



# Ohio

## FY 16 School Finance Payment Report (SFPR)

### LINE BY LINE EXPLANATION

BASED ON PROVISIONS OF AM. SUB. H.B. 64 OF THE 131<sup>ST</sup> GENERAL ASSEMBLY

OHIO DEPARTMENT OF EDUCATION  
OFFICE OF BUDGET AND SCHOOL FUNDING

## Introduction

The funding of K-12 public schools in Ohio is a joint effort between the state and the school districts. In FY 2015 \$7,193,214,468<sup>1</sup> in state foundation funding was distributed among the Ohio's 613 School districts through the foundation formula. Of this amount, a total of \$939,724,171<sup>2</sup> was transferred to more than 380 community and STEM schools in the form of funding deductions from resident school districts and a total of \$176,844,902<sup>2</sup> was transferred to non-public entities through various scholarship programs in the form of school vouchers. School districts also provided \$218,578,458<sup>2</sup> to Education Service Centers from their foundation funding as partial support for services they receive from these entities. Some \$415 million of the foundation money was transferred among school districts to pay for the education of students who participate in inter-district open enrollment.

Am. Sub. H. B. 64 of the 131<sup>st</sup> Ohio General Assembly establishes the procedures for calculating the state foundation funding of public elementary and secondary education delivery systems in fiscal years 2016 and 2017. This document aims at providing a bird's eye view of the foundation formula in the context of fiscal year 2016 by providing detailed explanation of the calculation of each component of the funding formula as they are reflected on the annual payment report referred to as the School Finance Payment Report (SFPR).

SFPR is a comprehensive document that walks the user through every step of the funding calculation. There are 2 segments to this document: The first, the Summary Page provides a summary account of the funding amounts for each component of the formula with all the additional aid items and transfers and adjustments traditionally included on the district payment report. The second segment, the Detailed Page is divided into 2 sections: Calculation Factors and Parameters Page which lists all of the data factors and parameters needed for the calculations and the Detailed Calculation of the Funding Components of the Formula Page which gives the formulae with references to the data in the first section. A generic SFPR of a hypothetical school district is provided below as reference point.

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<sup>1</sup> As of the FY15 June #2 School Finance Payment Report, reflecting \$7,031,667,411 in formula funding calculation plus \$106,646,801 and \$54,900,257 in preschool education and special education transportation funding respectively.

<sup>2</sup> FY15 June #2 School Finance Payment Report.

**OHIO DEPARTMENT OF EDUCATION  
OFFICE OF BUDGET AND SCHOOL FUNDING  
SCHOOL FINANCE PAYMENT REPORT (SFPR)  
SUMMARY PAGE  
(FY 2016 XXXXX #X PAYMENT)**

IRN: XXXXXX District: XXXXXXXXXXXXXX S.D.

County: XXXXXX

<b>FOUNDATION FUNDING COMPONENTS:</b>		<b>CALCULATED FUNDING</b>	<b>STATE FUNDING</b>
A	Opportunity Grant:	\$223,360,732.54	\$163,476,480.09
B	Targeted Assistance:	\$22,567,874.48	\$16,517,302.04
C	K-3 Literacy Funding:	\$5,732,875.55	\$4,195,859.79
D	Economic Disadvantaged Funding:	\$58,217,862.49	\$42,609,330.34
E	Limited English Proficiency Funding:	\$6,150,503.10	\$4,501,519.07
F	Gifted Education Funding:	\$2,445,592.84	\$1,789,915.81
G	Transportation Funding (Generally Cap Exempt):	\$23,269,415.72	\$23,269,415.72
H	Special Ed Add Funding (Generally Cap Exempt):	\$38,064,811.97	\$38,064,811.97
I	Career Tech Funding (Generally Cap Exempt):	\$1,691,447.42	\$1,691,447.42
J	Capacity Aid (Cap Exempt):	\$0.00	\$0.00
K	Graduation Bonus (Cap Exempt):	\$0.00	\$0.00
L	Third Grade Reading Bonus (Cap Exempt):	\$0.00	\$0.00
M	Total Before Guarantee (A+B+C+D+E+F+G+H+I+J+K+L):	\$381,501,116.11	\$296,116,082.25
N	Transitional Aid Guarantee (O-M):	\$0.00	\$0.00

**O Total State Funding: \$296,116,082.25**

**ADDITIONAL AID ITEMS:**

P	Preschool Special Education Funding:	\$4,486,556.79
Q	Special Education Transportation Funding:	\$3,355,932.09
R	Total Additional Aid Items (P+Q):	\$7,842,488.88

**TRANSFERS AND ADJUSTMENTS:**

S	Education Service Center Transfer:	-\$322,323.50
T	Open Enrollment Adjustment:	-\$245,770.48
U	Community School Transfer:	-\$135,580,425.99
V	STEM School Transfer:	-\$2,361,172.95
W	Scholarship Transfer:	-\$21,417,681.95
X	Other Adjustments:	\$495,320.88
Y	Total Transfers and Adjustments (S+T+U+V+W+X):	-\$159,432,053.99
Z	Net State Foundation Funding (O+R+Y):	\$144,526,517.14

**OHIO DEPARTMENT OF EDUCATION  
OFFICE OF BUDGET AND SCHOOL FUNDING  
SCHOOL FINANCE PAYMENT REPORT (SFPR)  
DETAILED WORKSHEET PAGE  
(FY 2016 XXXXX #X PAYMENT)**

IRN: XXXXXX District: XXXXXXXXXXXXX S.D.

County: XXXXXXX

**Statewide Factors and Parameters:**

s1	Statewide Total ADM [FY15]:	1,715,382.60
s2	Statewide Formula ADM [FY16]:	1,685,181.85
s3	Statewide Economic Disadvantaged Percentage [FY15]:	48.3087616%
s4	Statewide Median Income [TY13]:	\$32,873
s5	Statewide 3-Year Average Total Valuation [(TY14+TY13+TY12)/3]:	\$239,302,526,306
s6	Statewide 3-Year Average Gross Income [(TY13+TY12+TY11)/3]:	\$291,812,738,510

**District Factors and Parameters:**

a	Base ADM Data	
	a1 Adjusted Total ADM [a2-(0.5*a3)]:	70,550.98
	a2 Total ADM:	70,550.98
	a3 Tuition Kindergarten FTE:	0.00
	a4 Jointure JVS ADM:	11.84
	a5 Contract Vocational ADM:	1.49
	a6 Formula ADM [a1-(0.8*a4)+(0.2*a5)]:	70,541.81
b	Special Education ADM Data	
	b1 Category 1 Special Education ADM:	1,075.11
	b2 Category 2 Special Education ADM:	6,336.96
	b3 Category 3 Special Education ADM:	1,190.23
	b4 Category 4 Special Education ADM:	55.09
	b5 Category 5 Special Education ADM:	523.29
	b6 Category 6 Special Education ADM:	937.59
c	Career Tech FTE	
	c1 Category 1 Career Tech FTE:	315.55
	c2 Category 2 Career Tech FTE:	217.88
	c3 Category 3 Career Tech FTE:	195.79
	c4 Category 4 Career Tech FTE:	19.19
	c5 Category 5 Career Tech FTE:	2.55
d	Limited English Proficient ADM	
	d1 Category 1 LEP ADM:	3,132.71
	d2 Category 2 LEP ADM:	5,071.37
	d3 Category 3 LEP ADM:	1,334.13
e	Additional ADM Data	
	e1 K-3 Formula ADM:	26,450.72
	e2 K-3 E-School Formula ADM:	358.55
	e3 Net Formula ADM [a6-(e4*0.75)-e5-(e6-e7)-e8-e9]:	52,285.81
	e4 Brick & Mortar Community & STEM School ADM:	15,203.27
	e5 E-School Formula ADM:	2,642.23
	e6 Autism Scholarship ADM:	210.07
	e7 Preschool Autism Scholarship ADM:	22.27
	e8 Jon Peterson Scholarship ADM:	80.25
	e9 Ed Choice Scholarship ADM:	3,943.27
	e10 Economic Disadvantaged ADM:	63,530.82
	e11 Economic Disadvantaged Percentage:	90.0495216%
	e12 E-School Economically Disadvantaged ADM:	1,931.44
f	3 Year Average Federal Gross Income [(TY13+TY12+TY11)/3]:	\$10,064,420,183
g	3 Year Average Total Real Valuation [(TY14+TY13+TY12)/3]:	\$8,656,773,680
h	3 Year Average Agricultural Real Valuation [(TY14+TY13+TY12)/3]:	\$4,259,767

i	3 Year Average Adjusted Valuation [if i2>(0.3*i3) then i1-(i2-(0.3*i3)) else i1]:	\$8,456,855,384
i1	3-Year Average Total Valuation [(TY14+TY13+TY12)/3]:	\$8,922,362,840
i2	Exempt Property Valuation for TY14:	\$4,488,880,440
i3	Potential Property Valuation (i1+i2):	\$13,411,243,280
j	Median Income for TY13:	\$27,850
k	State Share Index:	0.536501734
l	Economic Disadvantaged Index [(e11/s3)^2]:	3.474649569
m	3-Year Average Unadjusted Total Valuation [(TY14+TY13+TY12)/3]:	\$8,922,362,840

**Detailed Calculation of Funding Components of the Formula:**

A	Opportunity Grant [\$5,900*(a6+e7)*k]:	\$223,360,732.54
B	Targeted Assistance [B5+B7]:	\$22,567,874.48
B1	District Local Wealth Per Pupil [((m/a6)*0.5)+((f/a6)*0.5)]:	\$134,578.22
B2	Statewide Local Wealth Per Pupil [((s5/s2)*0.5)+((s6/s2)*0.5)]:	\$157,583.96
B3	Statewide Threshold Local Wealth Per Pupil [490th Value]:	\$196,013.57
B4	Targeted Assistance Wealth Index [B2/B1]:	1.170946978
B5	Basic Targeted Assistance [((B3-B1)*0.006*B4)*e3]:	\$22,567,874.48
B6	Agricultural Real Value Ratio [h/g]:	0.000492073
B7	Suppl. Assistance [larger of ((B6-0.1)*(\$5,900*0.4)*e3) or 0]:	\$0.00
C	K-3 Literacy Funding [(\$184*(e1-e2)*k)+(\$121*(e1-e2))]:	\$5,732,875.55
D	Economic Disadvantaged Funding [\$272*(e10-e12)*1]:	\$58,217,862.49
E	Limited English Proficiency Funding [E1+E2+E3]:	\$6,150,503.10
E1	Category 1 Funding [\$1,515*d1*k]:	\$2,544,340.75
E2	Category 2 Funding [\$1,136*d2*k]:	\$3,066,863.23
E3	Category 3 Funding [\$758*d3*k]:	\$539,299.12
F	Gifted Education Funding[F1+F2+F3]:	\$2,445,592.84
F1	Identification Funding [\$5.05*a6]:	\$356,236.14
F2	Coordinator Funding [\$37,370*F2a]:	\$298,960.00
F2a	Coordinators [(a6-(e4+e5))/3,300 (Min 0.5 & Max 8)]:	8.00
F3	Intervention Specialist Funding [\$37,370*F3a]:	\$1,790,396.70
F3a	Specialists [(a6-(e4+e5))/1,100 (Min 0.3)]:	47.91
G	Transportation Funding:	\$23,269,415.72
G1	Type 1 & 2 Transportation Funding:	\$22,616,945.40
G2	Other Transportation Funding:	\$164,691.00
G3	Community School Transportation Funding:	\$487,779.32
G4	Supplemental Transportation Funding:	\$0.00
H	Special Education Additional Funding [H1+H2+H3+H4+H5+H6]:	\$38,064,811.97
H1	Category 1 Funding [b1*\$1,547*k]:	\$892,307.09
H2	Category 2 Funding [b2*\$3,926*k]:	\$13,347,575.65
H3	Category 3 Funding [b3*\$9,433*k]:	\$6,023,540.81
H4	Category 4 Funding [b4*\$12,589*k]:	\$372,078.98
H5	Category 5 Funding [b5*\$17,049*k]:	\$4,786,438.42
H6	Category 6 Funding [b6*\$25,134*k]:	\$12,642,871.02
I	Career Technical Education Funding [I1+I2+I3+I4+I5+I6]:	\$1,691,447.42
I1	Category 1 Funding [c1*\$4,992*k]:	\$845,111.27
I2	Category 2 Funding [c2*\$4,732*k]:	\$553,137.67
I3	Category 3 Funding [c3*\$1,726*k]:	\$181,301.93
I4	Category 4 Funding [c4*\$1,466*k]:	\$15,093.16
I5	Category 5 Funding [c5*\$1,258*k]:	\$1,721.04
I6	Associated Services Funding [(c1+c2+c3+c4+c5)*\$236*k]:	\$95,082.35
J	Capacity Aid [(J2/J4)*a6*2.75*J3]:	\$0.00
J1	Capacity Aid 3 Year Average Valuation Base [m*0.001]:	\$8,922,362.84
J2	Capacity Aid 3 Year Average Valuation Base Median:	\$221,870.08
J3	Capacity Aid Ratio [(J2/J1)-1 if J1 < J2 (Min 0.0 & Max 2.5)]:	0.97513326
J4	Average Formula ADM for Districts only if J1 < J2:	1,039.33
K	Graduation Bonus:	\$0.00
L	Third Grade Reading Bonus:	\$0.00
M	Total Foundation Funding Before Guarantee [A+B+C+D+E+F+G+H+I+J+K+L]:	81,501,116.11
N	Guarantee Base [FY15 Total State Funding (Line 'L' of SFPR)]:	\$275,456,820.72
O	Transitional Aid Guarantee [if N>M then N-M else 0]:	\$0.00

P	Total Funding Including Guarantee [M+O]:	\$381,501,116.11
Q	Funding Cap Limit [N*1.075]:	\$296,116,082.27
R	Total Capped Funding [if (P-(G4+J+K+L))>Q then Q else P]:	\$296,116,082.25

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The foundation formula provides funding for a number of different services designed to serve the needs of various populations of students. The funding components are as follows:

Foundation Funding Components

- A. Opportunity Grant
- B. Targeted Assistance
- C. K-3 Literacy Funding
- D. Economic Disadvantaged Funding
- E. Limited English Proficiency Funding
- F. Gifted Education Funding
- G. Transportation Funding
- H. Special Education Additional Funding
- I. Career Technical Education Funding
- J. Capacity Aid
- K. Graduation Bonus
- L. Third Grade Reading Bonus
- M. Total Foundation Funding Before Guarantee
- N. Transitional Aid Guarantee Funding
- O. Total State Funding

Additional Aid Items

- P. Preschool Special Education Funding
- Q. Special Education Transportation Funding
- R. Total Additional Aid Items

Transfers and Adjustments

- S. Education Service Center Transfer
- T. Open Enrollment Adjustment
- U. Community School Transfer
- V. STEM School Transfer
- W. Scholarship Transfer
- X. Other Adjustments
- Y. Total Transfers and Adjustments
- Z. Net State Foundation Funding

The sum total of these funding components amounts to the foundation formula funding that in some cases may be capped so that no school district would generate FY 2016 total funding in excess of their FY 2015 total funding plus 7.5%.

## Explanation of the Calculations

### *Historical Context*

The state share index and its function in the distribution of the foundation formula funding among school districts is at the core of the foundation formula. As mentioned earlier, the funding of the elementary and secondary education through the foundation formula is a joint effort between the state and each individual school district. Historically, each district totally relied on its property taxes for support of education and the bulk of the proceeds from these taxes went to the provision of educational services. The problem with such an approach to funding was of course the fact that the property tax bases of different school districts were very different in strength and as a result school districts' service provision differed vastly depending on the property wealth of the district. In response to this shortcoming of a total reliance on property taxes, the state provided money to school districts from its resources in an attempt to narrow down the gap between the rich and the poor school districts and bring about equity in education funding.

The state approach to achieving this task materialized through the design of a foundation formula that aimed at providing state assistance in direct relations to the student population of a school district and in converse relations to the property wealth of the district. The working of the foundation formula therefore required the involvement of a mechanism that would distribute state funds based on enrollment and wealth of the district. For years this mechanism was referred to as the charge-off which was simply calculated by applying a universal millage rate to the property valuation of the district. The charge-off was then subtracted from the total funding the foundation formula established for each district to determine the state share of the funding. Since FY14 the legislature introduced a different mechanism for determining the share of the total foundation funding of each district. This new measure is called the 'State Share Index' that needs to be explained before we can explain the components of the foundation formula.

### **State Share Index [Sections 3317.017]**

State Share Index is the measure by which the state portion of the calculation of some of the funding components of the foundation formula is determined. This measure is calculated once in FY16 to be utilized in FY16 and FY17 funding calculations. Using the same state share index in both years of the biennium has the advantage of consistency in funding calculations. The state share index provides for measuring the wealth of the school district in terms of property tax base and the residents' ability to pay. It is intended to be more comprehensive than the charge-off that took into account only the property wealth.

The calculation of this measure is a multi-step process that involves the calculation of:

1. Valuation Index
2. Income Index
3. Wealth Index
4. State Share Index

The calculation steps are as follows:

- A. Calculate the district 3 year average valuation for TY14, TY13 and TY12
- B. Calculate the statewide 3 year average valuation for TY14, TY13 and TY12
- C. Adjust **A** for exempt property by first calculating the potential valuation by combining taxable and tax exempt property values. Then, if the exempt valuation is greater than 30% of the potential valuation, subtract from **A** the difference between the exempt valuation and 30% of the potential valuation
- D. Divide **A** as adjusted by **C** by the FY15 district total ADM to get the district 3 year average valuation per total ADM
- E. Divide **B** by FY15 statewide total ADM to get the statewide 3 year average valuation per total ADM
- F. Calculate the valuation index by dividing **D** by **E**
- G. Calculate the median income index by dividing TY13 district median income by TY13 statewide median income
- H. Calculate the 3-year average federal adjusted gross income per pupil for each district by dividing TY13, TY12 and TY11 average by the FY15 formula ADM
- I. Do the calculation in **H** for the state as a whole
- J. Calculate the ratio of the district 3-year average federal adjusted gross income per pupil calculated in **H** by the statewide 3-year average federal adjusted gross income per pupil calculated in **I**
- K. Calculate the income index by combining **G** and **J** at 50% each
- L. Calculate the wealth index of each district as follows:
  - a. If valuation index (**F**) is greater than income index (**K**), and median income index (**G**) is smaller or equal 1.5 then combine 40% of **K** with 60% of **F** to obtain the wealth index
  - b. If income index (**K**) is greater than valuation index (**F**) or median income index (**G**) is larger than 1.5 then wealth index is equal the valuation index (**F**)
- M. Calculate state share index as follows:
  - a. If **L** is smaller or equal 0.35 then state share index equals: 0.9
  - b. If **L** is larger than 0.35 but smaller or equal 0.9 then state share index equals:  
 $\{0.4 \times [(0.9 - L) / 0.55]\} + 0.5$
  - c. If **L** is larger than 0.9 but smaller than 1.8 then state share index equals:  
 $\{0.45 \times [(1.8 - L) / 0.9]\} + 0.05$
  - d. If **L** is greater or equal 1.8 then state share index equals 0.05

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## Reference Guidelines to Understand SFPR

Each line of the SFPR reflects the funding components of the foundation formula and is referenced by a letter for ease of reference. For each funding component 2 columns of numbers are provided on the Summary Page.

- The first one labeled Calculated Funding gives the result of the calculations based on provisions of the law as explained on the Detailed Page.
- The second column, labeled State Funding gives the calculated amount after the application of the funding cap.
- The Summary Page amounts are functions of the calculations reflected on the Detailed Page and therefore to explain the funding calculations, we make references to the Detailed Page here.



Also, since there are other funding elements, adjustments and transfers that are only shown on the Summary Page, some of the references made in this explanation will relate to the portions of the Summary Page that contain them. For ease of reference the contents of the Detailed Page and the Summary Page that are referenced here are shown in different color inks to make the connection to the sample payment report easier.

We will start with describing the funding calculations shown on the Detailed Page first. We will then explain the items reflected on the second half of the Summary Page.

**A. Opportunity Grant [Section 3317.022(A)(1)]**

This funding is generated by the resident students of the district who are included in the Total Average Daily Membership FTE (ADM FTE) that is compiled as of the last day of October 2015, March 2016 and June 2016. The basis of this funding is the per-pupil figure of \$5,900 reflecting the notion that each resident student should be funded at least \$5,900 per year from state and local sources combined. The student count utilized in this calculation is the funding or formula ADM. Formula ADM is the total ADM adjusted to only include 20% of the count of the resident students who attend a joint vocational school (JVS) as well as including an additional 20% of the count of resident contract vocational ADM FTE. In addition to these adjustments, the formula ADM used in this funding calculation includes all of the preschool Autism Scholarship students who reside in the district. Expressed in mathematical terms the formula for this funding calculation is as follows:

$$\text{\$5,900 X (Funding ADM + Preschool Autism Scholarship Counts) X State Share Index}$$

**B. Targeted Assistance [Section 3317.022(A)(2)] and [Sections 3317.0217(A) & (B)]**

This funding which originally was included in the foundation formula a number of years ago as Parity Aid was reintroduced in the foundation formula in FY14 and FY15 as Targeted Assistance. The FY16 and FY17 foundation formulae still include this funding stream. As was the case with Parity Aid, this funding is viewed as the second tier of the foundation formula developed to primarily target school districts that do not raise much local revenue beyond the local share of the foundation formula. This funding is targeted to school districts that are below a certain threshold of wealth in the state.

Since the distribution of this fund is meant to be wealth sensitive, a per-pupil local wealth measure is first established based on property valuation and residents' income on the basis of which school districts are sorted in descending order to identify the eligibility threshold school district at 490<sup>th</sup> position on the spectrum. All of the school districts that fall below this threshold are eligible to receive the funding based on a per-pupil amount calculated based on 6 mills times the difference between the threshold per-pupil local wealth measure and the individual school district's per-pupil local wealth measure. The per-pupil amount calculated in this manner is then multiplied by the Net Formula ADM of the district to generate the Targeted Assistance fund. Net formula ADM is a derivative of the funding formula ADM and it excludes 75% of all brick and mortar community school formula ADM, 100% of E school formula ADM, 100% of Jon Peterson Scholarship ADM, 100% of school age Autism Scholarship ADM and 100% of the EdChoice ADM.

There is also a supplemental tier of the Targeted Assistance that targets eligible school districts based on the size of the agricultural real property in the district as a ratio of the total real property.

If a district has agricultural real properties that amount to more than 10% of its total real properties, that district is entitled to receive the supplemental targeted assistance.

The steps involved in the calculation of targeted assistance can be expressed mathematically as follows:

**Step 1:** Calculate district's per-pupil local wealth measure by combining a 3 year average valuation per pupil and a 3 year average federal adjusted gross income per pupil at 50% each. In FY16 the valuation figures used for this purpose are for TY14, TY13 and TY12. The income data used is for TY13, TY12 and TY11. The ADM base is that of FY16.

$$\left[ \frac{((\text{TY14 Value} + \text{TY13 Value} + \text{TY12 Value}) / 3) / \text{FY16 Formula ADM}}{0.5} \right] + \left[ \frac{((\text{TY13 Gross Income} + \text{TY12 Gross Income} + \text{TY11 Gross Income}) / 3) / \text{FY16 Formula ADM}}{0.5} \right]$$

**Step 2:** Calculate the statewide equivalent of the per-pupil local wealth measure as was done in Step 1 for individual districts.

**Step 3:** Calculate the Targeted Assistance Wealth Index by dividing the calculation in Step 2 by the calculation in Step 1.

**Step 4:** Sort all districts based on the per-pupil local wealth measure calculated in Step 1 from low to high.

**Step 5:** Identify the 490<sup>th</sup> district as you move up on the spectrum generated in Step 4 and use its local per-pupil wealth measure as the threshold wealth measure.

**Step 6:** For each district that falls below the threshold, obtain the difference between the threshold per-pupil local wealth measure and that of the district.

$$(\text{Threshold Per-Pupil Local Wealth Measure}) - (\text{District Per-Pupil Local Wealth Measure})$$

**Step 7:** Multiply the difference obtained in Step 6 by 6 mills and the calculation in Step 3 and the net formula ADM of the district to obtain the calculation of the basic Targeted Assistance.

$$(\text{Step 6 Result}) \times 0.006 \times (\text{Step 3 Result}) \times (\text{Net Formula ADM})$$

**Step 8:** Calculate the ratio of the 3 year average agricultural real properties to the 3 year average total real properties for each district based on valuation figures for TY14, TY13 and TY12.

$$\frac{[(\text{TY14 Agricultural Real Val} + \text{TY13 Agricultural Real Val} + \text{TY12 Agricultural Real Val}) / 3]}{[(\text{TY14 Total Real Val} + \text{TY13 Total Real Val} + \text{TY12 Total Real Val}) / 3]}$$

**Step 9:** If the ratio obtained in Step 8 is greater than 0.1 then the supplemental amount will be calculated by applying 40% of the formula amount of \$5,900 to the net formula ADM and the difference between the ratio calculated in Step 8 and 0.1.

$$[(\text{Step 8 Ratio}) - 0.1] \times (\$5,900 \times 0.4) \times \text{FY16 Net Formula ADM}$$

**Step 10:** Add the amounts obtained in Step 6 and Step 8 to get the total Targeted Assistance.

**C. Kindergarten through Third Grade Literacy Funding [Section 3317.02(A)(4)]**

This funding is targeted to students in grades kindergarten through three to provide early additional educational investment. The funding is based on 2 per-pupil amounts: A state-share-index-equalized amount of \$184 and an un-equalized amount of \$121. For the calculation of this fund the count of resident kindergarten through 3<sup>rd</sup> grade students who attend e-schools are removed from the ADM base.

$$\{[(\text{K-3 ADM}) - (\text{E-School K-3 ADM})] \times \$184 \times \text{State Share Index}\} + \{[(\text{K-3 ADM}) - (\text{E-School K-3 ADM})] \times \$121\}$$

**D. Economic Disadvantaged Funding [Section 3317.022(A)(5)]**

This additional funding is provided to address poverty and its effects on educational outcomes. Its calculation is based on a per-pupil amount of \$272 equalized by the Poverty Index of the district. Poverty index is calculated by simply obtaining the square of the ratio of the individual district's poverty percentage to the statewide poverty percentage.

$$(\text{Number of Poverty Students}) \times \$272 \times (\text{Poverty Index})$$

**E. Limited English Proficiency Funding [Section 3317.022(A)(6)]**

This additional funding is provided to help school districts provide additional educational services to students for whom English is not the native language. For the distribution of this fund the law provides that limited English proficient (LEP) students should be classified into 3 categories as follows:

1. Category 1 – Students who have been enrolled in U.S. schools for 180 days or less and previously have not been exempted from English Language Arts assessment.
2. Category 2 – Students who have been enrolled in U.S. schools for more than 180 days and previously have been exempted from English Language Arts assessment.
3. Category 3 – Students who are mainstreamed on trial basis and are not included in the first two categories.

For each category of LEP students the law provides a per-pupil amount that is equalized by the state share index.

$$\{(\text{Category 1 LEP ADM}) \times \$1,515 \times (\text{State Share Index})\} + \{(\text{Category 2 LEP ADM}) \times \$1,136 \times (\text{State Share Index})\} + \{(\text{Category 3 LEP ADM}) \times \$758 \times (\text{State Share Index})\}$$

**F. Gifted Education Funding [Section 3317.022(A)(7)]**

The law provides for additional funding for identification and service provision to gifted students. The funding is distributed through 3 streams as follows:

1. Gifted Identification Funding based on the per-pupil amount of \$5.05 applied to the formula ADM of the district.
2. Gifted Coordinator Services Funding based on a salary figure of \$37,370 for every coordinator serving 3,300 students in the formula ADM reduced by the number of community school students, with a minimum of 0.5 and a maximum of 8 coordinators per district.
3. Gifted Intervention Specialist Funding based on a salary figure of \$37,370 for every specialist serving 1,100 students in the formula ADM reduced by the number of community school students, with a minimum of 0.3 specialists per district.

Gifted funding is not equalized by the state share index and the mathematical presentation of the formula calculation is as follows:

$$\begin{aligned} \text{Identification Funding} &= (\text{Formula ADM}) \times \$5.05 \\ \text{Coordinator Funding} &= [(\text{Formula ADM} - \text{Community School ADM}) / 3,300] \times \$37,370 \\ \text{Specialist Funding} &= [(\text{Formula ADM} - \text{Community School ADM}) / 1,100] \times \$37,370 \end{aligned}$$

The law limits the number of required coordinators to a minimum of 0.5 and a maximum of 8. By the same token the minimum number of specialists for a district is set at 0.3.

**G. Transportation Funding [Section 3317.0212]**

Regular transportation funding is for the most part calculated based on a hybrid approach in which two sets of calculations are done for each school district based on different parameters. The approach that yields the higher amount will be the basis of funding for the district. The reason for this dual funding approach is the fact that school districts are very different in terms of their physical characteristics and distribution of students across them. Some school districts are heavily populated with high student densities in relatively small areas while others contain large rural areas with students dispersed across a large area. For one district the high student concentration results in frequent stops for the buses and having many routes to cover while for another district the low student concentration and long travel distances result in buses traveling many miles a day with relatively few students on board. Such differences have necessitated approaching transportation funding differently for different school districts.

Special circumstances and the economies of scale have necessitated the development of a few approaches to transportation service provision as follows:

- Type 1: Services provided by board-owned and board-operated yellow buses
- Type 2: Services provided by yellow buses by a contractor that could also be another school district
- Type 3: Services provided by public transportation providers such as city buses
- Type 4: Payments made to parents in lieu of transportation services (does not include special education parent contracts)

Type 5: Services provided by board-owned vehicles other than yellow buses (9 passengers or less)

Type 6: Board previously-owned vehicles other than yellow buses (9 passengers or less) including contracts with parents for special education transportation.

Type 7: Community school students who are transported by the community school in accordance with ORC Section 3314.09

The bulk of the state funding for transportation is for types 1 and 2. The law provides for a formula for the distribution of type 1 and 2 transportation funds in the context of the aforementioned approaches. For that, the transportation expenditure patterns of a district in the previous year (base year) serve as the basis of the funding calculation in the current year. The steps involved in this process are as follows:

1. Calculate the per-rider type 1 & 2 expenditures for each district for the base year. Eliminate the outliers by removing the top and bottom 10 districts in terms of per-rider expenditure from the analysis.
2. Calculate the annual per-mile type 1 & 2 expenditures based on 180 days per year for each district for the base year. Eliminate the outliers by removing the top and bottom 10 districts in terms of per annual mile expenditure.
3. Calculate the statewide per-rider type 1 & 2 expenditure for the base year after the removal of the outliers.
4. Calculate the statewide annual per-mile type 1 & 2 expenditure based on 180 days per year for the base year after the removal of the outliers.
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 the per-rider or per-annual-mile funding amounts.
8. Determine the state share of the total transportation funding calculated in #7 above by applying the state share index to total transportation funding. Minimum state share index for this calculation is 50%.

The law provides that if the state share of transportation funding amounts to more than what is appropriated in the budget for this purpose, the funding of every school district is to be prorated based on a universal proration rate that would bring the statewide funding in line with the appropriations.

In addition to the type 1 & 2 transportation funding, the law also provides for the calculation of types 3, 5, 6 as well as Supplemental Transportation funding that benefits school districts whose student density is below the threshold of 35 students per square mile.

The calculation of type 3 transportation funding is predicated on the per-rider amount of \$87 applied to the number of type 3 riders. The calculation of type 5 and type 6 funding is predicated on the per-mile amounts of \$0.625 and \$0.675 respectively applied to the daily miles for these types of services and multiplied by 180 to annualize the funding. Type 4 transportation funding has its own funding source outside of the foundation formula and therefore is not included here.

As far as the supplemental transportation funding is concerned, only school districts whose rider density (the number of students per square mile of the district) is below 35 are considered eligible. For the calculation of this fund the positive difference between 35 and the district rider density is multiplied by the per-mile based funding of the district times 0.55. A comprehensive and detailed worksheet of the transportation calculation is now provided with the [SFPR](#) for each payment of the fiscal year.

**H. Special Education Additional Funding [Section 3317.022(A)(3) and Section 3317.013(A) to (F)]**

This funding provides additional state support for students who have special needs. This is basically the same concept as the weighted funding that the state had in place in previous years except that instead of weights there are now per-pupil amounts applied to different special needs categories. Students with various handicapping conditions are grouped into 6 categories for funding purposes with a per-pupil amount assigned to each category. The categories and their respective per-pupil amounts in FY16 are as follows:

1. Category 1 with the per-pupil amount of \$1,547 is comprised of:  
Speech Only Students
2. Category 2 with the per-pupil amount of \$3,926 is comprised of:  
Specific Learning Disabled Students  
Developmentally Disabled Students  
Students with Other Health Impairments (minor)
3. Category 3 with the per-pupil amount of \$9,433 is comprised of:  
Hearing Disabled Students  
Severe Behavior Disabled Students
4. Category 4 with the per-pupil amount of \$12,589 is comprised of:  
Visually Impaired Students  
Students with Other Health Impairments (major)
5. Category 5 with the per-pupil amount of \$17,049 is comprised of:  
Orthopedic Disabled Students  
Students with Multiple Disabilities
6. Category 6 with the per-pupil amount of \$25,134 is comprised of:  
Autistic Students  
Deaf/Blind Students  
Traumatic Brain Injured Students

Funding for special education students is equalized by means of the state share index. Expressed in mathematical terms the funding calculation amounts to:

$$\begin{aligned} &[(\text{Category 1 ADM}) \times \$1,547 \times (\text{State Share Index})] + \\ &[(\text{Category 2 ADM}) \times \$3,926 \times (\text{State Share Index})] + \\ &[(\text{Category 3 ADM}) \times \$9,433 \times (\text{State Share Index})] + \\ &[(\text{Category 4 ADM}) \times \$12,589 \times (\text{State Share Index})] + \\ &[(\text{Category 5 ADM}) \times \$17,049 \times (\text{State Share Index})] + \\ &[(\text{Category 6 ADM}) \times \$25,134 \times (\text{State Share Index})] \end{aligned}$$

**I. Career Technical Education Funding [Sections 3317.022(A)(8) & (9) and Section 3317.014(A) to (E)]**

This funding provides additional state support for students who are in career technical programs. This is basically the same concept as the weighted funding that the state had in place in previous years except that instead of weights there are now additional per-pupil amounts applied to different career technical programs. Students in various career tech programs are grouped into 5 categories for funding purposes with a per-pupil amount assigned to each category. The categories and their respective per-pupil amounts in FY16 are as follows:

1. Category 1 with the per-pupil amount of \$4,992 is comprised of WFD programs in:
  - Agricultural & Environmental Systems
  - Construction Technologies
  - Engineering and Science Technologies
  - Finance
  - Health Science
  - Information Technology
  - Manufacturing Technology
2. Category 2 with the per-pupil amount of \$4,732 is comprised of WFD programs in:
  - Business Administration
  - Hospitality and Tourism
  - Human Services
  - Law and Public Safety
  - Transportation Systems
  - Arts and Communications
3. Category 3 with the per-pupil amount of \$1,726 is comprised of:
  - Career Based Intervention Programs
4. Category 4 with the per-pupil amount of \$1,466 is comprised of WFD programs in:
  - Education and Training
  - Marketing
  - Academics
  - Public Administration
  - Career Development
5. Category 5 with the per-pupil amount of \$1,258 is comprised of:
  - Family and Consumer Science Programs

Funding for career tech students is equalized by means of the state share index. Expressed in mathematical terms the funding calculation amounts to:

$$\begin{aligned} & [(\text{Category 1 FTE}) \times \$4,992 \times (\text{State Share Index})] + \\ & [(\text{Category 2 FTE}) \times \$4,732 \times (\text{State Share Index})] + \\ & [(\text{Category 3 FTE}) \times \$1,726 \times (\text{State Share Index})] + \\ & [(\text{Category 4 FTE}) \times \$1,466 \times (\text{State Share Index})] + \\ & [(\text{Category 5 FTE}) \times \$1,258 \times (\text{State Share Index})] \end{aligned}$$

In addition to the above per-pupil funding by category, the law also provides for the calculation of Career Tech Associated Services where the per-pupil amount of \$236 in FY16 is applied to the number of students in all career tech programs for payment to the lead career tech district for the

associated services the provide. This funding is equalized by means of the state share index and is transferred to the lead school district. Expressed in mathematical terms the funding calculation amounts to:

$$(All\ Career\ Tech\ FTE) \times \$236 \times (State\ Share\ Index)$$

**J. Capacity Aid [Section 3317.0218 and Section 3317.0218(A)(10)]**

This is a new funding component that was added to the foundation formula in FY16. The purpose of this funding stream is to increase the equity of the system by providing additional support to school districts with weaker tax bases. One area of interest to school funding experts is to compare school districts' ability to raise local taxes on per-mill basis. Districts with strong property valuation bases are able to raise more in taxes by passing 1 mill of taxes relative to those whose property valuation base is weaker. This funding is targeted to school districts that fall below the statewide median in terms of taxes generated from 1 mill levy placed on of their 3-year average property valuation. The calculation of this funding is predicated on the one hand, on the ratio of the statewide median 3-year average valuation times 1 mill, to the same measure for the district and on a universal 3-year valuation per pupil figure pertaining to the districts that fall below the median. The steps involved in this calculation are as follows:

**Step 1:** For each school district calculate what 1 mill tax applied to the 3-year average valuation would generate. For this purpose the 3-year average valuation combines the values for TY14, TY13 and TY12. The mathematical representation of this step is as follows:

$$[(TY14\ Value + TY13\ Value + TY12\ Value) / 3] \times 0.001$$

**Step 2:** Identify the statewide median value for the measure calculated in Step 1.

**Step 3:** For the districts that fall below the statewide median, calculate the Capacity Ratio by dividing the value of the measure at the median point by the district measure and subtracting 1 from the result.

$$(Step\ 2\ Value / Step\ 1\ Value) - 1$$

<Limit the result of the above calculation to the minimum of 0 and the maximum of 2.5>

**Step 4:** Calculate the average of the FY16 formula ADM for all the districts that fall below the statewide median in terms of the measure calculated in Step 1.

**Step 5:** Calculate a universal Per-Pupil Capacity Aid by dividing the measure determined in Step 2 by the measure determined in Step 4.

**Step 6:** Calculate capacity aid by multiplying the capacity ratio by the per-pupil capacity aid by formula ADM by the factor of 2.75.

$$(Capacity\ Ratio) \times (Per-Pupil\ Capacity\ Aid) \times (Formula\ ADM) \times 2.75$$



**K. Graduation Bonus [Section 3317.0215 and Section 3317.022(A)(11)]**

This funding stream is aimed at school districts that have high graduation rates. Its calculation is based on 7.5% of the foundation amount of \$5,900 applied to the graduation rate and number for a district equalized by the state share index. The mathematical representation of the calculation is as follows:

$$0.075 \times \$5,900 \times (\text{Graduation Rate}) \times (\text{Graduation Number}) \times (\text{State Share Index})$$

**L. Third Grade Reading Proficiency Bonus [Section 3317.0216 and Section 3317.022(A)(12)]**

This funding stream is aimed at school districts that have high rates of reading proficiency at the third grade. Its calculation, like the graduation bonus is based on 7.5% of the foundation amount of \$5,900 applied to the rate of the third grade reading proficient students and their number for a district equalized by the state share index. The mathematical representation of the calculation is as follows:

$$0.075 \times \$5,900 \times (3^{\text{rd}} \text{ Grade Prof Rate}) \times (3^{\text{rd}} \text{ Grade Prof Number}) \times (\text{State Share Index})$$

**M. Total Foundation Funding Before Guarantee [Section 263.230(B)(2)]**

The total foundation formula amounts to the sum of the calculations done on lines 'A' through 'L'.

**N. Funding Guarantee Base [Section 263.230(A)(4)]**

Although the foundation calculation amounts to the total funding reflected on line 'M', school districts will receive additional funds if their total formula funding (line 'M') amounts to less than what they received in FY15 in total foundation formula funding. The FY15 amount that is used as the benchmark in this case is referred to as the Guarantee Base.

**O. Transitional Aid Guarantee [Section 263.230(A)(4)]**

The amount reflected on this line is the difference between the guarantee base (line 'N') and the FY16 total funding amount (line 'M'). If the result of this calculation is negative set it equal to zero.

**P. Total Calculated Funding Including Guarantee**

The amount reflected on this line is the total funding including any guarantee (line 'M' plus 'O').

**Q. Funding Cap Limit [Section 263.240(B)(1)]**

Although the law provides that no school district is to receive less funding through the foundation formula in FY16 than it received in FY15, it also provides that no school district should receive funding in FY16 that is in excess of 7.5% above the FY15 foundation funding amount. In this manner, if the total FY16 funding of a school district as it appears on line 'P' amounts to more than 7.5% above what the district received in FY15 (the amount reflected on line 'N') the funding of the district will be capped at that level.

It then follows that since the total funding is reduced by the funding cap limit, all of the funding components that make up the total funding should be reduced by the same ratio if the capped total funding is to equal the sum of all of its components. The ratio of the total capped funding to the uncapped total funding (the cap ratio) is therefore applied to the various funding components of the formula to reduce the total funding to the cap limit. The law however provides that the cap should first be applied to all of the funding components except to type 1, 2, 3, 5, 6 and any community school transportation, additional special education and the career tech funding. In this manner when the total funding is capped, those funding components are held harmless from the cap and all the other funding components are reduced enough to achieve the cap limit without having to apply the cap to these components. If the funding cap cannot be achieved this way, then the above mentioned components may also be reduced to achieve the desired level of funding. In reality however it is very unlikely that these components ever need to be capped. Effectively all the other funding components bear the extra burden of the cap so that transportation, special and career tech education funding components could be held harmless.

Another provision of the law is that four funding components: supplemental transportation, capacity aid, graduation bonus and the third grade reading proficiency bonus must never be reduced by the funding cap regardless. For that reason in the Summary Page of the SFPR for transportation, special education and career tech funding we have indicated "Generally Exempt from Cap" but for capacity aid, graduation bonus and the third grade reading proficiency we have indicated "Exempted from Cap".

#### **R. Total Capped Funding**

This is the sum total of all of the funding components including the guarantee. If the funding is capped this total reflects the sum total of all the capped components. If the district is on the guarantee this figure reflects the sum total of all of the funding components plus the guarantee.

### ***Additional Aid and Transfers and Adjustments Items***

In this section references are made to the lines on the Summary Page of the SFPR.

#### ***Additional Aid Items***

As always, in FY16 funding for preschool handicapped children and special education transportation are shown on the payment report although they are not part of the foundation formula.

#### **P. Preschool Special Education Funding [Section 3317.0213]**

The preschool special education funding is comprised of two per-pupil amounts applied to the count of special education preschool children. One of the per-pupil amounts is used without being equalized while the other is equalized by means of the state share index which is borrowed from the foundation formula.

The un-equalized per-pupil amount is \$4,000 and is applied to the total count of preschool children regardless of their handicapping condition. The second per-pupil amount is geared to the handicapping condition and is equalized by the state share index. As far as preschool children are

concerned, the same 6 categories of special education are utilized as we have for school age children with the same per-pupil dollar amounts. The dollar amounts however are multiplied by 0.5 to base this funding on the notion that typically preschool children attend half day classes. The mathematical representation of this funding is as follows:

$$\begin{aligned} & \text{[(Total Preschool Special Ed Counts) X \$4,000] +} \\ & \{[(\text{Category 1 Preschool Special Ed Count}) \text{ X } \$1,547 \text{ X } 0.5 \text{ X (State Share Index)}] + \\ & [(\text{Category 2 Preschool Special Ed Count}) \text{ X } \$3,926 \text{ X } 0.5 \text{ X (State Share Index)}] + \\ & [(\text{Category 3 Preschool Special Ed Count}) \text{ X } \$9,433 \text{ X } 0.5 \text{ X (State Share Index)}] + \\ & [(\text{Category 4 Preschool Special Ed Count}) \text{ X } \$12,589 \text{ X } 0.5 \text{ X (State Share Index)}] + \\ & [(\text{Category 5 Preschool Special Ed Count}) \text{ X } \$17,049 \text{ X } 0.5 \text{ X (State Share Index)}] + \\ & [(\text{Category 6 Preschool Special Ed Count}) \text{ X } \$25,134 \text{ X } 0.5 \text{ X (State Share Index)}] \} \end{aligned}$$

**Q. Special Education Transportation Funding [Administrative Rule 3301-83-01(D)]**

This reflects the subsidy the state provides to school districts to cover the costs associated with transporting special needs students to their programs and for specialized equipment needed for such transportation. This aid is calculated as the lesser of the actual cost or the sum of \$6 per pupil per day plus half of the amount by which the actual cost exceeds \$6 per pupil per day. To obtain the state share of this calculation, the result is multiplied by 60% or the district's state share index, whichever is greater.

**R. Total Additional Aid Items**

This is simply the total of Preschool Special Education Funding and the Special Education Transportation Funding that fall under Additional Aid Items.

***Transfers and Adjustments***

As in previous years' payment reports, transfers and adjustments applied to the foundation calculation are reflected on the FY16 SFPR.

**S. Education Service Center Deduction [Section 3317.023(B)]**

This reflects the funds deducted from the foundation funding of school district to be transferred to education service centers (ESC) for services provided on behalf of the district. The deduction may just reflect the district share of the per-pupil amount of at least \$6.50 or additionally, it may reflect funds transferred for preschool services provided by the ESC or transfers for contracts made with the ESC pursuant to Section 3313.845.

Am. Sub. H. B. 59 of the 130<sup>th</sup> General Assembly introduced some changes in ESC services and therefore their funding. Whereas ESC's used to provide supervisory services before, they are no longer required to do that and therefore they are no longer funded for that purpose. By the same token, ESCs are no longer funded for special education extended service and as a result no deduction to the school district's funding is made for that purpose either.

As far as preschool services are concerned, school districts receive state funding calculated based on their number of preschool children and Am. Sub. H. B. 64 parameters explained above. A school

district that receives this funding has a choice to contract with an ESC for these services or provide the services itself. If an ESC is involved then the district could arrange to reimburse the ESC directly or it can arrange for funds to be transferred to the ESC by ODE. In addition to these choices, a district may request the transfer of ESC preschool funds to the ESC to take place as part of the contract transfers under Section 3313.845.

The transfer could be made for calculated amounts based on the number of children served by the ESC and the funding parameters in law or it could be for any other amount the district and the ESC may agree upon.

**T. Open Enrollment Adjustment [Section 3313.981(B)]**

This reflects the net funding adjustment made for students who attend a school district other than their resident district through the Open Enrollment option. The adjustment reflected here is the net of all funds the district receives for non-resident students coming into the district and for the resident students leaving the district to attend a neighboring district. Funding for open enrollment students includes the formula amount of \$5,900, an additional funding for career etch education students based on per-pupil amounts listed in ORC Section 3317.014 for students participating in career etch programs. These are the same per-pupil amounts used in the career tech calculation of the resident students. The mathematical representation of the Open Enrollment Fund transfer calculation is as follows:

$$\begin{aligned} &(\$5,900 \times \text{Total FTE of All Open Enrolled Students}) \\ &+ \\ &[(\$4,992 \times \text{Any Cat 1 CTE FTE}) + (\$4,732 \times \text{Any Cat 2 CTE FTE}) + (\$1,726 \times \text{Any Cat 3 CTE FTE}) + \\ &(\$1,466 \times \text{Any Cat 4 CTE FTE}) + (\$1,258 \times \text{Any Cat 5 CTE FTE})] \end{aligned}$$

In addition to the above-mentioned transfers the law also provides for transfer of special education Excess Cost for open enrollment students with an IEP in accordance with ORC Section 3313.981(E). The Excess Cost adjustment however cannot be included on line 'Q' transfers due to timing issues. Excess Cost transfers are made separately on the Statement of Settlement as SF6 transfers after the end of the fiscal year.

**U. Community School Transfer [Section 3314.08(C)]**

This reflects the amount of funding deducted from the district for resident students who attend community schools. Each district is responsible for funding to community schools that educate its students. Community school deductions are based on a set of calculations that provide for funding to community schools for Opportunity Grant, Targeted Assistance, Special Education and Related Services Funding, K-3 Literacy Funding, Economic Disadvantaged Funding, Limited English Proficiency Funding and Career Tech Education funding and in some cases for Transportation Funding.

For each community school funding stream the law provides formulae that are fully explained in the section devoted to community school funding on the ODE website. The site can be accessed by clicking [here](#) .

Aggregate funding calculated for each student attending a community school based on formulae explained on the community school link is deducted from the funding of school district on line 'U' of the SFPR Summary Page.

**V. STEM School Transfer [Section 3326.33]**

Am. Sub. H. B. 64 provides for the same funding calculations for STEM schools as it does for community schools. Please refer to the above link provided for community schools for funding of STEM schools as well.

**W. Scholarship Transfer [Sections 3310.02 & 3310.08 & 3310.09 & 3310.51 – 3310.64 & 3313.974 & 3313.975 & 3310.41]**

This reflects the amount of deduction from the state funding of school districts for resident students who choose to participate in one of the Education Choice programs as follows:

1. **Education Choice** program established under provisions of ORC Section 3310.02 which provides for vouchers to be issued to the parents of children who attend non-public charter schools. Under the provisions of this law, parents are entitled to receive vouchers for eligible students based on the lesser of the cost of tuition at the non-public school or the maximum allowable amount under this section of the law. The maximum allowable voucher amounts under this program are:
  - a. **\$4,650** for grades kindergarten through eight [ORC 3310.09(A)], and
  - b. **\$5,900** for grades nine through twelve [ORC 3310.09(B)].
2. **Jon Peterson Scholarship** program which for the first time, was established in FY13 under provisions of ORC Sections 3310.51 through 3310.64. The so-called Jon Peterson Scholarship legislation directs the Department of Education to calculate scholarship vouchers for eligible special needs students for services provided to them by an alternative public provider or a registered private provider. The amount of the scholarship vouchers is then deducted from the state funding of the school district in which the student resides. For the purposes of this deduction, calculations are made for each special needs student based on the least of 3 amounts as follows:
  - a. The amount of the tuition charged by the alternative public or private provider
  - b. The sum of the formula amount of \$5,900 and the per-pupil amounts for the 6 categories of special needs students listed in ORC Section 3317.013(A) to (F). These categories and their respective per-pupil amounts are listed above under the explanation of line 'H' of the SFPR
  - c. The amount of \$20,000
3. **Cleveland Scholarship** pilot program which is established under provisions of ORC Section 3313.974 and 3313.975 to provide to a number of students residing in Cleveland Municipal school district, scholarships to attend alternative schools, and for an equal number of students to receive tutorial assistance grants while attending public school in the district.

4. **Autism Scholarship** program which is established under provisions of ORC Section 3310.41(A) authorizes the Department of Education under provisions of ORC Section 3310.41(B) to pay a scholarship to the parents of a qualified special education child an amount not to exceed the lesser of the tuition charged or \$27,000 for the child to attend a special education program that implements the child’s IEP and that is operated by an alternative public provider or by a registered private provider.

**X. Other Adjustments [Section 3317.023(H) and (I)]**

This reflects a few additional adjustments made to the foundation calculation for funds transferred from a resident district to an educating district for vocational or special education services provided by the educating district under contract. As part of this adjustment, transfers for contract vocational and special education services are calculated based on provisions of ORC Section 3317.023(H) based on the foundation amount of \$5,900 plus the career tech and special education per-pupil amounts specified in ORC Section 3317.013 and ORC Section 3317.014. These are the same student categories and per-pupil amounts listed for lines ‘H’ and ‘I’ above.

In addition to adjustments for this purpose the law also provides for an adjustment for Associated Services based on the per-pupil figure of \$236 and the career tech FTE. The result of this calculation is transferred to a JVS or a Career Tech Planning District (CTPD) that provides services to the district. The mathematical representation of the formulae are as follows:

Section 3317.023(H)

$$\begin{aligned}
 & (\$5,900 \times \text{Total FTE}) + \\
 & [(\$4,992 \times \text{Any Cat 1 CTE FTE}) + (\$4,732 \times \text{Any Cat 2 CTE FTE}) + (\$1,726 \times \text{Any Cat 3 CTE FTE}) + \\
 & \quad (\$1,466 \times \text{Any Cat 4 CTE FTE}) + (\$1,258 \times \text{Any Cat 5 CTE FTE})] + \\
 & [(\$1,547 \times \text{Any Cat 1 SPC FTE}) + (\$3,926 \times \text{Any Cat 2 SPC FTE}) + (\$9,433 \times \text{Any Cat 3 SPC FTE}) + \\
 & (\$12,589 \times \text{Any Cat 4 SPC FTE}) + (\$17,049 \times \text{Any Cat 5 SPC FTE}) + (\$25,134 \times \text{Any Cat 6 SPC FTE})]
 \end{aligned}$$

Section 3317.023(I)

$$(\text{Total CTE FTE}) \times \$236 \times (\text{District's State Share Index})$$

**Y. Total Transfers and Adjustments**

This line reflects the total of all transfers and adjustments that appear on line ‘S’ through ‘X’ of the Summary Page.

**Z. Net State Foundation Payment**

This line reflects the net state payment after the application of all adjustments and transfers which amounts to line ‘O’ plus line ‘R’ and line ‘Y’.

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Our aim at generating this report is to provide the reader with a comprehensive description of the elements of the School Finance Payment Report (SFPR) for FY16. We hope that this document meets

your expectation and we strongly encourage you to provide us with any feedback that would improve the content and usefulness of this presentation. Please direct your questions and comments to:

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