Ohio | Department of Education

John Kasich, Governor
Stan W. Heffner, Superintendent of Public Instruction

**TO:** Superintendents and Treasurers of City, Local, Exempted Village School Districts and Education Service Centers

**FROM:** Daria Shams, Center for School Options and Finance

**RE:** Fiscal Year 2012 Foundation Payment Calculation Distributed as November 2011 Payment #1

**DATE:** November 4, 2011

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This payment reflects school districts' funding calculations based on provisions of Am. Sub. H.B.153 of the 129th General Assembly.

**Foundation Payments** are calculated twice a month for each school district according to provisions of Am. Sub. H.B.153. Calculations are reported on the **Bridge** foundation calculation form. The Bridge form for each payment that is posted on the ODE website is accompanied by worksheets that display detailed data and calculations that support the funding reported on the Bridge form. Reference manuals for the Bridge form and the Bridge worksheets are posted on the ODE website as well. The Bridge calculation is updated for each payment to reflect the changes that occur in the factors and data elements during the course of the fiscal year.

***Public School Districts***

**Bridge Calculation:**

Funding calculation under the Bridge formula in FY 2012 requires two sets of calculation data factors. One for FY 2011 and another one for FY 2012. For that reason the Bridge payment form is organized into 3 main sections that reflect the relevant calculation factors and the funding formula calculation of individual school districts plus 3 additional sections that reflect funding for Additional Aid Items, Transfers and Adjustments and Disclosure Items. The form is organized as follows:

1. FY 2011 Calculation Factors including total funding amount, ADM and charge-off valuation factors.
2. FY 2012 Calculation Factors including ADM factors.
3. FY 2012 Bridge Formula Calculation including the calculated formula amount based on FY 2011 and FY 2012 calculation factors.
4. Additional Aid Items including funding amounts distributed outside of the Bridge funding formula.
5. Transfers and Adjustments including fund transfers to other educational entities such as community schools and funding adjustments for options such as open enrollment.
6. Disclosure Items including portions of the funding of individual school districts that should be allocated to special, career tech and gifted education.



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- FY 2011 total funding amount used in this calculation is extracted from the FY 2011 PASS calculation for the second payment in June 2011 (same as the October #2 payment).
- FY 2011 total ADM used in this calculation to generate the 'Recalculated Formula ADM' reflects the October data compilation taken during the first full week of October 2010 and reported through EMIS as of 02/18/2011. Note that this ADM is not necessarily the same ADM that was used in the calculation of the PASS funding amount in FY 2011 (same as the October #2 payment).
- FY 2011 charge-off property valuation is extracted from the FY 2011 PASS calculation for the second payment in June 2011 (same as the October #2 payment).
- FY 2012 total ADM used to calculate the Bridge funding amount is in fact the same FY 2011 ADM referenced above. This ADM is presently being used in these calculations as proxy until actual October count ADM for FY 2012 becomes available. This ADM reflects the FY 2011 October count compilations for students who attend their resident school districts but the community school part of this ADM (the add-in) comes from FY 2010 compilations (same as the October #2 payment).
- The statewide per pupil adjustment amount on the basis of which the calculated funding amount is reduced to stay within the appropriations is $159.00. This factor changes as the ADM that is used in the FY 2012 funding calculation changes. This figure is reflected on line "J" of the Bridge form (same as the October #2 payment).
- Subsidy for high performing school districts which is based on $17 per student in the current year formula ADM (line I) is being calculated based on the academic rating of school districts in the FY 2011 Report Card. Under the provisions of the new law districts that are identified as "Excellent with Distinction" or "Excellent" are the recipients of this subsidy. This payment appears on line "N" of the Bridge form (same the October #2 payment).
- Preschool special education funding is extracted from the FY 2011 PASS calculation for the second payment in June 2011. This amount however reflects a proration to 99.072984% of the calculated amount to stay within the limits of the available funds (same as the October #2 payment).
- Special education transportation funding is extracted from the FY 2011 PASS calculation for the second payment in June 2011 (same as the October #2 payment).
- ESC deduction calculation has been adjusted in this payment. Up through the October #2 foundation payment, the per-pupil ($37.00/$40.52) component of the ESC funding was calculated utilizing the formula in law for this calculation in FY 2011. Each ESCs calculation was then prorated by a percentage to keep the statewide allocation for FY 2012 within the limits of the appropriations which was 90% of the total amount for FY 2011. A more accurate interpretation of the law would provide for an FY 2012 funding for each ESC based on 90% of the FY 2011 calculation without any other calculation based on any ADM figure. The November #1 payment file reflects this new approach



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to the calculation of this deduction amount (updated since the October #2 payment).

- Open enrollment adjustment is based on FY 2011 most recent year-end EMIS data (same as the October #2 payment). Please note that under the provisions of the new law, some of the parameters for calculating the open enrollment adjustment have changed, but since we are still applying the FY 2011 adjustment amounts to the Bridge calculation, we have also reflected the FY 2011 calculation methodology on the Bridge formula supporting documents. For an explanation of the Open Enrollment calculation in FY 2012 refer to the Bridge Formula Line-by-Line Explanation on ODE webpage
- Community school transfer amount is based on the FY 2012 calculations for October 2011 community school payments. Prior to the October #2 payment, we had been calculating community school deduction amounts utilizing the latest FY 2011 community school ADM; from the October #2 payment however, community school deductions are being based on FY 2012 community school ADM extracted from FY 2012 SOES (same as the October #2 payment).
- STEM school transfer amount is based on FY 2012 calculations for October 2011 STEM school payments. Prior to the October #2 payment, we had been calculating STEM school deduction amounts utilizing the latest FY 2011 STEM school ADM; from the October #2 payment however, STEM school deductions are being based on FY 2012 community school ADM extracted from FY 2012 SOES (same as the October #2 payment).
- EdChoice Scholarship transfer amount calculation is now based on FY 2012 data (updated since the October #2 payment).
- Other Adjustments amount is updated since the previous payment. At this point we have updated the formulae and parameters on the bases of which these adjustments are calculated with FY 2012 formulae. As far as the update of pertinent data is concerned, the non-CTA component of the community school SOES ADM data and the Autism Scholarship data used in these calculations are now FY 2012 data (updated since the October #2 payment).

**Statement of Settlement:**

- 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. We have posted a spreadsheet to assist school districts' personnel with the percentage based calculations used for the statement of settlement that can be accessed by clicking here.
- This payment continues to reflect the FY 2011 Post-Secondary Deductions which was initiated with the August #2 payment (JV09).
- This payment continues to reflect the FY 2010 PASS adjustment as reflected on the FY 2010 Final #5 payment file. This adjustment is due to changes in FY 2010 open enrollment calculation and was initiated with the August #1 payment (JV01).



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- This payment continues to reflect adjustments for FY 2011 Solvency Assistance Repayment which was initiated with the July #1 payment (JV61).
- This payment continues to reflect payment adjustments for FY 2012 Solvency Assistance Repayment which was initiated with the August #1 payment (JV60).
- This payment continues to reflect the FY 2010 Post-Secondary Deductions which were initiated with the August #2 payment (JV10).
- FY 2011 adjustments pursuant to provisions of ORC Section 3317.028 which were initiated with the July #2 payment continue to be included in this payment for some school districts (JV17).
- This payment continues to be adjusted with Judgment Payments which were initiated with the July #1 payment (JV87).

***Education Service Centers (ESC)***

- The state per-pupil amount of $37.00 for single-county and $40.52 for multi-county ESCs is paid at 100% for local, city and exempted village school districts as well as for community schools. Due to the change in the calculation of this funding (see above explanation), the statewide total did not have to be reduced any further.
- Preschool funding was paid at 99.072984% of the calculated amount.
- Special education transportation reflected in this payment continues to be the amount extracted from the FY 2011 payment file.

***Boards of Developmental Disabilities (BDD)***

- Preschool handicapped funding is prorated to 99.072984% of the calculated amount.
- Special Education Transportation part of the funding is also based on FY 2011 amounts.

**Important Additional Notes**

- Please note that the Bridge form includes information on funding targeted to special education, career technical education and gifted education services for FY 2012. These amounts that are shown at the bottom of the Bridge form on lines “Y” through “AA” are part of the total state funding resources amount that appears on line “O” of the form and are not additional funding items. Provisions of the law require us to show these amounts on the Bridge form so that school districts’ personnel would know what portion of the total funding calculation should be devoted to provision of these services. Special and career technical education allocations are equal to the FY 2011 amounts whereas gifted education allocation equals the FY 2009 unit and identification funding amounts.
- In previous fiscal years reimbursements for the phase-out of tangible personal property (TPP) were distributed 3 times a year in August, October and May.



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Am. Sub. H. B. 153 has introduced major changes in the calculation of TPP reimbursement and also in the distribution schedule. Additionally, the new legislation requires an eligibility test to be performed to determine if school districts are still eligible to receive this reimbursement. Reimbursement to eligible districts for all fixed rate levy losses will be paid in two equal installments and for fixed sum levy losses will be paid based on 2/3 and 1/3 in November 2011 and May 2012 respectively. Also, whereas previously a second reimbursement calculation (true-up) was performed at the end of each fiscal year to account for changes in data elements that occurred during the course of the fiscal year, no such recalculation will be done in FY 2012 for FY 2011. The first round of TPP reimbursements will be distributed with the November #2 Bridge payment file on November 18, 2011. We have posted the calculation of the amounts on ODE webpage to assist you in your financial planning. You can access this information by clicking here or alternatively by navigating the following path: ODE Homepage → Finance → State Funding for Schools → Information on the Phase-out and Loss Reimbursement of Tangible Personal Property Taxes (FY 2012).

- Another piece of important information that is not entirely foundation related but needs to be mentioned is that Am. Sub. H. B. 153 eliminated EMIS payments to districts and other educational entities. In the past, EMIS subsidies were deposited into Fund 432 at the local level but since these payments have now been eliminated it is not necessary to use this fund anymore and any amounts remaining in Fund 432 must be expended by June 30, 2012.
- The FY 2012 Set-aside calculations based on provisions of H. B. 30 are posted. This information can be accessed by clicking here or following this path: ODE Homepage → Finance → State Funding for Schools → Set-asides → FY 2012 Set-asides (Based on FY 2011 Data).
- A simulation tool of FY 2012 Bridge funding is now available for your use. This tool enables the user to change certain data fields on the Bridge calculation form to evaluate the funding implications. This tool can be accessed by clicking here or following this path: ODE Homepage → Finance → State Funding for Schools → Bridge Form Simulation Tool – FY12.
- Please note that for the benefit of those users who wish to do analytical work based on the factors and funding calculations of the Bridge formula in FY 2012, we are now including Excel versions of each foundation payment file on the ODE Website. The Excel files can be accessed by clicking here or navigating the following path: ODE Homepage → Finance → State Funding for Schools → District Payment Reports → Bridge Report – Excel Format.
- A comprehensive explanation of every line of the Bridget funding formula can also be accessed by clicking here or navigating the following path:



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ODE Homepage → Finance → State Funding for Schools → District Payment Reports → Bridge Funding Line-by-Line Calculation (FY2012).

Questions should be directed to Daria Shams at daria.shams@ode.state.oh.us or your area coordinator.



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