



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: July 2009 Foundation Payment #2
DATE: July 21, 2009

Currently, the Governor has signed the biennial appropriation bill for fiscal years 2010 – 2011 but until ODE re-writes all the computer calculation programs, SF-3 payments to districts will be made in an amount similar to the June #2 foundation payment.

EMIS withholding for any district's failure to meet year-end data submission requirements were not incorporated into this payment. Districts are advised to review the "General Missing Data Report" to ensure any errors are corrected before the close of the reporting period.

SF-3

To provide for payments, the department has calculated SF-3 payments based on the June #2 payment. This payment uses the data elements from the June #2 payment and the formulas from H.B. 119, the biennial budget bill for fiscal years 2008 and 2009. Property values, ADM, poverty indices, community school deductions, and all other relevant data sets have remained the same. FY 2010 ESC contracts were updated when provided.

Statement of Settlement

The statement of settlement has been updated to reflect the incorporation of the state fiscal stabilization funds made available in the American Recovery and Reinvestment Act. These funds appear as a group of lines at the top of the settlement report corresponding to any unrestricted payments calculated on the SF-3. Funds are to be deposited to fund 532 with a receipt code of 4220: Restricted Grant-in-aid Received from Federal Government.

SF14 H tuition adjustments for handicapped pupil tuition are included in this payment (JV52, JV53).

SF14 tuition adjustments for non-handicapped pupil tuition are included in this payment (JV50, JV51).

FY2009 Section 3317.026 Adjustment (JV15) was made for those districts making property tax refunds during tax year 2008.



FY2009 Section 3317.027 Adjustment (JV16) was made for those districts that had reductions in tax year 2007 real property values due to BOR reductions, late CAUV filings or property becoming exempt. In spite of the fact that these adjustments are due to valuation reductions some result in negative adjustments because of gap aid or parity aid calculations.

FY2009 Section 3317.028 Adjustment (JV17) was made for districts with substantial changes in public utility tangible personal property from tax year 2007 to tax year 2008. These may be positive or negative.

ESC

For ESC's, the state per pupil amount of \$37.00 (\$40.52 for multi-county ESCs) was calculated at 83.54520% for locals, cities, exempted villages, and community schools. Subsequently, a budget reduction of \$5,000,000 per executive order 2008-01S was applied reducing each ESC's annual amount by 9.121253% of the calculated total.

The merging of Delaware and Franklin County ESCs into the ESC of Central Ohio was incorporated beginning with the July #1 payment. With this change, the ESC of Central Ohio became a multi-county ESC eligible for the multi-county per pupil payment. This has resulted in the redistribution of the fixed ESC appropriation and all ESC's should expect some adjustment to their payments.

MRDD

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.

ESC, MRDD Statement of Settlement

Beginning with the July #1 payment, the statement of settlement for ESC's and MR/DD's 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. All other entities will move to this approach after the payment system is updated for changes in the biennial budget.

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



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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.

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