



**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 May #1 Foundation Payment**

**DATE: May 5, 2017**

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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 May #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 #5 and FY 2016 Final #3 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 that was calculated in FY 2016 to be used in FY 2017. However, some districts may have seen their state share index in FY 2017 changed in recent payment files. This would be due to changes in the FY 2016 payment file resulting from the Final #3 update.
- The school age FTE data are from the most recent compilations for FY 2017.
- The FTE figures in this payment are updated to reflect the FY 2017 data. All funding calculations are based on FY 2017 actual FTE data. We encourage

you to examine your reported data regularly to ensure accurate funding calculations for your district.

- BDD funding calculations 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. The deadline for amending FY 2017 T1 data was January 31<sup>st</sup>. No more data adjustments to the FY 2016 T2 or the FY 2017 T1 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.
- Community School Transfer reflects the FY 2017 community school deductions from the April community school payment file.
- STEM School Transfer reflects the FY 2017 STEM school deductions from the April STEM school payment file.
- Scholarship Transfer reflects estimates from the Scholarship office through EMIS 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.

#### [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 updates 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. To see

how this adjustment amount evolves, check line 'Z' in the 'Difference' column of the SFPR Payment Comparison worksheet of the FY 2016 Final #1 Foundation Funding Report by clicking [here](#).

- **(JV02) FY2016 SFPR Adjustment** is reflected. This adjustment reflects the changes in funding that result from the data updates 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 the remaining payments of the year. To see how this adjustment amount evolves, check line 'Z' in the 'Difference' column of the SFPR Payment Comparison worksheet of the FY 2016 Final #2 Foundation Funding Report by clicking [here](#).
- **(JV03) FY2016 SFPR Adjustment** is reflected. This adjustment reflects the changes in funding that result from the data updates in the FY 2016 funding calculation going from the Final #2 to the Final #3 payment. All positive adjustments were distributed with the April #1 payment and negative adjustments are applied to the remaining payments of the year. To see how this adjustment amount evolves, check line 'Z' in the 'Difference' column of the SFPR Payment Comparison worksheet of the FY 2016 Final #3 Foundation Funding Report by clicking [here](#).
- **(JV09) College Credit Plus Adjustment** reflects deductions for payments to colleges made for FY 2016 and new deduction amounts for payments made for FY 2017.
- **(JV10) FY 2015 SFPR Adjustment** is reflected. This adjustment reflects the changes in funding that result from the data updates 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. To see how this adjustment amount evolves, check line 'W' in the 'Difference' column of the SFPR Payment Comparison worksheet of the FY 2015 Final #4 Foundation Funding Report by clicking [here](#).
- **(JV13) FY 2015 SFPR Adjustment** is reflected. This adjustment reflects the changes in funding that result from the data updates in the FY 2015 funding calculation going from the Final #4 to the Final #5 payment. All positive adjustments and smaller than \$10,000 negative adjustments are applied to the March #1 payment and the large negative adjustments are applied to the remaining payments of the year. To see how this adjustment amount evolves, check line 'W' in the 'difference' column of the SFPR Payment Comparison worksheet of the FY 2015 Final #5 Foundation Funding Report by clicking [here](#).
- **(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 a combination of the remaining FY 2016 adjustments and the actual FY 2017 adjustments that are being applied to the 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 2017 gifted unit data. This payment is based on 59.68% 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 71.74% 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 71.74% of the calculated amount to stay within the appropriation of \$60,469,220.

### **Additional Notes**

- Career Technical Education (CTE) Guidance Letters for FY 2017 for the traditional school districts, Joint Vocational Schools and Community Schools are now available on ODE website. These letters that provide information on

John Kasich, Governor  
Paolo DeMaria, Superintendent of Public Instruction

how state funds for CTE services should be invested will be updated with every remaining payment of the fiscal year. We urge you to consult these letters regularly as they contain very important information for your expense distribution. This [link](#) provides access to these letters.

- 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 next reimbursement for FY 2017 will be distributed in May 2017.
- The FY 2017 initial TPP Supplement calculations were distributed on April 19<sup>th</sup> 2017. As was the case with the FY 2016 fund, there will be a final adjustment to the calculation of the supplement after the end of the fiscal year. For detailed information on this payment please click [here](#).
- The [FY 2016 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. With the April #1 payment we have started deductions for FY 2017 as well. With the May #1 payment we further updated the data for the calculation of the deductions.

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