

State Foundation Payment Letter**Fiscal Year 2023 October Community/STEM School Payment on October 14, 2022****GENERAL INFORMATION ON SCHOOL FINANCE PAYMENT REPORT**

Foundation payments to community schools are calculated once a month. The October payment represents the fourth payment for FY2023. This letter, generated with each foundation payment, provides details about updated payments to these entities including deductions, adjustments and transfers. The Department strongly encourages the reading of this letter as it answers many questions regarding foundation payments and provides links to important reports. The scheduled payment dates for FY 2023 are below:

July 14, 2022	January 13, 2023
August 12, 2022	February 14, 2023
September 14, 2022	March 14, 2023
October 14, 2022	April 14, 2023
November 14, 2022	May 12, 2023
December 14, 2022	June 14, 2023

AMENDED SUBSTITUTE HOUSE BILL 110 AND HOUSE BILL 583

This is the second year of the new state foundation formula with direct funding of students where they are educated, rather than where they reside based on a variable base cost per pupil amount. This means that the funding provided to each community school student will vary based on the base cost calculation for the community school where the student is enrolled. Additionally, community schools are subject to a phase-in of the new funding formula and benefit from a per-pupil guarantee (formula transition supplement).

SUMMARY SCHOOL FINANCE PAYMENT REPORT

Provisions of Am. Sub. H. B. 110 are applied to the calculation and distribution of state foundation funding in FY 2023. The School Finance Payment Report (SFPR) displays information on each funding element of the foundation formula with all relevant data elements and calculation parameters for each educational entity. [All FY 2023 payment reports can be accessed through this link.](#)

The Summary SFPR provides the calculation of funding components in the foundation formula. Under the title State Support the five funding elements of Core Foundation Funding are listed on lines A through E. In addition to the Core Foundation Funding, the report also includes other funding elements of the formula on lines G, H and I. Next, the report includes Transfers, with line N giving the Net State Funding. Finally, the report includes a Disclosure item and information on the phase-in percentages of Core Foundation Funding elements.

For Core Foundation Funding, four columns of numbers are shown on the Summary SFPR:

- Base State Funding (column [a])
- Calculated State Funding (column [b])
- Phase-in Funding (column [c])
- State Funding (column [d])

The Summary SFPR is comprised of the following lines:

State Support

- A. Base Cost – This comprises the largest part of total funding schools receive in FY 2023 and includes five sub-components:
- a. Teachers
 - b. Student Support
 - c. Leadership and Accountability
 - d. Building Leadership
 - e. Athletic Co-curricular Activity

The sum of these amounts represents the aggregate base cost of the school.

- B. Special Education
- C. Disadvantaged Pupil Impact Aid (DPIA)
- D. English Learners
- E. Career Technical Education
- F. Core Foundation Funding – sum of lines A through E
- G. Transportation
- H. Formula Transition Supplement
- I. Facilities
- J. Total State Support – sum of lines F through I

Transfers

- K. Educational Service Center
- L. Other Adjustments
- M. Total Transfers – sum of lines K and L
- N. Net State Funding – sum of lines J and M

Under Am. Sub. H.B. 110, the calculated funding elements of Core Foundation Funding in FY 2023, are phased in at 33.33% relative to the comparable amounts for these funding elements in the Base State Funding in column [a]. Schools receive 33.33% of the difference between the Base State Funding amounts in column [a] and the FY 2023 Calculated State Funding in column [b] in addition to the amounts identified as Base State Funding in column [a]. Column [c] reflects the phase-in amounts for the Core Foundation Funding components. The amounts in this column are added to the amounts in column [a] to yield the amounts in column [d]. Column [d] is the annual amounts the state will pay schools. Funding elements beyond Core Foundation Funding are not subject to any phase-in and schools receive the calculated amounts for these funding elements.

The Summary SFPR provides a disclosure amount for the Student Wellness and Success funding. While this funding is included in the Student Support component of the Base Cost, it is restricted for specific purposes. The disclosure amount is separately identified on the Statement of Settlement with a restricted receipt code. [Guidance on the use of student wellness and success funds are available here.](#) The restricted portion of the Base Cost is calculated in the following manner:

1. Using data from the Statewide Traditional District Base Cost report calculate the ratio of Student Wellness and Success Cost to Student Support Base Cost and then apply the resulting ratio to the Statewide Student Support per pupil amount. This results in the Student Wellness and Success per pupil amount.
2. Multiply the resulting Community School Student Wellness and Success per pupil amount from step #1 by the Community School Enrolled ADM. That results in an aggregate Student Wellness and Success funding before the phase-in.
3. Divide the aggregate amount calculated in #2 into the Community School Aggregate Base Cost.
4. Apply the ratio from #3 to the Base Cost State Funding amount of the Summary SFPR.
5. The amount calculated in #4 will be displayed on Base Cost – Student Wellness and Success line in the Annual Amount column of the Statement of Settlement and subtracted from the Base Cost line.

Career Awareness and Exploration funding is generated at the CTPD based on each member school ADM. This funding increased from \$2.50 in FY22 to \$5.00 in FY23 per-pupil. [Guidance on the use of funds is available here.](#)

INFORMATION RELEVANT TO THE OCTOBER COMMUNITY SCHOOL PAYMENT

- October was a transition month in which community schools were paid for the first time based upon FY2023 data from EMIS. FY 2023 enrollment data provided as of October 4, 2022 through the EMIS data collector and SOES are used for the following funding categories:
 - Base Cost
 - Special Education
 - Disadvantaged Pupil Impact Aid (DPIA)
 - English Learners
 - Career-Technical Education
- The October transportation payment uses FY2022 data.
- FY17 Final #1 deductions that were spread over the course of one or more fiscal years (for some schools) will continue to impact settlement reports.
- FY19 Final #1 deductions that were spread over the course of one or more fiscal years (for some schools) will impact settlement reports.
- FY20 Final #1 deductions that were spread over the course of one or more fiscal years (for some schools) will impact settlement reports.
- School facilities funding is calculated at \$500 per FTE for each brick and mortar community school, and \$25 per FTE for each e-school. The overall cap on facilities funding for community schools is currently \$42,000,000. The amount of FTE's in the calculation causes the state to exceed that capped amount. As a result, the school facilities funding amount was calculated using a proration percentage of 98.285%.

DETAILED SFPR AND OTHER REPORTS

Accompanying the Summary SFPR is a report illustrating the calculation of many lines of the SFPR in greater detail. The Detailed SFPR included with this payment provides enrollment data, statewide factors and calculations for special education, DPIA, English Learners and Career-Technical Education elements of Core Foundation Funding. The Detailed SFPR also provides the calculation for the formula transition supplement.

For this payment the following payment reports are posted online:

1. **Base Cost** – provides the details of the calculation of the Base Cost component of the foundation funding in detail. It gives the statewide and district factors with calculation formulae of the Base Cost funding elements.
2. **Career Technical Education Restricted Funding** – This report provides the breakdown of the 75% and 25% of CTE restricted funding amounts as directed by ORC 3317.014(C).
3. **Detailed SFPR** – illustrates the calculation of the SFPR lines in detail.
4. **Other Adjustments** shows the transfer of funds for Associated Services and the Catastrophic Cost set-aside.
5. **Payment Comparison** – shows the difference in funding and underlying factors between current payment and a prior payment.
6. **Statement of Settlement** – provides the details of fund distributions from SFPR and non-SFPR sources. It shows the actual payment calculation for this payment derived from annual calculation of various funding elements of the SFPR and all the transfers and adjustments with information on staff and teachers' retirement fund distribution.
7. **Summary SFPR** – provides the annual funding amounts for various funding elements of the foundation formula.

STATEMENT OF SETTLEMENT

The Statement of Settlement shows the amount of funding by component paid monthly from SFPR and non-SFPR sources. Typically, the monthly amounts fluctuate based on data updates that occur during each payment period. On the statement of settlement, funds are generally paid out on a percentage basis or the remaining payments of the year basis. Fund recovery is typically based on the remaining payments of the year approach.

The funding formula includes several restricted funding elements. Below are restricted receipt codes and links to the guidance on the use of funds. These are as follows:

- 3211 – [Disadvantaged Pupil Impact Aid \(DPIA\)](#) (formerly known as Economically Disadvantaged funding)
- 3215 – Career Technical Education Funding (previously receipted with 3219)
- 3217 – [English Learner Funding](#)
- 3218 – [Student Wellness and Success Funding](#) (previously receipted with 3219)

For a complete listing of journal voucher codes, please click on the following [link](#). The following journal voucher adjustments were made in the October payment:

- JV27 FY21 Community School Final #1

- JV28 FY19 Community School Final #1
- JV29 FY22 Community School Final #1
- JV31 FY20 Community School Final #1
- JV39 FY17 Community School Final #1
- JV48 ODE Temporary Withholding
- JV71 Community School FTE review adjustment
- JV86 Prior Year Insufficient Funds Repayment
- JV93 ODE Office of School Sponsorship deductions

STRS and SERS retirement adjustments are based on information from these sources for the month of October.

ADDITIONAL NOTES

Questions should be directed to James Lansden at james.lansden@education.ohio.gov or your [area coordinator](#).