FY 2023 Set-aside Calculation

As has been the case in recent fiscal years, school districts are no longer required to annually set aside funds for acquisition of textbooks and instructional materials. Sections 3315.18 and 3315.19 of Am. Sub. H. B. 110 of the 134th General Assembly, however, still require districts to set aside funds for capital improvement and maintenance. As before, districts are free to choose one of the approaches set forth in either of the two legislation sections for setting up such a fund.

Section 3315.18 requires the boards of education of city, exempted village, local and joint vocational school districts to establish a capital and maintenance fund for capital improvement and project maintenance purposes. The boards of education are required to deposit into this fund from their school districts’ revenues, an amount that equals 3% of the preceding year’s statewide average base cost per pupil as defined in ORC 3317.02 multiplied by their previous year’s student population. Money deposited into this fund shall be used solely for acquisition, replacement, enhancement and maintenance or repair of permanent improvements as those terms are defined in ORC Section 5705.01. Any money in this fund that is not used in the fiscal year shall carry forward to the next fiscal year.

For the purposes of this calculation, the preceding year’s statewide average base cost per pupil (FY 2022) of $7,349.22 and the population of resident students compiled during the fiscal year are utilized. This student count or total ADM is adjusted by:

1. Including open enrollment students entering the district
2. Excluding open enrollment students leaving the district
3. Excluding community and STEM school students
4. Excluding EdChoice students
5. Excluding Autism Scholarship students
6. Excluding Jon Peterson Scholarship students
7. Including contract/compact students receiving services in the district.
8. Excluding contract/compact students receiving services in other districts.

Section 3315.18(D) provides for some exceptions to the above requirements as follows:

- The auditor of state may establish a percentage other than 3% for a given district.
- A district could bypass the requirements of this section by the passage of a permanent improvement levy specifically designed for this purpose.
- If a district is in fiscal emergency, the district may deposit less than 3% into this fund or make no deposit at all.
- If a district is in fiscal watch or fiscal caution, it may apply to ODE for a waiver from the requirement of depositing 3%. ODE may grant a different percentage to be deposited or may altogether waive the requirement of any deposit if it can be demonstrated that this will result in financial hardship on the district.
- Once in every three consecutive fiscal years, any school district may apply to ODE for a waiver from the requirements of this section if it can be demonstrated that the requirements of the law will result in reduction or elimination of important academic programs in the district.
Section 3315.19 provides that city, exempted village, local, and joint vocational school districts may alternatively choose the approach prescribed in this section of the law in place of Section 3315.18 for setting up a capital improvement and maintenance fund. Under the provisions of this section which dates back to the 121st General Assembly’s Sub. H. B. 412, districts must set aside 3% of their prior year base revenue for this purpose where base revenue consists of the prior year property taxes, any income taxes and the state foundation aid for regular student population. Should the district choose this method for establishing a capital improvement and maintenance fund, the local board must pass a resolution to that effect by September 30th.

Districts should consult the Auditor of State Bulletin 2001-06 and Bulletin 1998-014 for more detailed information on the above mentioned methodologies for the establishment of this fund. To assist school districts with the set-aside calculations we have developed reports of the calculations under both methodologies specified in the law.

A spreadsheet is provided here to assist school districts in their decision as to which methodology they want to adopt in setting up the capital improvement and maintenance fund. The spreadsheet contains various worksheets devoted to the two methodologies for school districts and joint vocational districts separately. The worksheet devoted to the set-aside calculation under provisions of Section 3315.18 gives the actual set-aside calculation under this section with the relevant factors used in the calculation. The worksheet devoted to provisions of Section 3315.19 gives the state portion of the base revenue on the basis of which the fund may be established under the provisions of this section. The spreadsheet can be accessed by clicking this link.

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