Ohio | Department of Education

John Kasich, Governor
Dr. Richard A. Ross Superintendent of Public Instruction

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

**FROM:** Daria Shams, Center for Quality School Choice and Finance

**RE:** Fiscal Year 2014 Foundation Payment Calculation Distributed as September 2013 Payment #2

**DATE:** September 27, 2013

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Am. Sub. H. B. 59 provisions govern the funding calculations in FY 2014. Calculations in this payment however are not based on this legislation. Due to the limited timeframe since the finalization of the budget bill and the scheduled payment dates, we have not been able to formulate the payments based on provisions of the new law. We are calculating the FY 2014 foundation funding based on provisions of Am. Sub. H. B. 153 using all the calculation factors and parameters from FY 2013 for the first few payments of the year until the new funding formula is formulated and installed in our system. Once the transition takes place, funding calculations will be adjusted for any under/over-payments in the initial payments.

**Foundation Payments** are calculated twice a month according to provisions of Am. Sub. H.B.153 until the new funding calculation is formulated and installed.

***Public School Districts***

**Bridge Calculation:**

Funding calculation under the Bridge formula in FY 2014 requires two sets of calculation data factors. One for FY 2011 and another one for FY 2014. Accordingly the Bridge form is organized into 3 main sections reflecting relevant factors and calculations plus 3 additional sections reflecting all other adjustments. The form is organized as follows:

1. FY 2011 Calculation Factors including total funding amount, ADM and charge-off valuation factors.
2. FY 2014 Calculation Factors including ADM factors.
3. FY 2014 Bridge Formula Calculation including the calculated formula amount based on FY 2011 and FY 2013 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 Calculation Factors***

- FY 2011 total funding amount used in this calculation is extracted from the Final #2 FY 2011 PASS calculation. Please note that the SFSF portion of the total FY 2011 funding is based on the June #2 file (same as the September #1 payment).
- FY 2011 total ADM used in this calculation to generate the 'Recalculated Formula ADM' reflects the October data that comes from the FY 2011 Final #2 file reported through EMIS as of 02/18/2011. Note that this ADM is not the same ADM that was used in the calculation of the PASS funding in FY 2011 (same as the September #1 payment).
- FY 2011 charge-off property valuation per pupil is extracted from the Final #2 FY 2011 PASS calculation (same as the September #1 payment).
- FY 2011 statewide median charge-off valuation per pupil was updated based on updated FY 2011 ADM from Final #2 file (same as the September #1 payment).

***FY 2014 Calculation Factors***

- The ADM data incorporated in the funding calculation is the FY 2013 final October count data (same as the September #1 payment).
- The statewide per pupil adjustment amount on the basis of which the calculated funding is reduced to stay within the appropriations is $100.00. This factor is reflected on line "J" of the Bridge Form (same as the September #1 payment).
- District adjustment amount is the total negative adjustment to funding.

***FY2014 Bridge Formula Calculations***

- Preliminary resources gives calculated funding after the line "K" adjustment.
- Supplemental guarantee guarantees districts their FY 2011 funding less SFSF.
- Subsidy for high performing school districts which is based on $17 per student in the current year formula ADM (line I) is calculated based on FY 2012 Report Card data. Under the provisions of the 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.
- State resources for Bridge (line "O") gives the calculated funding amount.

***Additional Aid Items***

- **Preschool Special Education** funding is based on FY 2013 data. The funding in this payment is paid at 100% of the calculated amount (same as the September #1 payment).
- **Special Education Transportation** funding is calculated based on FY 2012 factors with FY 2012 final adjustments to finalize the numbers. The payment to districts is being made at 73.29% of the calculated amount to stay within the appropriations (same as the September #1 payment).

***Transfers and Adjustments***

- **ESC Deduction** reflects calculations based on:
  - FY 2013 unit data for supervisory allowance calculation.
  - FY 2013 unit data for preschool allowance calculation.
  - FY 2013 unit data for gifted allowance calculation.
  - FY 2013 ADM data for the $6.50 per-pupil amount calculation.



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  - FY 2013 unit data for special education extended service, preschool, gifted and supervisory allowances.
  - FY 2014 contract information for ORC Section 3313.845 contracts.

  (updated since the September #1 payment).

  **Open Enrollment** adjustment calculation is based on updated FY 2013 EMIS yearend data (same as the September #1 payment).
- **Community School** deduction is based on funding calculations for June 2013. Since the end of FY 2013 however a number of community schools have stopped operation and new community schools have come to existence and as a result this deduction has fluctuated. This payment reflects deductions extracted from the September Community School file (updated since the September #1 payment).
- **STEM School** deduction is treated exactly the same as community school deduction (same as the September #1 payment).
- **Scholarship** transfer includes:
  - Education Choice Scholarship - based on updated FY 2013 data
  - Jon Peterson Scholarship - based on updated FY 2013 data
  - Cleveland Scholarship
  - Autism Scholarship - based on updated FY 2013 data

    No funding updates (same as the September #1 payment).
- **Other Adjustments** amount is calculated based on FY 2013 parameters and October data. No funding updates (same as the September #1 payment).
- Please also note that a link at the bottom of the Bridge form will connect you to the ESC "Contracted Staff Report". A district's gifted allocation includes state gifted funding provided to an ESC in FY09 for which the district received services. HB153 requires that if your district has not maintained gifted services with your ESC, then you must spend out of the Bridge funding, an additional amount equal to the funding received by the ESC for staff providing those services. This link connects you to a spreadsheet that provides you with these amounts for reference if gifted services with your ESC have not been maintained.

  ***Disclosure Items***
- As the FY 2013 funding formula does not provide for any calculation for special, career tech and gifted education services, the law requires the Bridge report to show the respective funding amounts in FY 2011 (for special education and career tech) and FY 2009 (for gifted education) as minimum amounts in FY 2013 to be devoted to these purposes. Keep in mind that lines "Y" through "AA" of the report are part of the total state funding resources that appear on line "O" of the form and are not additional funding items.

**Statement of Settlement:**

- Continuing with this payment, the statement of settlement contains the 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



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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 reflects **FY 2013 Bridge Funding** adjustments resulting from the update of the FY 2013 June #2 Bridge payment to the FY 2013 Final #1 Bridge payment (JV01).
- This payment continues to reflect the **FY2013 Postsecondary** deduction (JV09)
- This payment continues to reflect the **FY 2014 Solvency Assistance Repayment** adjustment collected in FY 2014 (JV60).
- This payment continues to reflect the **FY 2013 Solvency Assistance Repayment** adjustment collected in FY 2014 (JV61).
- This payment continues to reflect the **Judgment Repayment** adjustment (JV87).
- This payment reflects the **SB 140 SF14 Tuition** adjustment (JV50 and JV51).
- This payment reflects the **SF14H Special Education Tuition** adjustment (JV52 and JV53).
- This payment reflects the **SF14 Per Diem** adjustment (JV62 and JV63).
- This payment reflects the **FY 2013 Insufficient Funds Repayment** adjustments (JV86).
- This payment reflects deductions for state institutions providing service to special education students pursuant to provisions of ORC Section 3323.091 (JV14).
- This payment reflects deductions for tuitions paid to the Ohio Department of Youth Services (JV06).

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

ESC funding which is still based on FY 2013 factors comes from 2 sources:

1. State – This funding is distributed as follows:
    a. State per-pupil amount ($37 single-county and $40.52 multi-county) which is based on 85% of the corresponding FY 2012 total amount. This funding (85% of the FY 2012 amount) is distributed at 100% of the calculated amount.
    b. Preschool unit funding which is calculated based on FY 2013 units is paid at 100% of the calculated amount.
    c. Gifted unit funding which is calculated based on FY 2013 units. Am. Sub. H. B. 59 reduces the FY 2014 appropriations for ESC gifted units and as a result we reduced the payment to 52% of the calculated amount to stay within the appropriations.
    d. Special education transportation which is calculated based on adjusted FY 2012 factors is paid at 73.29% of the calculated amount to stay within the appropriations.
2. Local – This funding is deducted from member school districts and is distributed as follows:
    a. Supervisory allowance calculation based on FY 2013 unit data.



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b. The $6.50 per-pupil amount calculation based on FY 2013 ADM data.
c. Special education extended service based on FY 2013 data for preschool and gifted and supervisory units.
d. ORC Section 3313.845 contracts are based on FY 2014 data however ODE has not yet received complete information on all contracts for FY 2014.

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

- The school age component of BDD funding based on FY 2013 data and calculation.
- Preschool handicapped unit funding of BDD is calculated based on FY 2013 data and is paid at 100% of the calculated amount.
- Special Education Transportation part of the ESC funding is also from FY 2013.

**Additional Notes**

**C**omplete information on FY 2014 Public Utility Deregulation reimbursements for regular districts and joint vocation school districts can be viewed on ODE homepage.

Questions should be directed to Daria Shams at Daria.Shams@education.ohio.gov or your area coordinator.



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