



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

**FROM: Daria Shams, Office of Budget and School Funding**

**RE: Fiscal Year 2017 January #1 Foundation Payment**

**DATE: January 13, 2016**

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This payment reflects the factors in Am. Sub. H. B. 64.

### **General Information on the Foundation Payment Report**

Foundation payments are calculated twice a month. This letter, generated with each foundation payment, provides specific details about updates to payments, including deductions, adjustments, and transfers. We strongly encourage you to read this letter as it answers many of your questions on your foundation payment and it provides links to all the payment reports.

### **School Finance Payment Report (SFPR)**

The SFPR displays every step of the funding calculation. There are two pages to the SFPR: a summary payment totals and lists each component of the formula, additional aid items, and several transfers and adjustments; and a detail of each payment including statewide data elements, district specific data elements, and the actual calculation of each formula component. Please note that there are two columns of numbers on the summary report: Calculated Funding and State Funding. School districts subject to legislative funding caps will see state funding amounts lower than the calculated funding.

Foundation Funding Components that make up the foundation formula are:

- 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 Tech Educational Funding
- J. Capacity Aid
- K. Graduation Bonus
- L. Third Grade Reading Bonus



In addition to these funding components, the foundation formula also provides for a Transitional Guarantee which guarantees that no district will receive less in total FY 2017 funding than a guarantee base that is comprised of the FY 2015 total funding less any career tech funding the district may have received in FY 2016.

Additional Aid Items (lines 'P' and 'Q') and Transfers and Adjustments (lines 'S', 'T', 'U', 'V', 'W' and 'X') are calculated outside of the foundation formula and therefore not subject to the cap.

The second page of the SFPR provides the details of the funding calculations that appear on the summary page and allows the user to verify funding amounts through the calculation steps.

## Statement of Settlement

The Statement of Settlement shows the amount of funding, by component, which was paid in each bi-monthly payment. The bi-monthly payment amounts fluctuate based on the many data updates that occur during the course of the fiscal year. The number and amount of adjustments and transfers also change during the year. Funds are generally paid out on a percentage basis. When ODE recovers funds, payment amounts are usually reduced over the remaining payments in the fiscal year.

### Specific Information Relevant to the January #1 Payment

#### School Districts

#### SFPR

##### Foundation Funding Components

- The SFPR calculations are based on provisions of Am. Sub. H. B. 64.
- The FY 2015 Final #4 and FY 2016 Final #2 payment files serve as the basis of the guarantee and the funding cap respectively.
- Per-pupil amounts that form the bases of some funding components were updated for FY 2017 where directed by law.
- The state share index is not recalculated in FY 2017. The law provides for the same state share index to be utilized in FY 2016 and FY 2017.
- The school age FTE data are from the most recent compilations for FY 2017.
- While the FTE figures in this payment are updated to reflect the FY 2017 data, the CTE FTE figures are still from FY 2016 extracted from the FY 2016 Final #2 SFPR file.
- BDD funding calculation are based on FY 2017 school age and preschool data.

- Regular education transportation calculation is based on FY 2016 T2 and FY 2017 T1 data. School districts have until the 31<sup>st</sup> of January 2017 to amend their FY 2017 T1 data they have reported. No more adjustments to the FY 2016 T2 data can now be accepted.

#### Additional Aid Items

- Preschool funding for school districts is based on FY 2017 data submissions and FY 2017 parameters.
- Special education transportation calculation is based on FY 2016 data. No changes to the data used in this calculation can now be accepted.

#### Transfers and Adjustments

- Education Service Center Transfer reflects the per-pupil transfer amount (\$6.50 etc.) applied to the FY 2016 Report Card count of the students and the new FY 2017 contract amounts received so far.
- Open Enrollment Adjustment is based on updated FY 2017 data for all except CTE students.
- Community School Transfer reflects the FY 2017 community school deductions from the December community school payment file.
- STEM School Transfer reflects the FY 2017 STEM school deductions from the December STEM school payment file.
- Scholarship Transfer reflects estimates from the Scholarship office based on FY 2017 data for Jon Peterson and EdChoice programs while the Autism Scholarship estimates now utilize FY 2017 data and an average amount of \$24,000.
- Other Adjustments reflect updated FY 2017 data for all adjustments except CTE which is still based on FY 2016 data extracted from the FY 2016 Final #2 SFPR.

#### Statement of Settlement

Statement of Settlement reflects the components of the FY 2017 foundation formula as they appear on the SFPR and the adjustments and transfers applied to the districts' funding. It generally employs two different approaches to payments and recoveries: the percentage approach and the remaining payments approach. In this payment:

- **FY 2017 State Insufficient Fund Adjustment** is included.
- **(JV01) FY2016 SFPR Adjustment** is reflected. This adjustment reflects the changes in funding that result from the data update in the FY 2016 funding calculation going from the June #2 to the Final #1 payment. All positive adjustments were distributed with the August #2 payment and the large negative adjustments will be applied to remaining payments of the year.

- **(JV02) FY2016 SFPR Adjustment** is reflected. This adjustment reflects the changes in funding that result from the data update in the FY 2016 funding calculation going from the Final #1 to the Final #2 payment. All positive adjustments were distributed with the October #1 payment and the large negative adjustments are applied to remaining payments of the year.
- **(JV09) FY 2016 College Credit Plus Adjustment** has been updated based on the most recent data for FY 2016.
- **(JV10) FY 2015 SFPR Adjustment** is reflected. This adjustment reflects the changes in funding that result from the data update in the FY 2015 funding calculation going from the Final #3 to the Final #4 payment. All positive adjustments were distributed with the July #2 payment and the large negative adjustments are applied to remaining payments of the year.
- **(JV12) FY 2016 TPP Supplement Overpayment** corrections are reflected.
- **(JV20) FY 2016 ORC Section 3317.027 Adjustments** are included.
- **(JV21) FY 2016 ORC Section 3317.028 Adjustments** are included.
- **(JV61) FY 2016 Solvency Assistance Repayment** is included.
- **(JV98 & JV99) SF6 Excess Cost Adjustments** are reflected. These are remaining FY 2016 adjustments that are being applied to FY 2017 funding.

For a more detailed explanation of all of the adjustments please visit the FY 2017 [Master Voucher Journal](#) report on ODE website.

### [Education Service Centers \(ESC\)](#)

ESC funding comes from 2 sources:

1. State – This funding is distributed as follows:
  - a. State per-pupil amount applied to the FY 2016 Report Card count of the students. Note: HB390 which was signed into law on June 27<sup>th</sup> 2016 reduced the per-pupil amount from \$27 to \$25 unless the ESC is designated as a “high-performing” ESC. All ESCs have now been identified as high-performing and as a result the per-pupil funding base for all of them has increased to \$27. This legislation also increased the total appropriation for this fund to \$41,600,000. The payment amount is distributed at 100% of the calculation.
  - b. Gifted unit funding calculation is based on FY 2016 gifted unit data. This payment is based on 60.17% of the calculated amount to stay within the appropriation of \$3.8 million.
  - c. Special education transportation calculation is now calculated based on data for FY 2016. This payment is based on 71.84% of the calculated amount to stay within the appropriation of \$60,469,220.
2. Local – This funding is deducted from the member school districts’ funding and is distributed as follows:
  - a. The \$6.50 or an alternate per-pupil amount calculated based on FY 2016 Report Card count of students.

- b. Preschool special education funding is based on FY 2017 parameters and FY 2017 data.
- c. ORC Section 3313.845 contracts are based on FY 2017 data.

### **Boards of Developmental Disability (BDD)**

- a. School age funding reflects FY 2017 parameters applied to FY 2017 data.
- b. Preschool Special Education Funding reflects FY 2017 parameters applied to FY 2017 data. BDD preschool special education calculated amounts are deducted from the school districts of residence of the students. These deductions are included as part of the Other Adjustments of the SFPR.
- c. Special education transportation calculation is now updated based on data for FY 2016. This payment is based on 71.84% of the calculated amount to stay within the appropriation of \$60,469,220.

### **Additional Notes**

- The first installment of the FY 2017 reimbursements for the phase-out of TPP values and the Deregulation of public utility values was distributed on November 30<sup>th</sup>. For information on the calculation, allocation and distribution of these reimbursements please click [here](#).
- The FY 2016 additional TPP Supplement amounts to eligible school districts were distribution on October 26<sup>th</sup>. For more information on this please click [here](#).
- The [FY 2015 District Profile Report](#) (the latest version of the Cupp Report) is available for your use.
- With the August #1 foundation payment we have started applying the deductions for the FY 2016 [College Credit Plus](#) program based on partial data. With the November #2 and the December #1 foundation payments we further updated the data utilized in the calculation of this adjustment. Further deduction updates are forthcoming.

Questions should be directed to Daria Shams at [Daria.Shams@education.ohio.gov](mailto:Daria.Shams@education.ohio.gov) or your area coordinator.