



**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 September #1 Foundation Payment**

**DATE: September 9, 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 September #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 #1 payment files serve as the basis for 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 is from the FY 2016 Final #1 SFPR file.
- CTE FTE data reflect FY 2016 data extracted from the FY 2016 Final #1 SFPR file.
- Regular and special education transportation data reflects FY 2016 T1 ridership and mileage data.



### Additional Aid Items

- Preschool FTE data reflects FY 2016 submissions from the FY 2016 Final #1 file and the FY 2017 parameters.
- Special Education Transportation calculation is based on T2 data for FY 2015 and T1 data for FY 2016.

### Transfers and Adjustments

- Education Service Center Transfer reflects the per-pupil transfer amount (\$6.50 etc.) applied to the FY 2015 Report Card count of the students and new FY 2017 contract amounts received so far.
- Open Enrollment Adjustment is based on FY 2016 data.
- Community School Transfer reflects the FY 2017 July community school payment file.
- STEM School Transfer reflects the FY 2017 July STEM school payment file.
- Scholarship Transfer reflects the FY 2016 data and parameters for EdChoice, Autism and Jon Peterson programs.
- Other Adjustments reflect FY 2016 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:

- **(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 #1 payment and the negative adjustments will be applied to remaining payments of the year.
- **(JV06) FY 2016 Youth Services Tuition Adjustment** is reflected.
- **(JV09) FY 2016 College Credit Plus Adjustment** is reflected.
- **(JV10) FY 2015 SFPR Adjustments** are included. These adjustments reflect the payment changes that result from updating the FY 2015 payment file from the Final #3 to the Final #4.
- **(JV14) FY 2016 ORC Section 3323.091 Adjustments** are included. These adjustments are for payments to state institutions that serve special needs students (MO-8).
- **(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.
- **FY 2017 State Insufficient Funds Adjustment** is reflected.

For a more detailed explanation of all of the adjustments please visit the FY 2017 [Master Journal Voucher](#) 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 of \$25 applied to the FY 2015 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. High performing designation applications are due August 31<sup>st</sup> and will be determined by October 31<sup>st</sup>. This legislation also increased the total appropriation for this fund to \$41,600,000. The payment amount is not prorated.
  - 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 based on T2 data for FY 2015 and T1 data for FY 2016. This payment is based on 74.43% 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 alternative per-pupil amount calculated based on FY 2015 Report Card count of students.
  - b. Preschool special education funding is based on FY 2017 parameters and FY 2016 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 and FY 2016 data.
- b. Preschool Special Education Funding reflects FY 2017 parameters and FY 2016 data. The BDD calculated amounts are deducted from the school districts of residence. These deductions are included as part of the Other Adjustments of the SFPR.
- c. Special Education Transportation funding is based on T2 data for FY 2015 and T1 data for FY 2016.



### **Additional Notes**

- 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 compiled at this point. 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.