

Ohio's School Foundation Payment System

PATHway to Student Success (PASS) Worksheet

Line-by-Line

An Evidence-Based Model

School Years 2009-2010 and 2010-2011

Revised March 29, 2010



Department
of Education

Ted Strickland, Governor
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INTRODUCTION

The funding of K-12 public schools in Ohio is a joint effort between the state and local school districts. Of the approximately \$6.5 billion in state aid provided to school districts, excluding property tax loss reimbursement, approximately 96 percent is distributed through the Ohio School Foundation program to 614 city, exempted village and local school districts, 49 joint vocational schools, 300+ community schools and one Science, Technology, Engineering, and Math (STEM) school. \$648 million (in FY2009) was funneled through the foundation program to charter schools (called “community schools” in Ohio) by deducting this funding from the regular school district’s payments where the charter school pupils reside. Also, in a similar manner \$46 million was transferred to private schools under the EdChoice program for pupils that were in public schools that failed to meet certain academic criteria and obtained a voucher to attend the private school.

Since the 1970s, Ohio’s formula has been a foundation program in which the per pupil amount determined by the General Assembly to provide enough funding for a basic, adequate education was multiplied by the number of pupils in the district. From this product, the local share of this adequate amount or charge off was subtracted to arrive at the state share of the adequate base cost. In addition, more funding was provided for categories of pupils such as handicapped, vocational, gifted, and economically disadvantaged as well as some adjustments and guarantees.

In the 2010-11 biennial budget, Governor Ted Strickland proposed a shift to the Evidence-Based Model (EBM) to establish the adequate funding amount and included changes to the calculation of the local share or charge off. The charge off is subtracted from the calculated evidence-based funding amount to determine the state share of EBM. The changes to the charge off calculation seek to eliminate increases in the charge off attributed to increases in property values that are not accompanied by increases in local tax revenue. This phenomenon was known as charge off “phantom revenue”.

The premise of the EBM is to define the amount of funding needed by first identifying those components or educational services shown by research or demonstration projects to be effective in improving student learning. Once identified, costs associated with these evidence-based practices were defined to obtain the adequate funding amount. After consulting with national experts involved in the development of the EBM and holding numerous information gathering forums across the state, the Governor introduced his proposed reforms.

After much deliberation, an agreed-to version of Am. Sub. H.B. 1 was passed by the 128th General Assembly. The total EBM is comprised of a comprehensive set of service elements categorized into the following areas: instructional services, additional services, administrative services, operations and maintenance, gifted education, enrichment, technology resources, instructional materials, and professional development. As shown in the line-by-line descriptions that follow, most of these components are phased in over time in recognition of the structural, personnel, and financial challenges presented by the changes called for in the evidence-based model.

For FY2010 and FY2011, the state share of the total EBM is determined by subtracting the charge off from the total amount of all components of the evidence-based model. For districts with class 1 effective millage on residential and agricultural property less than or equal to 20.1 mills, the charge off is 22 mills times the adjusted assessed value plus the property exemption value of all taxable property in the district. For districts with greater than 20.1 effective class 1 mills, the charge off is 22 mills times the

district's adjusted recognized value (which includes inflationary increases in real property phased in over three years) plus the property exemption value. These 22 mills are down from 23 mills with the intent of lowering the charge off by one mill each biennium until the charge off reaches 20 mills in FY2014.

Coupled with this phase down of the charge off to 20 mills is a new levy provision authorizing school districts to convert (with voter approval) the aggregate effective tax rate above 20 mills on residential/agricultural real property (class 1) to a single fixed dollar levy. Like emergency levies and income tax levies, these conversion levies would not count toward the 20 mill floor, thus putting the district at the 20 mill floor and allowing inflationary growth on 20 mills.

Revisions to the transportation formula are another major revision included in Am. Sub. H.B. 1. The revised transportation formula uses per mile or per pupil cost (whichever is greater) of miles or pupils transported in the current year multiplied by the statewide average cost. Adjustments are added for nontraditional ridership (private, community, and STEM school students), high school transportation, walking distance limitations, and efficiency adjusted for district ridership density. An additional supplement is provided for districts with low pupil density and low wealth.

Career technical education is funded after the charge off is applied. The amount of funding is what the districts received in FY2009 increased by 0.75 percent for FY2010 and increased another 0.75 percent for FY2011.

To ensure that districts do not experience extreme drops in funding due to the transition to the new formula, transitional guarantees ensure districts receive at least 99 percent of their FY2009 funding level in FY2010 and 98 percent of their FY2010 amount in FY2011.

Due to budget constraints caused by the recession, funding increases for each district are capped at 0.75 percent from FY2009 to FY2010 and from FY2010 to FY2011. The additional transportation supplement for low density, low wealth districts is not subject to this cap.

Payments to school districts are made twice each month on a fiscal year basis beginning each July. The annual calculations of this foundation program are shown on the PASS (PATHway to Student Success) form, which replaces the SF-3. These semi-monthly forms represent the annual calculation of the state funding provided through the foundation program. The PASS worksheet, described in this document, provides a detailed explanation of each calculation.

On the following pages is a prototype of the PASS worksheet for FY2010 and FY2011. Each line will be explained with the relevant section of the Ohio Revised Code cited as reference. Please note that the PASS form for each district and for each payment may be found on the Ohio Department of Education's Web site by following the path from the homepage to Finance>State Funding for Schools>District Payment Reports.

Ohio Department of Education

PASS Report FY2010

10/15/2009

EBM Funding Model: (District, Small District if formula ADM < 418)

Based on Data Reported for October 2008 (2009 if 2% growth)

(FY 2010 OCTOBER NO 2 PAYMENT, [FY2009]))

IRN: 999999

District: State Total

County: ALL

Student Count as of:	Pre-K	KDG	1-3	4-5	6-8	9-12	Total
1A Special Ed. Cat. 1	N/A	5,421.39	17,775.55	6,024.04	2,911.35	711.04	32,843.37
1B Special Ed. Cat. 2	N/A	2,066.04	19,853.41	26,090.74	45,867.00	57,868.85	151,746.04
1C Special Ed. Cat. 3	N/A	344	2,528.38	2,808.03	5,420.09	8,681.48	19,781.98
1D Special Ed. Cat. 4	N/A	95	378.99	263.29	391.22	513.73	1,642.23
1E Special Ed. Cat. 5	N/A	926.55	2,978.70	2,061.41	2,910.65	4,817.94	13,695.25
1F Special Ed. Cat. 6	204	1,072.14	3,185.45	2,118.79	2,984.38	3,665.42	13,230.18
1G JVSD Spec Ed	N/A	N/A	N/A	N/A	1,047.46	38,744.81	39,792.27
1H Non - Jnt OE JVES	N/A	N/A	N/A	N/A	17.86	1,002.64	1,020.50
1I All Other Students	N/A	121,274.17	353,024.13	225,661.63	341,210.39	459,185.19	1,500,355.51
1J BDD (formerly MRDD)	N/A	N/A	139.25	139.25	139.25	139.25	557
1K Ed. Choice	N/A	1,328.43	2,008.26	2,008.26	2,008.26	2,008.18	9,361.39
2 Total ADM	204	132,527.72	401,872.12	267,175.44	404,907.91	577,338.53	1,784,025.72
3 Formula ADM (Line 2 - 1F PK) $-(.8 \times 1G) + (.2 \times 1,954.00 \text{ (CVOC-Res)})$	N/A	132,527.72	401,872.12	267,175.44	404,069.93	546,733.49	1,752,378.70
4A Elementary Organizational Units			(Line 3 KDG + 1-3 + 4-5) / 418				1,917.60
4B Middle School Organizational Units			Line 3 6-8 / 557				725.34
4C High School Organizational Units			Line 3 9-12 / 733				745.76
4D Total Organizational Units			if (4A+4B+4C)<1 then 1 else (4A+4B+4C); if Small district then 1				3,395.97
4E Total Buildings Issued Report Cards							3,419.00
5A Educational Challenge Factor			Set in law (3306.051)				N/A
5B Targeted Poverty Indicator			=% economically disadvantaged per report card data				N/A
5C Base Teacher Salary			=\$56,902				56,902.00
5D LEP Percentage			(data not displayed if percentage is <5% or > 95%)				N/A
5E School District Typology			0 - 7				N/A
Resources for Teachers and Instructional Services							
Number of Teachers							
6A Core teachers: K-3	28,137.04		((Line 3 K-3 + Line 1F PK) / 19) \times 5A \times 5C				1,930,985,079.31

6B	Core teachers: 4-5	10,687.01	$(\text{Line } 3 \text{ 4-5} / 25) \times 5A \times 5C$	730,197,195.72
6C	Core teachers: 6-8	16,162.81	$(\text{Line } 3 \text{ 6-8} / 25) \times 5A \times 5C$	1,100,387,144.91
6D	Core teachers: 9-12	21,869.34	$(\text{Line } 3 \text{ 9-12} / 25) \times 5A \times 5C$	1,489,152,437.33
7	Specialist teachers		$(\# \text{ Teachers from } ((6A + 6B + 6C) \times .20) + (6D \times .25)) \times 5A \times 5C$	1,124,619,557.35
8	Lead teachers (Instructional Facilitators)		$4D \times 5A \times 5C$	232,073,722.46
9	Special Education Teacher Factor		$((\text{Pre-K-12 Special Ed ADM} \times \text{weight}) \times .90) / 20) \times 5A \times 5C$	837,956,124.76
10	Special Education Teacher's Aide Factor		$((\text{Pre-K-12 Special Ed ADM} \times \text{weight}) \times .90) / 20) / 2) \times 50 \times 5A \times 5C$	209,487,267.67
11	Teachers for LEP students		$((\text{Line } 3 + \text{Line } 1F \text{ PK}) \times 5D) / 100) \times 5A \times 5C$	24,015,284.72
12	Supplemental Teacher Factor		$((\text{Line } 3 + \text{Line } 1F \text{ PK}) \times 5B) / 100) \times 5A \times 5C$	525,599,257.65
13	Total Instructional Services Support		Sum (6A through 12)	8,204,473,071.88

Resources for Additional Student Services

14	Family and Community Liaison Factor		$((\text{Line } 3 \times 5B) / 75) \times 38,633 * 5A$	475,762,453.08
15	Counselors Factor		$((\text{Total Formula ADM } 6-8 + \text{Total } 9-12) / 250) \times 0$	0
16	Summer Remediation Program Factor		$((\text{Line } 3 \times 5B) \times 0.50) / 30) \times 3,000 \times 5A$	46,180,964.43
17	School Nurse Wellness Coordinator Factor		If small district then = 0 else $(4A+4B+4C) \times 0$	0
18	District Health Professional Factor		0	0

Resources for Administrators

19	Administration Factor		= \$187,176	114,926,064.00
20	Principal Factor		If 5E = 1 or 2 then $(\text{Max}(4D, 4E) \times 89,563)$ else $4D \times 89,563$	326,700,746.36

Resources for Administrative Support Personnel

21A	Building Manager		$4D \times 33,624$	114,186,095.28
21B	Secretaries		$\text{Max}(1, ((4A + 4B) + (3 \times 4C))) \times 33,624$	164,199,105.36
21C	Non-instructional aide		$\text{Max}(1, (((2 \times (4A+4B)) + (3 \times 4C)))) \times 0$	369,864.00

Resources for Operations and Maintenance

22	Operations & Maintenance		$\text{Line } 3 \times 884 \times 0.45$	697,096,246.82
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Resources for Gifted Education

23	Gifted Identification Factor		$\text{Line } 3 \times 5$	8,761,893.50
24	Gifted Coordinator Factor		$(\text{Line } 3 / 2,500) \times 66,375$	46,525,654.69
25	Gifted Intervention Specialist Factor		$\text{Line } 4D \times \text{line } 5A \times \text{line } 5C \times 0.20$	46,414,744.53
26	Gifted Intervention Specialist PD Factor		$\text{Line } 4D \times 1,833 \times 0.20$	1,244,962.59

Resources for Enrichment for All Students

27	Enrichment Support Component		$\text{Line } 3 \times 100 \times 5A \times 0.20$	42,061,719.73
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Resources for Technology

28	Licensed Librarian & Media Specialist Factor		$\text{Line } 4D \times 60,000 \times 0.20$	40,751,640.00
29	Technical Equipment Factor		$\text{Line } 3 \times 250 \times 0.20$	87,618,935.00
30	Professional Development Factor		Teachers for Lines 6 - 9 $\times 1,833$	199,426,459.05

31	Instructional Materials Factor	Line 3 × 165 × 0.20	57,828,497.10
32	Total Funding for the EBM	Sum of Lines 13 through 31	10,674,529,117.40
Local Share			
33A	Adjusted Assessed Valuation	Reduced by tax exempt value if Tax exempt value > 0.25 × (Assessed value + tax exempt value)	255,110,632,464
33B	Adjusted Recognized Valuation	Reduced by tax exempt value if Tax exempt value > 0.25 × (Recognized value + tax exempt value)	252,158,431,373
33C	Property Exemption Value (TIF)	Certified to ODE by Tax Department	129,672,090
33D	Class I Effective Millage Rate	Provided to ODE by Tax Department	N/A
33E	Charge Off Amount:	If 33D >= 20.1 then ((33B+33C) * 0.022) else ((33A+33C) * 0.022)	5,587,802,280.15
34A	State Portion of EBM Funding	Line 32 - Line 33E	5,333,743,195.61
34B	State Share Percentage	Line 34A / Line 32	N/A
35A	Prorated Transportation	New Formula prorated payment per 3306.12(L)(1)	376,411,931.16
35B	Supplemental Transportation	For districts below state median wealth & pupil density	8,701,759.78
36	Career Technical Ed. (CTE)	FY09 CTE Cat 1,2 and Assoc. Services × 1.0075	51,028,413.90
Transitional Aid			
37A	Transitional Aid Base	FY2009 SF-3 Line 21 - (Line 20A + Line 20B)	6,543,136,916.75
37B	Transitional Aid	0.99 × Line 37A - (Line 34A + 35A + 36) must be positive	917,319,332.98
Gain Cap			
38	FY10 Cap Level	1.0075 × ((FY09 SF-3 Line 21 - (Line 20A + 20B)-FY09 Weighted Career Tech SF-3 Line 12 less GRADS))	6,541,182,030.04

PASS Worksheet Lines

ADM

Lines 1A through 3 (3317.03, 3306.02)

These lines display pupil counts by grade levels and student characteristics for all students who reside in the school district even if they are educated by another publicly funded district or school. ORC 3306.02(H)(2) requires the funding calculations to be based on the prior fiscal year's ADM certified under ORC 3317.03 unless the current year October ADM count has increased by two percent or more, in which case the current year October ADM count is used. The pupil counts used are for the first full week in October. The pupils are divided into grade levels because the calculations of organizational units on later lines involve pupil counts by these grade levels.

Lines 1A through Line 1F – The number of students in each of the six categories of special education is used to calculate the number of special education teachers and aides funded. The weights for the categories are based on a study prepared by the Ohio Coalition for the Education of Children with Disabilities in 2006 detailing the cost of services required by individual education plans (IEPs) for disabled students. Updated weights and revised special education categories based on this study are used for FY2010 and FY2011 funding. The updated weights are defined in the calculation of the special education teachers (Line 9). Disability reclassifications are as follows: visually impaired moved from category 3 to category 4 and orthopedically handicapped moved from category 4 to category 5.

Line 1G – The number of regular and special education pupils on a full time equivalency (FTE) basis attending a joint vocational school district (JVSD) excluding non jointure open enrollment pupils attending a JVSD shown on Line 1H.

Line 1H – The number of pupils living in a district that is not a member of a particular JVSD but attending that JVSD through an open enrollment agreement.

Line 1I – The number of pupils not counted in any of the other categories and known as “general population” students.

Line 1J – The number of school-aged Boards of Developmental Disabilities (BDD) pupils (formerly MR/DDs) residing in the district that exceed the number from the district attending the BDD in FY98. Previously, under ORC 3317.20, the state deducted from the resident district and paid to the BDD the current year formula amount per pupil plus the state share of the category 5 special education weighted funding for each of these pupils. However, under Section 265.30.20 of Am. Sub. H.B. 1, the pupils above, at, and below the FY98 level are funded for FY2010 and FY2011 by inflating the per pupil amount received by each BDD in the prior fiscal year by 0.75 percent and providing that inflated per pupil amount for each student being served in the current fiscal year at the BDD. The pupils below the FY98 level are paid for by the state and the pupils above the FY98 level are deducted from the resident district as reported on the PASS form in the other adjustments line.

Line 1K (3310.02) – The number of pupils awarded an EdChoice scholarship program and attending a participating chartered non-public school. Students are eligible for an EdChoice scholarship if they are residents of the public school district *and* attended a designated low-performing public school in the district, or will be an incoming kindergarten student who would be assigned to a designated low-performing public school, or attended a community school and would otherwise be assigned to a designated low-performing public school. The amount the state deducts from the resident district for each pupil participating in the program is \$5,200. The maximum amount of the scholarship is \$4,250 for students in grades K-8 and \$5,000 for students in grades 9-12.

Line 2 – Total ADM The sum of lines 1A to 1K. It is this total ADM that is used to determine if there is a two percent or more increase from the previous year as referenced above.

Line 3 – Formula ADM (3306.02 and 3317.03) The total ADM on Line 2 adjusted as follows: (a) subtract 80 percent of the number of JVSD pupils shown on Line 1G, (b) add 20 percent of the number of students entitled to attend the resident district under ORC 3313.64 or 3313.65 enrolled in another school district career tech educational compact, and (c) subtract the number of pre-kindergarten students. To provide funding for all day kindergarten programs, all kindergartners are counted as one student whether they were enrolled in full-day or part-day kindergarten. This formula ADM number is the basis for most of the calculations that follow.

Line 4A – Elementary Organizational Units (3306.02(P) and 3306.04) The EBM defines an ideal size for grouping similar grades when defining how much is needed for certain resources. For purposes of calculating a district’s evidence-based funding amount, the number of organizational units at each grade level grouping must be calculated. For elementary grades, the number of organizational units is equal to the formula ADM for grades kindergarten through five divided by 418.

Line 4B – Middle School Organizational Units (3306.02(P) and 3306.04) For middle school grades, the number of organizational units is equal to the formula ADM for grades six through eight divided by 557.

Line 4C – High School Organizational Units (3306.02(P) and 3306.04) For high school grades, the number of organizational units is equal to the formula ADM for grades nine through twelve divided by 733.

Line 4D – Total Organizational Units (3306.02(P) and 3306.04) If the district’s total formula ADM is less than 418 (defined as a small district), the total organizational units is equal to one. Otherwise, it is equal to the greater of the sum of the elementary, middle, and high school organizational units or one.

Line 4E – Total Buildings Issued Report Cards The number of buildings issued a report card by the Ohio Department of Education (ODE) for the previous fiscal year is used in calculating the Principal Factor for districts identified as type 1 (Rural/agricultural – high poverty, low median income) or type 2 (Rural/agricultural – small student population, low poverty, low to moderate median income) districts.

Line 5A – Educational Challenge Factor (ECF) (3306.051) The ECF accounts for student and community socioeconomic factors affecting teacher recruitment and retention, professional development, and other factors related to quality instruction. This factor, set in law for FY2010 and FY2011, is applied to several of the cost calculations in the EBM to adjust for variations in the cost of educating students in different socioeconomic settings. It combines three measures: 1) the college

attainment rate of the district's population, 2) the district's wealth per pupil based on property wealth and federal adjusted gross income of residents, and 3) the district's concentration of poverty, based on its targeted poverty indicator. This factor ranges from a low of 0.763 for Upper Arlington City School District to a high of 1.648 for Dawson Bryant Local School District.

Line 5B – Target Poverty Indicator (3306.02(FF)) The percentage of the school district's students who are economically disadvantaged as reported on the district report card for the prior year (students eligible for a free or reduced price lunch). It is used in the calculation for the supplemental teacher factor, the family and community liaison factor, and the summer remediation program factor as a measure of need for services. This number is not displayed if the percentage is less than 5% or greater than 95% to ensure the data cannot be used to identify individual students.

Line 5C – Base Teacher Salary (3306.05(B)) Derived from the average teacher salary in FY2008, the base teacher salary for FY2010 is \$56,902 and \$57,812 for FY2011. These salary factors are used in several of the following lines to determine the cost of the service elements defined.

Line 5D – LEP Percentage (3306.05(B)) The percentage of pupils in the district defined in Federal law 20 U.S.C. 7801 as limited English proficient (LEP) as reported on the district report card for the prior school year. It is used to determine the number of LEP teachers needed. This number is not displayed if the percentage is less than 5% or greater than 95% to ensure the data cannot be used to identify individual students.

Line 5E – School District Typology (3306.07) ODE classifies districts to provide a rational basis for making data-driven comparisons of groups of districts. Such groups include districts which share certain demographic characteristics that create unique challenges when serving students in the district. This typology is provided because districts categorized as type 1 or type 2 on Line 4E are subject to a special calculation in determining the cost of the Principal Factor on Line 20.

Resources for Teachers and Instructional Services Support

Line 6A – Core Teachers: K-3 (3306.05) This represents the cost of the core teachers needed in grades K-3. The number of core teachers is the formula ADM in grades K-3 plus the number of pre-kindergarten students divided by 19 for FY2010 and FY2011. The number of core teachers is then multiplied by the base teacher salary from Line 5C and then by the ECF on Line 5A to obtain the core teacher funding for grades K-3.

Line 6B – Core Teachers: 4-5 (3306.05) This represents the cost of the core teachers needed in grades 4 and 5. The number of core teachers is the formula ADM for grades 4-5 divided by 25. The number of core teachers is then multiplied by the base teacher salary from Line 5C and then by the ECF on Line 5A to obtain the core teacher funding for grades 4 and 5.

Line 6C – Core Teachers: 6-8 and Line 6D – Core teachers: 9-12 This represents the cost of the core teachers needed in grades 6-8 and grades 9-12. The number of core teachers is the formula ADM in each grade band divided by 25. The number of core teachers is then multiplied by the base teacher salary from Line 5C and then by the ECF on Line 5A to obtain the core teacher funding for grades 6-12.

Line 7 – Specialist Teachers (3306.05 and 3306.02) A specialist teacher is a teacher of dance, drama and theater, music, visual arts, or physical education who holds an educator license pursuant to ORC 3319.22. The number of specialist teachers funded is the number of K-8 core teachers multiplied by .2 and the number of 9-12 core teachers multiplied by .25. The number of specialist teachers is then multiplied by the base teacher salary from Line 5C and then by the ECF on Line 5A to obtain the specialist teacher funding.

Line 8 – Lead Teachers (Instructional Facilitators) (3306.02 and 3306.05) A lead teacher is one who provides mentoring and coaching for new teachers, as well as assists in coordination of professional development activities. The number of lead teachers is equal to the number of organizational units. The number of lead teachers is then multiplied by the base teacher salary from Line 5C and then by the ECF on Line 5A to obtain the lead teacher funding.

Line 9 – Special Education Teacher Factor (3306.05 and 3306.11) The number of special education teachers begins by calculating the weighted number of pupils with disabilities. The total number of students in each special education category is multiplied by the weight for that category. The weighted number of students is then divided by 20 and then multiplied by 0.9, where 0.9 is the phase-in percentage. The number of special education teachers is then multiplied by the statewide base teacher salary from Line 5C and then by the ECF on Line 5A to obtain the special education teacher funding. The classification of various handicapping conditions and the weights assigned are as follows:

Category	Additional Full Weight
1. Speech only	0.2906
2. LD, DH, other health – minor	0.7374
3. Hearing Impaired, SBH	1.7716
4. Other Health – major, Visually Impaired	2.3643
5. Multi-handicapped, orthopedically handicapped	3.2022
6. TBI, Autism, Deaf-Blind	4.7205

Line 10 – Special Education Teacher’s Aide Factor (3306.05 and 3306.11) The number of aides is calculated by dividing the number of special education teachers from Line 9 by two and then multiplying that by the phase-in quotient of 0.5 for FY2010 and FY2011. The number of special education aides is then multiplied by the base teacher’s salary in Line 5A and by the ECF in Line 5A to obtain the special education aide funding.

Line 11 – Teachers for LEP Students (3306.05) The number of teachers for limited English proficient students is the district’s formula ADM times the LEP percentage on Line 5D and then divided by 100. This is then multiplied by the base teacher salary in Line 5A and then by the ECF in Line 5A to obtain the LEP teacher funding.

Line 12 – Supplemental Teacher Factor (3306.05) The number of teachers is the district’s formula ADM times the district’s targeted poverty indicator on Line 5B and then divided by 100. This is then multiplied by the base teacher salary in Line 5A and then by the ECF in Line 5C to obtain the supplemental teacher funding.

Line 13 – Total Instructional Services Support This is the sum of Lines 6A through 12.

Resources for Additional Student Services

Line 14 – Family and Community Liaison Factor (3306.02 and 3306.06) These are individuals who provide assistance to students and their families and/or serve as linkage coordinators. They may include persons who hold valid licenses as family liaisons, social workers, or student advocates. The funding for these positions is calculated by multiplying the formula ADM In Line 3 by the district’s targeted poverty indicator in Line 5B, dividing the product by 75, and then multiplying this quotient by the district’s ECF on Line 5A times \$38,633 in FY2010 and times \$39,381 in FY2011.

Line 15 – Counselor Factor (3306.02 and 3306.06) This will be the district’s formula ADM for grades 6-12 divided by 250 and multiplied by a dollar amount established in law. No counselor factor will be calculated and paid for fiscal years 2010 and 2011.

Line 16 – Summer Remediation Program Factor (3306.06) The summer remediation program factor is the district’s formula ADM in Line 3 times its targeted poverty indicator times 50 percent, representing the anticipated participation rate. This is then divided by 30, the assumed student-to-teacher ratio for summer remediation, and then this quotient is multiplied by \$3,000 times the district’s ECF on Line 5A to obtain the funding for summer remediation.

Line 17 – School Nurse Wellness Coordinator Factor (3306.06) The school nurse wellness coordinator factor will be the number of the district’s organizational units in Line 4D times a dollar amount for each fiscal year established by law, except that in a small school district, the school nurse wellness coordinator factor shall be zero. No school nurse wellness coordinator factor will be calculated and paid for fiscal years 2010 and 2011.

Line 18 – District Health Professional Factor (3306.06) The district health professional factor for each district will equal a dollar amount specified by law for each fiscal year. No district health professional factor will be calculated and paid for fiscal years 2010 and 2011.

Resources for Administrators

Line 19 –Administration Factor (3306.07) This factor represents funding for central office administration and is equal to \$187,176 in FY2010 and \$190,801 in FY2011.

Line 20 – Principal Factor (3306.07) This is the number of the district’s organizational units in Line 4D times \$89,563 in FY2010 and \$91,297 in FY2011. However, for each type 1 or type 2 school district identified in Line 5E, the organizational units will be the greater of the organizational units in Line 4D or the number of school buildings in line 4E.

Resources for Administrative Support Personnel

Line 21A – Building Manager (3306.02 and 3306.07) This is a person who supervises the administrative (non-curricular, non-instructional) functions of school operations to allow the principal to focus on academic support duties. The building manager is funded at \$33,624 in FY2010 and \$34,275 in FY2011 for each organizational unit in Line 4D. Small districts will receive one building manager.

Line 21B – Secretaries (3306.07) Secretaries are funded at \$33,624 in FY2010 and \$34,275 in FY2011 for each organizational unit, except three secretaries are allocated to the number of high school units. Specifically, the number of elementary and middle school units is each multiplied by one. The number of high school units is multiplied by three. If the sum of these products is less than one it is set equal to one. The sum is multiplied by the respective salary figure above to arrive at the funding amount. Small districts (those with less than 418 pupils) will receive funding for one secretary.

Line 21C – Non-instructional Aides (3306.07) The funding for non-instructional aides will be a dollar amount set by law each year times the number of the district's organizational units, where organizational units are multiplied by two in the case of elementary and middle schools and by three for high school units. Small districts will receive funding for one non-instructional aide. However, no funding is provided for non-instructional aides in FY2010 and FY2011.

Resources for Operations and Maintenance

Line 22 – Operations and Maintenance (3306.08) This is the district's formula ADM times \$884 times a 0.45 phase-in factor.

Resources for Gifted Education

The gifted education component consists of the following elements:

- **Line 23 – Gifted Identification Factor (3306.09)** This funding is equal to the district's formula ADM in Line 3 times \$5.
- **Line 24 – Gifted Coordinator Factor (3306.09)** This funding is equal to the formula ADM in Line 3 divided by 2,500 multiplied by \$66,375 in FY2010 and \$67,660 in FY2011.
- **Line 25 – Gifted Intervention Specialist (3306.09)** This funding is equal to the district's organizational units from Line 4D times the statewide base teacher salary on Line 5C times the district's ECF in Line 5A times a phase-in factor of 0.2 in FY2010 and 0.3 in FY2011.
- **Line 26 – Gifted Intervention Specialist Professional Development Factor (3306.09)** This funding is equal to the district's organizational units from Line 4D times the professional development per teacher factor of \$1,833 specified in ORC 3306.03(A)(7) and then times a phase-in factor of 0.2 for FY2010 and 0.3 for FY2011.

Districts that received gifted unit funding in FY2009 (Line 14 - Gifted Aid on the FY2009 SF-3) must spend at least that much on identified gifted students from funds. If a district received these services in FY2009 from an ESC, it must receive at least the same level of services from an ESC in subsequent years or spend at least that much on gifted services in the district in subsequent years.

Resources for Enrichment for All Students

Line 27 – Enrichment Support Component (3306.09) This funding is for enrichment activities, including the arts for children not identified as gifted. The funding is equal to the district's formula ADM in Line 3 times \$100 times the district's ECF in Line 5A times a phase-in factor of 0.2 for FY2010 and 0.3 for FY2011.

Technology Resources Support

Line 28 – Licensed Librarian and Media Specialist Factor (3306.10) This funding is equal to the number of organizational units in Line 4D in the district times \$60,000 times a phase-in factor of 0.2 for FY2010 and 0.3 for FY2011.

Line 29 – Technical Equipment Factor (3006.10) This funding is equal to the district's formula ADM in Line 3 times \$250 times a phase-in factor of 0.2 for FY2010 and 0.3 for FY2011.

Line 30 – Professional Development Factor (3306.03) This funding is equal to the sum of the district's core teachers, specialist teachers, lead teachers, and special education teachers times \$1,833.

Line 31 – Instructional Materials Factor (3306.03) This funding is equal to the district's formula ADM in Line 3 times \$165 times a phase-in factor of 0.2 in FY2010 and 0.3 in FY2011.

Line 32 – Total Funding for the EBM This is the sum of all funding calculations from Lines 13 through 31. The charge off (local share) will be applied to this amount to determine the state share.

Local Share

Line 33A – Adjusted Assessed Valuation (3317.021 and 3306.13) This is the total assessed value of all taxable property in the district, which serves as the basic wealth measure in determining the local share of adequacy. These amounts for all districts are certified to ODE by the Department of Taxation on Form DTE13. Tax year 2008 is used for FY2010 and tax year 2009 is used for FY2011. If the value of exempted property (excluding federal and abated property) is more than 25 percent of the assessed value plus the exempted property value, then the assessed value is reduced by the amount in excess of the 25 percent in calculating the state's share of the total funding for the EBM.

Line 33B – Adjusted Recognized Valuation (3317.015 and 3306.13) The value of real property is updated or reappraised every three years. When a reappraisal or update is completed, the increase in the value of real property due to inflation is phased into the charge off in three equal increments over three years to ease the decrease in state aid caused by increases in valuation. This phased-in valuation figure is the amount of valuation recognized by the foundation formula, thus referred to as "recognized valuation." This valuation is adjusted for exempt value the same as assessed valuation described above.

Line 33C – Property Exemption Value TIF (3317.02(W) and 3317.021(A) (6 and 7) and 3306.13) This is the "compensation value" associated with revenue in lieu of taxes received by school districts pursuant to certain tax incremental financing agreements (TIFs) and other abatement agreements. Based on the revenue reported by county auditors and school district treasurers for these agreements, the Department of Taxation calculates the property valuation associated with the agreements designated in ORC 3317.021(A) (6 and 7) that are to be included in the charge off. The Department of Taxation certifies this "compensation value" to ODE and it is added to the valuation used for calculation of the charge off. The intent is to account for the part of the district's ability to pay its local share represented by the payments it receives that are not captured in the assessed value.

Line 33D – Class 1 Effective Millage Rate (3306.02 and 3306.13) Class 1 property is agricultural and residential real property. The effective rate on class 1 is calculated by dividing the district's class 1 taxes

charged and payable for current expenses, excluding taxes levied under sections 5705.194 to 5705.197, 5705.199, 5705.213 and 5705.219 of the Ohio Revised Code, by the district's class 1 taxable valuation. This will be used in the charge off below.

Line 33E – Charge Off Amount (3306.13) This is the local share of the evidence-based funding amount assumed by the EBM. For districts with a class 1 effective millage rate less than 20.1 mills effective as of July 1 of the current fiscal year, the charge off is 22 mills times the sum of the district's adjusted assessed value on Line 33A plus its property exemption value on Line 33C. For districts with a class 1 effective millage rate greater than or equal to 20.1 mills effective on July 1 of the current fiscal year, the charge off is 22 mills times the sum of the district's adjusted recognized valuation on Line 33B plus its property exemption value on Line 33C. The goal is to phase down the millage multiplier to 20 by FY14.

Line 34A – State Portion of EBM Funding (3306.13) This is the greater of zero or the total funding for the EBM on Line 32 minus the charge off on Line 33E.

Line 34B – State Share Percentage (3306.02(CC)) This is the state portion of EBM funding (Line 34A) divided by the total funding for the EBM (Line 32.) It is used in other calculations.

Transportation

Line 35A – Prorated Transportation (3306.12) For the past several years, transportation funding has been calculated by increasing the previous year's transportation aid by a set percentage. With this biennium, a new formula recommended by the State Board of Education was adopted. The main features of this new methodology are as follows:

- The transportation base payment utilizes current year ridership and mileage as reported in October. Ridership and mileage are then multiplied by the prior year's statewide average cost per mile and statewide average cost per pupil. The maximum of these two products is multiplied by the district's state share percentage or 60 percent, whichever is greater, to calculate the transportation base payment.
- Adjustments to the transportation base payment are added as follows:
 - Nontraditional ridership adjustment: Up to a 10 percent increase is provided depending on the percentage of riders who are attending community, STEM, and nonpublic schools.
 - High school adjustment: A 2.5 percent increase is provided to all districts that offer transportation services to all high school students who live more than one mile from the school they attend.
 - Walking distance limitations adjustment: A 2.5 percent increase is provided to districts that provide transportation services to students in grades K- 8 who live more than one mile but less than two miles from the school they attend.
 - Efficiency adjustment: Up to a 10 percent increase is provided to a district that exceeds its efficiency target (adjusted for the district's ridership density).

Districts receive the lesser of the transportation base payment plus adjustments or the district's total costs for transportation in the prior fiscal year. This payment is then prorated so that statewide total funding equals \$376.9 million per year, which represents a 2.5 percent increase in over FY2009. For details of these calculations, see Appendix A.

Line 35B – Supplemental Transportation (3306.12) A supplement is provided for districts when both the local wealth per pupil is at or below the statewide median local wealth per pupil and the local rider density is at or below the statewide median for rider density. This supplement provides qualifying districts 30 percent in FY2010 and 70 percent in FY2011 of the transportation formula not already being paid through the prorated payments. In other words, 30 percent or 70 percent of the amount the district did not receive due to the calculation being prorated is given to these districts with low density and low wealth.

Career-Technical Education

Line 36 – Career-Technical Education (CTE) Funding (3306.052) For FY2010, each district will receive 1.0075 times their FY2009 category 1, category 2 and associated services weighted funding as calculated under ORC 3317.022(3). For FY2011, each district will receive 1.0075 times the amount the district receives for career-technical education in FY2010.

Transitional Aid

Each district is guaranteed a certain level of funding during the transition to full funding of the EBM. Following are the calculations for FY2010 and FY2011. A detailed explanation of the calculation can be found in appendix B.

Line 37A – Transitional Aid Base (3306.19) This is the base amount for the transitional aid guarantee. For FY2010, it is the FY2009 SF-3 Line 21 – (Line20A +Line 20B). For FY2011, it is the total PASS funding after the cap is applied but excluding supplemental transportation, special education transportation, preschool handicapped units and all transfers and adjustments for FY2010.

Line 37B – FY2010 Transitional Aid (3306.19) This is equal to the greater of zero or 0.99 times the FY2010 transitional aid base in Line 37A minus the sum of FY2010 state portion of EBM funding (Line 34A) plus FY2010 CTE (Line 36) plus FY2010 prorated transportation amount (Line 35A).

Line 37B – FY2011 Transitional Aid (3306.19) This is equal to the greater of zero or 0.98 times the FY2011 transitional aid base in Line 37A minus the sum of the FY2011 state portion of EBM funding (Line 34A) plus FY2011 CTE (Line 36) plus FY2011 prorated transportation amount (Line 35A).

Line 38 – FY2010 Cap Level Amount (3306.19(B)(1)) Due to budget constraints, state support to districts is limited to a 0.75 percent increase over the prior year. The cap for FY2010 is calculated as the transitional aid base in Line 37A minus the FY2009 category 1, category 2, and associated services weighted funding under ORC 3317.022(E).

Line 38 – FY2011 Cap Level Amount (3306.19)(B)(1) This is the transitional aid base in Line 37A for FY2011 less the career-technical amount in Line 36 of the prior fiscal year (FY2010).

NOTE: this comparison calculation excludes CTE weighted funding. A detailed explanation of the calculation can be found in Appendix C.

OTHER FUNDED PROGRAMS

In addition to the EBM foundation program described above, the State of Ohio provides numerous other funding sources to support various pre-K through 12 educational programs and activities. The following is a listing of some of the other funded programs.

- Special education service costs for BDDs and institutions, transportation and excess costs of home instruction for children with disabilities, and catastrophic aid for special education children requiring significant services
- Regional technical assistance for school improvement programs
- Support for the Ohio Education Computer Network
- Reimbursement for Homestead and other property tax rollback programs
- Island districts, joint state school districts, each county ESC, and each information technology center
- E-tech Ohio provides money to school districts and other educational entities for technology
- Support for school breakfast and school lunch programs
- Grants for early education
- Alternative education programs for struggling youth
- Funding for JVSDs
- Funding for auxiliary services and instructional materials provided to chartered nonpublic schools
- Half mill maintenance subsidies to districts to help maintain newly constructed or renovated buildings
- GED testing support
- Funding that supports STEM initiatives
- Administrative cost reimbursement to chartered nonpublic schools
- Funding to reimburse districts for losses in local tax revenue due to tax reform

State aid to school districts for construction, renovation, or repair of school building facilities is provided through the Ohio School Facilities Commission (OSFC). For more information about these programs, visit the OSFC web site at <http://www.osfc.state.oh.us>

It is hoped that this document is helpful to you in obtaining a general understanding of Ohio's Pre-K through 12 funding system. Any questions regarding this document should be directed to:

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- Barb Mattei-Smith at (614) 752-1219, barbara.mattei-smith@ode.state.oh.us.

Appendix A: Transportation Formula

The transportation formula is comprised of a base payment with subsequent adjustments to enhance efficiency and the level of service provided to students. The base payment methodology calculates a per pupil and a per mile amount for each district and then selects the larger of those values. This takes into account the demographics of districts with regard to density of population per square miles of district. The base payment is multiplied by 60 percent or the district's state share percent, whichever is larger.

Student ridership is reported by the type of service the student receives. The following are the definitions of each type of service:

Type I	Board-owned, leased, and operated school buses
Type IA	Students transported by school bus service contracted from another school. This may also include students transported in a consortium arrangement on buses managed and reported by another district or entity.
Type II	Contractor-owned, leased, and operated school buses assigned exclusively to a given district.
Type III	Public utility
Type IV	Payment to parent or guardian in lieu of transportation (Does not include special education parental contracts)
Type V	Board owned vehicles other than school buses (9 passengers or less)
Type VI	Privately owned vehicles other than school buses (9 passengers or less) (Includes contracts with parents for special education transportation)
Type VII	Community school students who are transported by the community school in accordance with ORC 3314.09

Calculation of base payment for Type I, IA, & II transportation services

1. Calculate per-rider expenditure for type I, IA, & II transportation by district for the base year (prior fiscal year). Eliminate outliers by removing the top and bottom ten districts in terms of per-rider expenditure from analysis.
2. Calculate annual per-mile type I, IA, & II expenditure based on 180 days per year by district for the base year. Eliminate outliers by removing the top and bottom ten districts in terms of per annual mile expenditure.
3. Calculate statewide per-rider type I, IA, & II expenditure for the base year.
4. Calculate statewide annual per-mile type I, IA, & II expenditure based on 180 days per year for the base year.
5. For each district calculate a total per-rider funding amount by multiplying the statewide per rider expenditure for the base year by the current year ridership.
6. For each district calculate a total annual per-mile funding amount by multiplying the statewide annual per-mile expenditure for the base year by the current year annual miles.
7. Determine total transportation funding for each district by applying the larger of per rider or per mile funding amount.
8. Determine the state share of total transportation funding by applying the state share percentage to total transportation funding. Minimum state share for this calculation is 60%.

Calculation of Efficiency Adjustment

1. Calculate capacity by dividing total type I, IA, & II riders by the number of buses by district.
2. Determine statewide median capacity.
3. Calculate density by dividing total type I, IA, & II riders by square miles.
4. Determine statewide median density.
5. Divide the spectrum of density into two halves: above and below the statewide median.
6. For districts above the median, calculate the density multiplier:
$$\left(\left(\frac{0.7}{\text{Range of Density} / \text{Median Density}} \right) \times (\text{District Density} - \text{Median Density}) \right) + \text{Median Density} / \text{Median Density}$$
7. For districts below the median, calculate density multiplier:
$$\left(\left(\frac{0.5}{\text{Range of Density} / \text{Minimum Density}} \right) \times (\text{District Density} - \text{Minimum Density}) \right) + \text{Minimum Density} / \text{Minimum Density} - 0.5$$
8. Calculate capacity target for each district by multiplying district's density multiplier by state median capacity.
9. If district capacity is greater than target capacity, calculate the capacity ratio by dividing district capacity by target capacity. The capacity ratio is capped at 10%.
10. Multiply capacity ratio by type I, IA, & II state share of total transportation funding to determine efficiency adjustment.

Calculation of High School Service Adjustment

Calculate the high school service adjustment as 2.5% of the state share of the base payment.

Calculation of Mile-Walk Service Adjustment

Calculate the mile-walk adjustment as 2.5% of the state share of the base payment.

Calculation of Non-public and Community School Service Adjustment

Calculate the nonpublic and community school service adjustment by multiplying the ratio of nonpublic plus community school ridership to total type I, IA, & II ridership by the state share of the base payment. The ratio of non-public plus community school ridership to total type I, IA, & II ridership cannot exceed 10%.

Calculation of Total Type I, IA, & II Transportation Funding Including Adjustments

Type I, IA, & II base transportation funding and the four adjustment funding amounts are added together to determine the total funding. Prior to the finalization of this funding amount, this total is compared with the prior year total transportation expenditure reported by school districts. If the prior year total expenditure is smaller than the current year total funding for type I, IA, & II plus the adjustments, the district will receive an amount equal to the prior year total expenditure.

Appendix B: Transitional Aid

During the period while the EBM is not fully funded, each district is provided a guarantee to ensure the district does not experience a significant decline in state support. School districts receive at least 99 percent of FY2009 funding in FY2010 and at least 98 percent of FY2010 funding in FY2011 through the transitional aid. The calculation of the transitional aid guarantee involves the following steps:

- A. Determine the total fiscal year funding amount subject to transitional aid guarantee calculation.
- B. Establish the transitional aid guarantee base.
- C. Calculate the difference between the held harmless amount (B) and the current fiscal year funding (A).

Determination of the Funding Amount Subject to Transitional Aid Guarantee

State funding subject to the transitional aid guarantee includes the state funding for of all of the following components of the EBM after application of the gain cap:

Core Teachers	Principals
Specialist Teachers	Secretaries
Lead Teachers	Building Managers
Special Education Teachers	Non-Instructional Aides
Special Education Aides	Operations & Maintenance
LEP Teachers	Gifted Education Components
Supplemental Teachers	Enrichment
Family and Community Liaison	Librarian and Media Specialists
Counselors	Technology Equipment Support
Summer Remediation	Professional Development
School Nurse Wellness Coordinator	Instructional Material
District Health Professional	Prorated Transportation
Administrators	Career Tech Funding

Transitional Aid Guarantee Base

FY2010: The guarantee base for FY2010 is 99 percent of the total SF-3 funding the district received in FY2009, excluding pre-school handicapped funding and special education transportation funding but prior to adjustments and transfers. In other words, the calculation of this base equals the amount shown on Line 21 of the FY2009 SF3 less the amounts shown on Lines 20A and 20B.

FY2011: The guarantee base for FY2011 is 98 percent of the sum of the EBM components listed above for FY2010 after application of any gain cap or including any FY2010 transitional aid (a district cannot be subject to the gain cap and receive transitional aid). (Note: career-technical funding is included for transitional aid calculations but excluded from gain cap calculations.)

Transitional Aid Guarantee

The guarantee is calculated by subtracting the funding amounts subject to transitional aid guarantee from the transitional aid guarantee base times 0.99 in FY2010 and 0.98 in FY2011. If the result of this calculation is negative, transitional aid is set to zero.

Calculation Details

FY2010:

- A. FY2010 total state funding for the EBM, prorated transportation, plus CTE funding
- B. FY2010 transitional aid guarantee base: (FY2009 Line 21 minus Lines 20A and 20B) \times 0.99
- C. Transitional aid guarantee amount: $(B - A)$; if $(B - A) < 0$, then set this amount to 0.

FY2011:

- A. FY2011 total state funding for the EBM, prorated transportation, plus CTE funding
- B. FY2010 transitional aid guarantee base: (FY2010 funding after application of the gain cap for the evidence-based funding model, prorated transportation funding, career tech funding, and transitional aid guarantee) \times 0.98
- C. Transitional aid guarantee amount: $(B - A)$; if $(B - A) < 0$, then set this amount to 0.

Appendix C: Gain Cap

Section 3306.19 of Am. Sub. H.B. 1 provides for the application of a gain cap to the funding of school districts to prevent them from realizing funding increases in excess of three-quarters of one percent in either year of the biennium. The gain cap affects school districts that are formula (as opposed to guarantee) districts and its application involves the following steps:

- A. Determine the total funding amount subject to the gain cap.
- B. Establish the gain cap base.
- C. Calculate the gain cap as 100.75% of the base amount (B).
- D. Calculate the gain cap reduction percentage to stay within the confines of the cap.

Determination of State Funding Amount Subject to the Gain Cap

State funding subject to the gain cap includes the state share of all of the following components of the EBM:

Core Teachers	Principals
Specialist Teachers	Secretaries
Lead Teachers	Building Managers
Special Education Teachers	Non-Instructional Aides
Special Education Aides	Operations & Maintenance
LEP Teachers	Gifted Education Components
Supplemental Teachers	Enrichment
Family and Community Liaison	Librarian and Media Specialists
Counselors	Technology Equipment Support
Summer Remediation	Professional Development
School Nurse Wellness Coordinator	Instructional Material
District Health Professional	Prorated Transportation
Administrators	

Gain Cap Base

FY2010: The gain cap base for FY2010 is the total SF-3 funding the district received in FY2009, excluding pre-school handicapped funding, special education transportation funding, and CTE weighted funding but prior to adjustments and transfers times 1.0075. In other words, the calculation of this base equals the amount shown on Line 21 of the FY2009 SF-3 less the amounts shown on Lines 12, 20A, 20B plus the amount of GRADS funding included in Line 12 times 1.0075.

FY2011: The gain cap base for FY2011 is the sum of the FY2010 EBM components listed above after application of the gain cap or including any FY2010 transitional aid times 1.0075. (Note: career-technical funding is included for transitional aid calculations but excluded from gain cap calculations.)

Gain Cap Funding Percentage

If the gain cap base is greater than the amount of funding subject to the gain cap, the reduction ratio is set to 100 percent. If the gain cap base is less than the amount of funding subject to the gain cap, the difference between the gain cap base and the amount of funding subject to the gain cap is divided by the state funding subject to the gain cap to determine the reduction percentage.

Calculation Details

- A. Funding subject to gain cap: total EBM components listed
- B. Gain cap base
- C. Reduced funding amount: if $A > B$, then B, else A
- D. Reduction ratio: $(C \div A)$

Application to State Funding

After calculation of the gain cap reduction percentage, the state share of each of the EBM components listed is multiplied by the reduction percentage to determine the final state funding amount.