



**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 2018 September #1 Foundation Payment**

**DATE: September 15, 2017**

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Provisions of Am. Sub. H. B. 49 govern the calculation of the FY 2018 foundation formula. For now however, the FY 2018 payments are being calculated in the context of the FY 2017 funding formula utilizing the provisions of Am. Sub. H. B. 64 (as if FY 2017 is still in progress) until we have reconfigured our foundation formula programs in accordance with the new law. The legislature has given ODE until the end of September 2017 to do that. Therefore, with the first payment in October 2017 we will convert to Am. Sub. H. B. 49 provisions.

### **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' page that lists each component of the formula as well as some additional aid items with several funding transfers and adjustments; and a 'Payment Detail' page that provides all the data elements, factors and parameters that are utilized in funding calculations. There are two columns of numbers on the Summary page report: Calculated Funding and State Funding. For school districts whose total funding is subject to the funding cap the amount shown in the State Funding column is lower than the amount shown in the Calculated Funding column. For a detailed explanation of the funding formula please refer to the [Foundation Formula Line-by-Line](#) document.

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 2018 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 for this payment are for now based on provisions of Am. Sub. H. B. 64.
- The FY 2015 Final #5 and FY 2016 Final #4 payment files serve as the basis of the guarantee and the funding cap respectively. Once we convert to provisions of Am. Sub. H. B. 49 in the October #1 payment, for guarantee and cap an FY 2017 payment file will be utilized.



- Per-pupil amounts that form the bases of the calculation of some funding components are for FY 2017 as reflected in Am. Sub. H. B. 64.
- The state share index used in the calculations is for FY 2017 originated in FY 2016 based on provisions of Am. Sub. H. B. 64. With the October #1 payment file, a new calculation of the State Share Index based on provisions of Am. Sub. H. B. 49 will be utilized.
- The school age FTE data are from compilations for FY 2017 as of 8/1/2017 with new adjustments for community schools.
- 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.

#### 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.

#### 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 2018 contract amounts received so far.
- Open Enrollment Adjustment is based on updated FY 2017 data.
- Community School Transfer reflects the FY 2018 community school deductions from the August community school payment file.
- STEM School Transfer reflects the FY 2018 STEM school deductions from the August 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.
- 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 as proxy for FY 2018 funding plus adjustments and transfers for FY 2018 that are being applied to the districts' funding. The report generally employs two different approaches to payments and recoveries: the percentage approach and the remaining payments approach. In this payment:

- **(JV01) FY2017 SFPR Adjustment** is reflected. This adjustment reflects the changes in funding that result from the data updates in the FY 2017 funding calculation going from the June #2 to the Final #1 payment. All positive adjustments are distributed with this 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 2017 Final #1 Foundation Funding Report by clicking [here](#).
- **(JV02) FY2017 SFPR Adjustment** is reflected. This adjustment reflects the changes in funding that result from the data updates in the FY 2017 funding calculation going from the Final #1 to the Final #2 payment. All positive adjustments are distributed with this 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 2017 Final #2 Foundation Funding Report by clicking [here](#).
- **(JV06) FY 2017 Youth Services Adjustments** are included. These adjustments reflect the tuitions paid to the Ohio Department Youth Services for resident students being educated at that facility.
- **(JV09) FY 2017 College Credit Plus Deductions** are included. These adjustments reflect the deductions applied to the payments made for the Spring of 2017 college credit courses.
- **(JV14) FY 2017 Section 3323.091 Adjustments** are included. These adjustments are for tuition for resident handicapped children being educated by state institutions.
- **(JV20) FY 2017 3317.27 Adjustments** are included.
- **(JV21) FY 2017 3317.28 Adjustments** are included.
- **(JV50 & JV51) FY 2017 SF14 Regular Education Tuition Adjustments** are included. These tuition adjustments are for FY 2017. The data for these adjustments are compiled through EMIS. We will incorporate the FY 2018 adjustments at a later point during the course of the fiscal year. All positive adjustments as of the date of this report, are already applied and negative adjustments will be distributed among the remaining payments of the year.
- **(JV52 & JV53) FY 2017 SF14H Special Education Tuition Adjustments** are included. Again, these adjustments are for FY 2017. The data for these adjustments are compiled through EMIS. We will incorporate the FY 2018 adjustments at a later point during the course of the fiscal year. All positive adjustments as of the date of this report, are already applied and negative adjustments will be distributed among the remaining payments of the year
- **(JV61) FY 2016 Solvency Assistance Repayment** is included.
- **(JV87) FY 2018 Judgment Payment** recapture is included.

For a more detailed explanation of all of the adjustments please visit the FY 2018 [Journal Voucher Codes](#) 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 \$26 applied to the FY 2016 Report Card count of the students. This payment is based on 99.91% of the calculated amount to stay within the appropriation of \$40,000,000.
  - b. Gifted unit funding calculation is based on FY 2017 gifted unit data. This payment is based on 62.6% of the calculated amount to stay within the appropriation of \$3.8 million.
  - c. Special education transportation calculation is 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 2018 data.

### [Boards of Developmental Disabilities \(BDD\)](#)

- 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.

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