



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: October 2009 Foundation Payment #2
DATE: October 15, 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.

Statement of Settlement

Monthly Payment Calculations – Beginning 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.

October #2 payments are unusually higher with the new methodology for calculating the monthly payment. One of the biggest reasons for this increase is the catch up that will occur with the SFSF. For the first two months (4 payments) of the year, the SFSF percentage was suppressed due to the limited appropriation provided under the temporary budget. Under the previous installment method, the payment would have the district reached about 27% of the annual amount on the October #2; but, under the new payment methodology, the district should be at 33% of the annual amount. Therefore, this payment is increased in order to pull the district up to the correct year to date amount (year-to-date column + payment column.)



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Settlement Conversion – With the development of the PASS form, payments received to date were determined by assigning the funds paid under the SF-3 to the new settlement lines. The following is the breakdown of that conversion:

PASS Settlement Line	SF-3 Settlement Line
Education Stabilization Support	SFSF Total less Special Ed Weights less Special Ed Transportation
SFSF Special Education Support	SFSF Special Ed Weighted Amount plus Special Ed Transportation
EBM Base = State Support lines (Formula Aid + Poverty Based Asst (Unrestricted) + Special Ed Weighted Aid + Teacher & ESP + Excess Cost Supplement + Parity Aid + Charge-Off Supplement + Poverty Based Asst (All Restricted))	
Instructional Services Support	EBM Base X 0.783187
Additional Services Support	EBM Base X 0.055694
Administrative Services Support	EBM Base X 0.039408
Administrative Support Personnel	EBM Base X 0.024113
Operations And Maintenance	EBM Base X 0.06026
Enrichment Instruction	EBM Base X 0.003971
Gifted Instruction	100 % of State Support Gifted
Technology Resources Support	EBM Base X 0.011081
Professional Development	EBM Base X 0.017287
Instructional Materials	EBM Base - (Sum of above calculations excluding Gifted)
Transportation	100 % of State Support Transportation
Supplemental Transportation	No match
Preschool Units	100% of State Support Preschool Units
Special Ed Transportation	State support Special Ed transportation
Transitional Aid Guarantee	100% of State Support Transitional Aid
Career Tech Aid	100% of State Support Career Tech

JV24 – The second of three FY2010 payments to reimburse districts for fixed sum levy losses due to the reduction of TPP assessment rates is included in this payment.

JV25 – The second of three FY2010 payments to reimburse districts for fixed rate levy losses due to the reduction of TPP assessment rates is included in this payment. For city, local and exempted village districts, Am. Sub. HB 1 requires that the offset used for determining the direct reimbursement for TPP be the greater of the FY2009 offset or the offset calculated for the current year. To determine the distribution across levies, visit the Department of Taxation’s website at:

http://tax.ohio.gov/divisions/personal_property/PPT_law_changes_070303.stm.



JV27 – Correction of the August TPP reimbursement. For city, local and exempted village districts, Am. Sub. HB 1 requires that the offset used for determining the direct reimbursement for TPP 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 August TPP reimbursement and the corrected August TPP reimbursement.

JV29 – The FY2009 Tangible Personal Property (TPP) loss reimbursement calculated using the FY2009 July #2 data was recalculated using FY2009 June #2 data to produce a more accurate offset and direct payment calculation. The second payment of this “true up” adjustment is included in this payment. The true-up is the difference between the original calculation upon which payments were made in FY 2009 and the recalculated amount for those districts that have either a positive difference (a positive adjustment) or a negative difference (a negative adjustment). The remaining payment will be made in May 2010.

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

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

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 79.77510% 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.