proportionately to get to \$46.4 million, reducing each ESC’s annual amount by 10.769231% of the calculated total.

Boards of Developmental Disabilities

Preschool unit calculations were paid at 100% in this payment based on final unit approval for FY 2009 submitted to the Office of Early Learning and School Readiness. The school age payment is based on the final FY2009 ADM data as submitted to the Office of Exceptional Children.

If there are any questions with regard to the adjustments or the statement of settlement, please contact this office or your area coordinator.