



Ohio

FY 17 School Finance Payment Report (SFPR)

LINE BY LINE EXPLANATION

BASED ON PROVISIONS OF AM. SUB. H.B. 64 OF THE 131ST GENERAL ASSEMBLY

OHIO DEPARTMENT OF EDUCATION
OFFICE OF BUDGET AND SCHOOL FUNDING

OHIO DEPARTMENT OF EDUCATION

Introduction

The funding of K-12 public schools in Ohio is a joint effort between the state and the school districts. In FY 2016 \$7,619,477,124¹ in state foundation funding was distributed to Ohio's 612 School districts through the foundation formula. Of this amount, a total of \$937,231,383² was transferred to about 380 community and STEM schools in the form of funding deductions from resident school districts and a total of \$198,248,226² was transferred to non-public and alternative entities through various scholarship programs in the form of school vouchers. School districts also provided \$220,021,320² to Education Service Centers from their foundation funding as partial support for services they receive from these entities. Some \$442 million of the foundation money was transferred among school districts to pay for the education of students who participate in inter-district open enrollment.

Am. Sub. H. B. 64 of the 131st Ohio General Assembly establishes the procedures for calculating the state foundation formula funding of public elementary and secondary education delivery systems in fiscal years 2016 and 2017. This document aims at providing a bird's eye view of the foundation formula in the context of fiscal year 2017 by providing detailed explanation of the calculation of each component of the funding formula as they are reflected on the annual payment report referred to as the School Finance Payment Report (SFPR).

SFPR is a comprehensive document that walks the user through every step of the foundation funding calculation. There are 2 segments to this document: The first, the Summary Calculation Page provides a summary account of the funding amounts for each component of the foundation formula with all the additional aid items and transfers and adjustments traditionally included on the district payment report. The second segment is divided into 2 sections: Calculation Factors and Parameters Page which lists all of the data factors and parameters needed for the calculations and the Detailed Funding Component Calculation Page which gives the formulae with references to the data in the first section. A generic SFPR of a hypothetical school district is provided below as reference point.

¹ As of the FY16 June #2 School Finance Payment Report, reflecting \$7,455,642,114 in formula funding calculation plus \$108,733,093 and \$55,101,916 in preschool education and special education transportation funding respectively.

² FY16 June #2 School Finance Payment Report.

**OHIO DEPARTMENT OF EDUCATION
OFFICE OF BUDGET AND SCHOOL FUNDING
SCHOOL FINANCE PAYMENT REPORT (SFPR)**

IRN: XXXXXX District: XXXXXXXXXXXXXX S.D.

County: XXXXXX

SUMMARY PAGE

	CALCULATED	STATE
FOUNDATION FUNDING COMPONENTS:		
A - Opportunity Grant:	\$226,845,554.69	\$174,490,342.69
B - Targeted Assistance:	\$25,320,325.41	\$19,476,477.13
C - K-3 Literacy Funding:	\$5,907,245.78	\$4,543,872.78
D - Economic Disadvantaged Funding:	\$58,234,114.77	\$44,793,871.57
E - Limited English Proficiency Funding:	\$5,991,619.77	\$4,608,773.53
F - Gifted Education Funding:	\$2,444,124.74	\$1,880,028.74
G - Transportation Funding (Generally Cap Exempt):	\$27,788,898.19	\$27,788,898.19
H - Special Ed. Funding (Generally Cap Exempt):	\$38,618,201.28	\$38,618,201.28
I - CTE Funding (Cap Exempt):	\$2,054,952.15	\$2,054,952.15
J - Capacity Aid (Cap Exempt):	\$0.00	\$0.00
K - Graduation Bonus (Cap Exempt):	\$393,802.27	\$393,802.27
L - Third Grade Reading Bonus (Cap Exempt):	\$379,284.87	\$379,284.87
M - Total Foundation Funding Before Guarantee:	\$393,978,123.91	\$319,028,505.18
N - Transitional Aid Guarantee:	\$0.00	\$0.00
O - Total State Funding:	\$393,978,123.91	\$319,028,505.18
ADDITIONAL AID ITEMS:		
P - Preschool Special Education Funding:		\$4,829,586.76
Q - Special Education Transportation Funding:		\$3,447,817.37
R - Total Additional Aid Items:		\$8,277,404.13
TRANSFERS AND ADJUSTMENTS:		
S - Education Service Center Transfer:		\$-323,934.00
T - Open Enrollment Adjustment:		\$-893,687.92
U - Community School Transfer:		\$-145,293,238.68
V - STEM School Transfer:		\$-2,901,549.60
W - Scholarship Transfer:		\$-23,470,512.49
X - Other Adjustments:		\$222,087.85
Y - Total Transfers and Adjustments:		\$-172,660,834.84
Z - Net State Foundation Funding:		\$154,645,074.47

CALCULATION FACTORS AND PARAMENTERS PAGE

STATE FACTORS AND PARAMETERS:

s1	- Statewide Formula ADM for FY17:	1,679,253.83
s2	- Statewide Economic Disadvantaged Percentage:	0.480597842
s3	- Statewide 3-Year Average Valuation (TY15, TY14 and TY13):	\$243,262,910,133
s4	- Statewide 3-Year Average Income (TY14, TY13 and TY12):	\$301,821,145,644

DISTRICT FACTORS AND PARAMETERS:

<u>a - Base ADM Data:</u>		
a1	- Formula ADM $[a2-(0.8*a5)+(0.2*a6)]$:	70,720.66
a2	- Adjusted Total ADM $[a3-(0.5*a4)]$:	70,720.44
a3	- Total ADM:	70,720.44
a4	- Tuition Kindergarten FTE:	0.00
a5	- JVS Jointure ADM:	0.00
a6	- Contract Vocational ADM:	1.09
<u>b - Special Education ADM Data:</u>		
b1	- Category 1 Special Education ADM:	948.78
b2	- Category 2 Special Education ADM:	6,390.47
b3	- Category 3 Special Education ADM:	1,190.40
b4	- Category 4 Special Education ADM:	55.08
b5	- Category 5 Special Education ADM:	513.94
b6	- Category 6 Special Education ADM:	939.14
<u>c - Career Tech FTE Data:</u>		
c1	- Category 1 Career Tech FTE:	377.98
c2	- Category 2 Career Tech FTE:	209.42
c3	- Category 3 Career Tech FTE:	267.03
c4	- Category 4 Career Tech FTE:	23.25
c5	- Category 5 Career Tech FTE:	78.95
<u>d - Limited English Proficient ADM Data:</u>		
d1	- Category 1 LEP ADM less E School $(1,689.56-1.42)$:	1,688.14
d2	- Category 2 LEP ADM less E School $(6,307.33-43.27)$:	6,264.06
d3	- Category 3 LEP ADM less E School $(2,040.60-10.72)$:	2,029.88
<u>e - Additional ADM Data:</u>		
e1	- K-3 Formula ADM:	25,973.92
e2	- K-3 E SCHOOL Formula ADM:	305.48
e3	- Net Formula ADM $[a1-(e4*0.75)-e5-(e6-e7)-e8-e9]$:	51,894.42
e4	- Brick & Mortar Com and STEM School Formula ADM:	15,531.93
e5	- E School Formula ADM:	2,557.53
e6	- Autism Scholarship ADM:	196.18
e7	- Preschool Autism Scholarship ADM:	28.91
e8	- Jon Peterson Scholarship ADM:	108.78
e9	- EdChoice Scholarship ADM:	4,343.71
e10	- Economic Disadvantaged ADM:	63,387.80
e11	- Economic Disadvantaged Percentage:	0.896315125
e12	- E School Economic Disadvantaged ADM:	1,834.58
f	- 3-Year Average Income $[TY14+TY13+TY12]/3$:	\$10,442,305,528
g	- 3-Year Average Total Real Valuation $[(TY15+TY14+TY13)/3]$:	\$8,609,224,680
h	- 3-Year Average Agricultural Real Valuation $[(TY15+TY14+TY13)/3]$:	\$4,837,140
i	- State Share Index (See worksheet for details):	0.534386180
j	- Economic Disadvantaged Index $[(e11/s2)^2]$:	3.478226000
k	- 3-Year Ave Value $[Section 3317.0217(A)(1):(TY15+TY14+TY13)/3]$:	\$8,901,104,73
<u>l - Graduation Bonus Factors (Based on FY15 Report Card Data:</u>		
l1	- Four Year Adjusted Graduation Rate:	0.74

12 - Number of Graduates:	2,210.00
m - Third Grade Reading Proficiency Bonus Factors (Based on FY15 Report Card Data):	
m1 - Third Grade Reading Proficiency Rate:	0.60
m2 - # Scoring Proficient or Higher on 3rd Grade Reading Test:	2,620.00

DETAILED FUNDING COMPONENT CALCULATION PAGE

A - Opportunity Grant [$\$6,000*(a1+e7)*i$]:	\$226,845,554.69
B - Targeted Assistance [B5+B7]:	\$25,320,325.41
B1 - District Per Pupil [$((k/a1)*0.5)+((f/a1)*0.5)$]:	\$136,759.26
B2 - State Per Pupil [$((s3/s1)*0.5)+((s4/s1)*0.5)$]:	\$162,299.48
B3 - Threshold Per Pupil [490 th Obs Value]:	\$205,281.81
B4 - Wealth Index [B2/B1]:	1.1868
B5 - Base Targeted Assist [$((B3-B1)*0.006*B4)*e3$]:	\$25,320,325.41
B6 - Agricultural Real Value Ratio [h/g]:	0.000561855
B7 - Suppl Assist [$>$ of $((B6-0.1)*(\$6,000*0.4)*e3)$ or 0]:	\$0.00
C - K-3 Literacy Funding [$(\$193*(e1-e2)*i)+(\$127*(e1-e2))$]:	\$5,907,245.78
D - Economic Disadvantaged Funding [$\$272*(e10-e12)*j$]:	\$58,234,114.77
E - Limited English Proficiency Funding [E1+E2+E3]:	\$5,991,619.77
E1 - Category 1 Funding [$\$1,515*d1*i$]:	\$1,366,709.81
E2 - Category 2 Funding [$\$1,136*d2*i$]:	\$3,802,677.18
E3 - Category 3 Funding [$\$758*d3*i$]:	\$822,232.78
F - Gifted Education Funding [F1+F2+F3]:	\$2,444,124.74
F1 - Identification Funding [$\$5.05*a1$]:	\$357,139.33
F2 - Coordinator Funding [$\$37,370*F2a$]:	\$298,960.00
a - Coord [$(a1-(e4+e5))/3,300$ (Min 0.5 Max 8)]:	8.00
F3 - Intervention Specialist Funding [$\$37,370*F3a$]:	\$1,788,025.40
a - Specialists [$(a1-(e4+e5))/1,100$ (Min 0.3)]:	47.85
G - Transportation Funding [G1+G2+G3+G4] (See worksheet for details):	\$27,788,898.19
G1 - Type 1 & 2 Transportation Funding:	\$27,400,110.81
G2 - Other Transportation Funding:	\$106,314.00
G3 - Community School Transportation Funding:	\$282,473.38
G4 - Supplemental Transportation Funding:	\$0.00
H - Special Education Additional Funding [H1+H2+H3+H4+H5+H6]:	\$38,618,201.28
H1 - Category 1 Funding [$b1*\$1,578*i$]:	\$800,069.54
H2 - Category 2 Funding [$b2*\$4,005*i$]:	\$13,676,990.30
H3 - Category 3 Funding [$b3*\$9,622*i$]:	\$6,120,874.70
H4 - Category 4 Funding [$b4*\$12,841*i$]:	\$377,961.88
H5 - Category 5 Funding [$b5*\$17,390*i$]:	\$4,776,031.92
H6 - Category 6 Funding [$b6*\$25,637*i$]:	\$12,866,272.94
I - Career Technical Education Funding [I1+I2+I3+I4+I5+I6]:	\$2,054,952.15
I1 - Category 1 Funding [$c1*\$5,192*i$]:	\$1,048,718.00
I2 - Category 2 Funding [$c2*\$4,921*i$]:	\$550,714.79
I3 - Category 3 Funding [$c3*\$1,795*i$]:	\$256,141.37
I4 - Category 4 Funding [$c4*\$1,525*i$]:	\$18,947.33
I5 - Category 5 Funding [$c5*\$1,308*i$]:	\$55,184.24
I6 - Associated Services [$(c1+c2+c3+c4+c5)*\$245*i$]:	\$125,246.41
J - Capacity Aid [$(J2/J4)*a1*3.50*J3$]:	\$0.00
J1 - 3 Year Average Valuation Base [$k*0.001$]:	\$8,901,105.00
J2 - 3 Year Average Valuation Base Median:	\$226,367.50
J3 - Ratio [if J1<J2 then (J2/J1)-1 else 0 (Max 2.5)]:	0.00
J4 - Average Formula ADM only if J1 < J2:	0.00
K - Graduation Bonus [$l1*0.075*\$6,000*12*i$]:	\$393,802.27
L - Third Grade Reading Bonus [$m1*0.075*\$6,000*m2*i$]:	\$379,284.87
M - Funding for Guarantee (Excl line I) [A+B+C+D+E+F+G+H+J+K+L]:	\$391,923,171.77
N - Funding Guarantee Base [FY15 Funding less FY16 CTE Funding]:	\$273,480,706.74
O - Transitional Aid Guarantee [if N > M then N-M else 0]:	\$0.00
P - Total Funding Including CTE Funding and Guarantee [M+I+O]:	\$393,978,123.91
Q - Funding Cap Limit [Q10*1.075]:	\$316,200,465.90
Q1 - Capped FY16 Opportunity Grant:	\$159,823,779.27
Q2 - Capped FY16 Targeted Assistance:	\$16,866,647.91
Q3 - Capped FY16 Special Education Funding:	\$37,858,963.54
Q4 - Capped FY16 K-3 Literacy Funding:	\$4,033,685.63
Q5 - Capped FY16 Economic Disadvantaged Funding:	\$41,724,184.76
Q6 - Capped FY16 Limited English Proficiency Funding:	\$4,292,937.90

Q7 - Capped FY16 Gifted Education Funding:	\$1,751,284
Q8 - Capped FY16 Trans Funding (less Supplemental):	\$27,788,484.93
Q9 - Capped FY16 Transitional Guarantee:	\$0.00
Q10- Limitation Base [Q1+Q2+Q3+Q4+Q5+Q6+Q7+Q8+Q9]:	\$294,139,968.28
R - Capped Fund [if((P-I)-(G4+J+K+L))>Q then Q+G4+I+J+K+L else P]:	\$319,028,505.18

Traditional school district foundation formula provides funding for a number of different services designed to serve the needs of various populations of students. The funding components are as follows:

Foundation Funding Components

- 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 Technical Education Funding
- J. Capacity Aid
- K. Graduation Bonus
- L. Third Grade Reading Bonus
- M. Total Foundation Funding Before Guarantee
- N. Transitional Aid Guarantee Funding
- O. Total State Funding

Additional Aid Items

- P. Preschool Special Education Funding
- Q. Special Education Transportation Funding
- R. Total Additional Aid Items

Transfers and Adjustments

- S. Education Service Center Transfer
- T. Open Enrollment Adjustment
- U. Community School Transfer
- V. STEM School Transfer
- W. Scholarship Transfer
- X. Other Adjustments
- Y. Total Transfers and Adjustments
- Z. Net State Foundation Funding

The sum total of these funding components amounts to the foundation formula funding that in some cases may be capped to prevent districts from generating more in FY 2017 total funding than the cap limit allows.

Explanation of the Calculations

The funding of the elementary and secondary education through the foundation formula is a joint effort between the state and individual school districts. Historically, each district totally relied on its property taxes for support of education and the bulk of the proceeds from these taxes went towards the provision of educational services. The problem with that arrangement was the property tax bases of different school districts were very different in strength. As a result, school districts' service provision differed, depending on the property wealth of the district. In response to this, the state intervened and provided money to school districts through the foundation formula. This narrows the gap between the rich and the poor school districts to bring equity in education funding.

Typically, the foundation formula works in a way that provides state assistance in direct relationship to the student population of a school district and in converse relationship to the property wealth of the district. The mechanism in the foundation formula that makes its operation sensitive to wealth is referred to as the state share index. This measure determines what portion of the per-pupil funding through the foundation formula should come from the state and what portion should be the district's responsibility. The state share index and its function in the distribution of the state foundation funding is therefore at the core of the foundation formula...

State Share Index [Sections 3317.017]

State Share Index is applied to some of the elements of the foundation formula and is used to determine the state portion of those funding streams. The state share index is calculated once in FY16 and used in both FY16 and FY17 funding calculations. This provides for consistency and stability to districts. The state share index provides for measuring the wealth of the school district in terms of property tax base and the residents' ability to pay.

The calculation of this measure is a multi-step process that involves the calculation of:

1. Valuation Index
2. Income Index
3. Wealth Index
4. State Share Index

The calculation steps are as follows:

- A. Calculate the district 3-year average valuation for TY14, TY13 and TY12
- B. Calculate the statewide 3-year average valuation for TY14, TY13 and TY12
- C. Adjust **A** for exempt property by first calculating the potential valuation by combining taxable and tax exempt property values. Then, if the exempt valuation is greater than 30% of the potential valuation, subtract from **A**, the difference between the exempt valuation and 30% of the potential valuation

- D. Divide **A** as adjusted by **C** by the FY15 district total ADM to get the district 3-year average valuation per total ADM
- E. Divide **B** by FY15 statewide total ADM to get the statewide 3-year average valuation per total ADM
- F. Calculate the valuation index by dividing **D** by **E**
- G. Calculate the median income index by dividing TY13 district median income by TY13 statewide median income
- H. Calculate the 3-year average federal adjusted gross income per pupil for each district by dividing TY13, TY12 and TY11 average by the FY15 formula ADM
- I. Do the calculation in **H** for the state as a whole
- J. Calculate the ratio of the district 3-year average federal adjusted gross income per pupil calculated in **H** by the statewide 3-year average federal adjusted gross income per pupil calculated in **I**
- K. Calculate the income index by combining **G** and **J** at 50% level each
- L. Calculate the wealth index of each district as follows:
 - a. If valuation index (**F**) is greater than the income index (**K**), and median income index (**G**) is smaller or equal 1.5 then combine 40% of **K** with 60% of **F** to obtain the wealth index
 - b. If income index (**K**) is greater than valuation index (**F**) and median income index (**G**) is larger than 1.5 then wealth index is equal the valuation index (**F**)
- M. Calculate state share index as follows:
 - a. If **L** is smaller or equal 0.35 then state share index equals: 0.9
 - b. If **L** is larger than 0.35 but smaller or equal 0.9 then state share index equals:
 $\{0.4 \times [(0.9 - L) / 0.55]\} + 0.5$
 - c. If **L** is larger than 0.9 but smaller than 1.8 then state share index equals:
 $\{0.45 \times [(1.8 - L) / 0.9]\} + 0.05$
 - d. If **L** is greater or equal 1.8 then state share index equals 0.05



Reference Guidelines to Understanding the SFPR

Below is an explanation of the SFPR, line-by-line. Each line reflects the funding components of the foundation formula or data factors used in the funding calculations and is referenced by a letter for ease of reference. There are 3 sections to the SFPR: Summary Calculation Page, the Calculation Factors and Parameters Page and the Detailed Component Calculation Page.

1. Summary Calculation Page: For each funding component 2 columns of numbers are provided on this page:
 - The first column is labeled Calculated Funding and gives the result of the calculations based on provisions of the law as explained on the Detailed Component Calculation Page.
 - The second column is labeled State Funding and gives the calculated amount after the application of the funding cap.

The Summary Page amounts are functions of the calculations reflected on the Detailed Component Calculation Page. To explain the funding calculations, references are made to the Detailed Component Calculation Page.

Also, since there are other funding elements, adjustments and transfers that are shown on the Summary Page, some of the references made in this explanation will relate to the portions of the Summary Page that contain them. For ease of reference the contents of the Detailed

Component Calculation Page and the Summary Page that are referenced here are shown in different color inks to make the connection to the sample payment report easier.

2. Calculation Factors Parameters Page: This page provides values for all the factors and data elements used in the calculations on the Detailed Component Calculation Page. Reference to the lines on this page are made with lower case letters.
3. Detailed Component Calculation Page: This page provides the calculation of the components of the foundation formula and makes reference to the factors displayed on the Calculation Factors and Parameters Page in explaining the calculations. Funding components on this page are referenced with the same letters as on the Summary Page under the portion labeled Foundation Funding Components.

The **DETAILED FUNDING COMPONENT CALCULATION PAGE** is explained first. Second, the items reflected on the second half of the **SUMMARY PAGE** are explained under the section labeled Additional Aid Items and Transfers and Adjustments. The Calculation Factors and Parameters Page requires no explanation as it only displays the data used in the calculations.

A. Opportunity Grant [Section 3317.022(A)(1)]

This funding is generated by the resident students of the district who are included in the Total Average Daily Membership FTE (ADM FTE) that is compiled using the annualized full time equivalent (FTE) enrollment for each student. The basis of this funding is the per-pupil amount of \$6,000; state that each resident student is funded at least \$6,000 per year from combined state and local sources. The student count used in this calculation is the funding or formula ADM. Formula ADM is the total ADM adjusted to only include 20% of the count of the resident students who attend a joint vocational school (JVS) as well as including an additional 20% of the count of resident contract vocational ADM FTE. In addition to these adjustments, the formula ADM used in this funding calculation includes all of the preschool Autism Scholarship students who reside in the district. Expressed in mathematical terms the formula for this funding calculation is as follows:

$$\text{\$6,000 X (Funding ADM + Preschool Autism Scholarship Counts) X State Share Index}$$

B. Targeted Assistance [Section 3317.022(A)(2)] and [Sections 3317.0217(A) & (B)]

This funding was originally included in the foundation formula a number of years ago as Parity Aid. It was reintroduced in the foundation formula in FY14 as Targeted Assistance and continues today. Similar to Parity Aid, this funding is viewed as the second tier of the foundation formula to primarily target additional funding to school districts that do not raise much local revenue beyond the local share of the foundation formula. This funding is targeted to school districts that are below a certain threshold of wealth in the state.

Since the distribution of this fund is meant to be wealth sensitive, a per-pupil local wealth measure is first established based on property valuation and residents' income on the basis of which school districts are sorted in descending order to identify the eligibility threshold school district at the 490th position on the spectrum (80th percentile). All of the school districts that fall below this threshold are eligible to receive the funding based on a per-pupil amount calculated based on 6 mills times the difference between the threshold per-pupil local wealth measure and the individual school district's per-pupil local wealth measure. The per-pupil amount calculated is multiplied by the Net Formula ADM of the district to generate the Targeted Assistance fund. Net formula ADM is a derivative of the

funding formula ADM and it excludes 75% of the brick and mortar community school formula ADM, and 100% of the E school formula, Jon Peterson Scholarship, school age Autism Scholarship ADM, and EdChoice ADM.

There is also a supplemental tier of Targeted Assistance that targets eligible school districts based on the size of the agricultural real property in the district as a ratio of the total real property. If a district has agricultural real properties more than 10% of its total real properties, the district is entitled to receive the supplemental targeted assistance.

The steps involved in the calculation of the targeted assistance can be expressed mathematically as follows:

Step 1: Calculate district’s per-pupil local wealth measure by combining the 3-year average valuation per pupil and the 3 year average federal adjusted gross income per pupil at 50% each. The valuation figures used for this purpose in FY17 are from TY15, TY14 and TY13. The income data used is from TY14, TY13 and TY12. The ADM base is that of FY17.

$$\left[\left\{ \frac{(\text{TY15 Value} + \text{TY14 Value} + \text{TY13 Value})}{3} \right\} / \text{FY17 Formula ADM} \right] \times 0.5 + \left[\left\{ \frac{(\text{TY14 Gross Income} + \text{TY13 Gross Income} + \text{TY12 Gross Income})}{3} \right\} / \text{FY17 Formula ADM} \right] \times 0.5$$

Step 2: Calculate the statewide equivalent of the per-pupil local wealth measure as was done in Step 1 for individual districts.

Step 3: Calculate the Targeted Assistance Wealth Index by dividing the calculation in Step 2 by the calculation in Step 1.

Step 4: Sort all districts based on the per-pupil local wealth measure calculated in Step 1 from low to high.

Step 5: Identify the 490th district as you move up on the spectrum generated in Step 4 and use its local per-pupil wealth measure as the threshold wealth measure.

Step 6: For each district that falls below the threshold, obtain the difference between the threshold per-pupil local wealth measure and that of the district.

$$(\text{Threshold Per-Pupil Local Wealth Measure}) - (\text{District Per-Pupil Local Wealth Measure})$$

Step 7: Multiply the difference obtained in Step 6 by 6 mills and the calculation in Step 3 and the net formula ADM of the district to obtain the calculation of the base Targeted Assistance.

$$(\text{Step 6 Result}) \times 0.006 \times (\text{Step 3 Result}) \times (\text{Net Formula ADM})$$

Step 8: Calculate the ratio of the 3-year average agricultural real properties to the 3-year average total real properties for each district based on valuation figures for TY15, TY14 and TY13.

$$\frac{[(\text{TY15 Agricultural Real Val} + \text{TY14 Agricultural Real Val} + \text{TY13 Agricultural Real Val}) / 3]}{[(\text{TY15 Total Real Val} + \text{TY14 Total Real Val} + \text{TY13 Total Real Val}) / 3]}$$

Step 9: Calculate Supplemental Targeted Assistance if the ratio obtained in Step 8 is greater than 0.1 or the agricultural real values in a district comprise more than 10% of the total real values. This funding is calculated by applying 40% of the formula amount of \$6,000 to the net formula ADM and the difference between the ratio calculated in Step 8 and 0.1.

$$[(\text{Step 8 Ratio}) - 0.1] \times (\$6,000 \times 0.4) \times \text{FY17 Net Formula ADM}$$

Step 10: Add the amounts obtained in Step 6 and Step 8 to get the total Targeted Assistance.

C. Kindergarten through Third Grade Literacy Funding [Section 3317.02(A)(4)]

This funding is provided to students in grades kindergarten through three to provide additional funds to support the Third Grade Reading Guarantee. The funding is based on 2 per-pupil amounts: A state-share-index- equalized amount of \$193 and an un-equalized amount of \$127. For the calculation of this fund the count of resident kindergarten through 3rd grade students who attend e-schools are removed from the ADM base.

$$\{[(\text{K-3 ADM}) - (\text{E-School K-3 ADM})] \times \$193 \times \text{State Share Index}\} + \{[(\text{K-3 ADM}) - (\text{E-School K-3 ADM})] \times \$127\}$$

D. Economic Disadvantaged Funding [Section 3317.022(A)(5)]

This additional funding is provided to address economic disadvantage (poverty) and its effects on educational outcomes. Its calculation is based on a per-pupil amount of \$272 equalized by the Economically Disadvantaged Index of the district. Economically Disadvantaged index is calculated by simply obtaining the square of the ratio of the individual district's economically disadvantaged percentage to the statewide economically disadvantaged percentage. Students who qualify for a free or reduced price lunch are considered economically disadvantaged. This represents students in poverty, but also students of families with low incomes that meet eligibility requirements for a free or reduced price lunch (which extends above the poverty line).

$$(\text{Number of Economically Disadvantaged Students}) \times \$272 \times (\text{Economically Disadvantaged Index})$$

E. Limited English Proficiency Funding [Section 3317.022(A)(6)]

This additional funding is provided to help school districts provide additional educational services to students for whom English is not the native language. For the distribution of this fund the law provides that limited English proficient (LEP) students should be classified into 3 categories as follows:

1. Category 1 – Students who have been enrolled in U.S. schools for 180 days or less and previously have not been exempted from English Language Arts assessment.
2. Category 2 – Students who have been enrolled in U.S. schools for more than 180 days and previously have been exempted from English Language Arts assessment.

3. Category 3 – Students who are mainstreamed on trial basis and are not included in the first two categories.

For each category of LEP students the law provides a per-pupil amount that is equalized by the state share index.

$$\begin{aligned} & \text{[(Category 1 LEP ADM) X \$1,515 X (State Share Index)] +} \\ & \text{[(Category 2 LEP ADM) X \$1,136 X (State Share Index)] +} \\ & \text{[(Category 3 LEP ADM) X \$758 X (State Share Index)]} \end{aligned}$$

F. Gifted Education Funding [Section 3317.022(A)(7)]

The law provides for additional funding for identification of and service provision to gifted students. The funding is distributed through 3 streams as follows:

1. Gifted Identification Funding based on the per-pupil amount of \$5.05 applied to the formula ADM of the district.
2. Gifted Coordinator Services Funding based on a salary figure of \$37,370 for every coordinator serving 3,300 students in the formula ADM reduced by the number of community school students, with a minimum of 0.5 and a maximum of 8 coordinators per district.
3. Gifted Intervention Specialist Funding based on a salary figure of \$37,370 for every specialist serving 1,100 students in the formula ADM reduced by the number of community school students, with a minimum of 0.3 specialists per district.

Gifted funding is not equalized by the state share index and the mathematical presentation of the formula calculation is as follows:

$$\begin{aligned} \text{Identification Funding} &= \text{(Formula ADM) X \$5.05} \\ \text{Coordinator Funding} &= \text{[(Formula ADM – Community School ADM) / 3,300] x \$37,370} \\ \text{Specialist Funding} &= \text{[(Formula ADM – Community School ADM) / 1,100] x \$37,370} \end{aligned}$$

The law limits the number of required coordinators to a minimum of 0.5 and a maximum of 8. By the same token the minimum number of specialists for a district is set at 0.3.

G. Transportation Funding [Section 3317.0212]

Regular transportation funding is calculated based on a hybrid approach in which two sets of calculations are done for each school district based on different parameters. The approach that yields the higher amount is provided to the district. This dual funding approach takes into account districts are different in terms of physical characteristics and distribution of students. Some school districts are heavily populated with high student densities in relatively small areas, while others contain large rural areas with students dispersed across large areas. For one district the high student concentration results in frequent stops for the buses and having many routes to cover while for another district the low student concentration and long travel distances result in buses traveling many miles a day with relatively few students on board. Such differences have necessitated approaching transportation funding differently for these school districts.

Additionally, other special circumstances and the economies of scale have necessitated the development of different approaches to transportation service provision as follows:

- Type 1: Services provided by board-owned and board-operated yellow buses
- Type 2: Services provided by yellow buses by a contractor that could also be another school district
- Type 3: Services provided by public transportation providers such as city buses
- Type 4: Payments made to parents in lieu of transportation services (does not include special education parent contracts)
- Type 5: Services provided by board-owned vehicles other than yellow buses (9 passengers or less)
- Type 6: Board previously-owned vehicles other than yellow buses (9 passengers or less) including contracts with parents for special education transportation.
- Type 7: Community school students who are transported by the community school in accordance with ORC Section 3314.09

The bulk of the state funding for transportation is for types 1 and 2. The law provides for a formula for the distribution of type 1 and 2 transportation funds in the context of the aforementioned approaches. For that, the transportation expenditure patterns of districts in the previous year (base year) serve as the basis of the funding calculation in the current year. The steps involved in this process are as follows:

1. Calculate the per-rider combined type 1 & 2 expenditure for each district for the base year. Eliminate the outliers by removing the top and bottom 10 districts in terms of per-rider expenditure from the analysis.
2. Calculate the annual per-mile combined type 1 & 2 expenditure based on 180 days per year for each district for the base year. Eliminate the outliers by removing the top and bottom 10 districts in terms of per annual mile expenditure.
3. Calculate the statewide per-rider combined type 1 & 2 expenditure for the base year after the removal of the outliers.
4. Calculate the statewide annual per-mile combined type 1 & 2 expenditure based on 180 days per year for the base year after the removal of the outliers.
5. For each district calculate a total per-rider funding amount by multiplying the statewide per-rider expenditure for the base year by the current year ridership.
6. For each district calculate a total annual per-mile funding amount by multiplying the statewide annual per-mile expenditure for the base year by the current year annual miles.
7. Determine the base transportation funding for each district by applying the larger of the per-rider or per-annual-mile funding amounts.
8. Determine the state share of the base transportation funding calculated in #7 above by applying the greater of the state share index or 50% to the base transportation funding.

In addition to the type 1 & 2 transportation funding, the law also provides for the calculation of types 3, 5, 6 as well as Supplemental Transportation funding that benefits school districts whose student density is below the threshold of 50 students per square mile.

The calculation of type 3 transportation funding is predicated on 35% of the statewide base per-pupil amount which is applied to the calculation of type 1 and type 2 funding times the number of type 3 riders. By the same token the calculation of type 5 and type 6 funding is predicated on 50% of

the statewide base per-pupil amount which is applied to the calculation of type 1 and type 2 funding times the number of types 5 and 6 riders. Type 4 transportation funding has its own funding source and is kept outside of the foundation formula and therefore is not included here as part of this narrative.

Supplemental transportation funding is provided to school districts whose rider density (the number of students per square mile of the district) is below 50. For the calculation of this fund, the positive difference between 50 and the district rider density is multiplied by the per-mile based funding of the district times 0.55. A comprehensive and detailed [worksheet](#) of the transportation calculation is now provided with the SFPR for each payment of the fiscal year.

H. Special Education Additional Funding [Section 3317.022(A)(3) and Section 3317.013(A) to (F)]

This funding provides for additional state support for students who have special needs. This is similar to the weighted funding used in previous years except that instead of the weights tied to the opportunity grant amount, there are now per-pupil amounts applied to different special needs categories. Students with various handicapping conditions are grouped into 6 categories for funding purposes with a per-pupil amount assigned to each category. The categories and their respective per-pupil amounts in FY17 are as follows:

1. Category 1 with the per-pupil amount of \$1,578 is comprised of:
Students with Speech and Language Disability
2. Category 2 with the per-pupil amount of \$4,005 is comprised of:
Students with Specific Learning Disability
Students with Developmental Disability
Students with Other Health Impairment (minor)
Preschool Children who are Developmentally Delayed
3. Category 3 with the per-pupil amount of \$9,622 is comprised of:
Students with Hearing Disability
Students with Severe Behavior Disability
4. Category 4 with the per-pupil amount of \$12,841 is comprised of:
Students with Vision Impairment
Students with Other Health Impairment (major)
5. Category 5 with the per-pupil amount of \$17,390 is comprised of:
Students with Orthopedic Disability
Students with Multiple Disabilities
6. Category 6 with the per-pupil amount of \$25,637 is comprised of:
Students with Autism
Students with both Vision and Hearing Impairment
Students with Traumatic Brain Injury

Funding for special education students is equalized by means of the state share index. Expressed in mathematical terms the funding calculation amounts to:

$$\begin{aligned} &[(\text{Category 1 ADM}) \times \$1,578 \times (\text{State Share Index})] + \\ &[(\text{Category 2 ADM}) \times \$4,005 \times (\text{State Share Index})] + \\ &[(\text{Category 3 ADM}) \times \$9,622 \times (\text{State Share Index})] + \\ &[(\text{Category 4 ADM}) \times \$12,841 \times (\text{State Share Index})] + \end{aligned}$$

$$[(\text{Category 5 ADM}) \times \$17,390 \times (\text{State Share Index})] +$$

$$[(\text{Category 6 ADM}) \times \$25,637 \times (\text{State Share Index})]$$

I. Career Technical Education Funding [Sections 3317.022(A)(8) & (9) and Section 3317.014(A) to (E)]

This funding provides for additional state support for students who are in career technical programs. This is similar to the weighted funding used in previous years except that instead of the weights tied to the opportunity grant amount, there are now per-pupil amounts applied to different career technical programs. Students in various career tech programs are grouped into 5 categories for funding purposes with a per-pupil amount assigned to each category. The categories and their respective per-pupil amounts in FY17 are as follows:

1. Category 1 with the per-pupil amount of \$5,192 is comprised of WFD programs in:
 - Agricultural & Environmental Systems
 - Construction Technologies
 - Engineering and Science Technologies
 - Finance
 - Health Science
 - Information Technology
 - Manufacturing Technology
2. Category 2 with the per-pupil amount of \$4,921 is comprised of WFD programs in:
 - Business Administration
 - Hospitality and Tourism
 - Human Services
 - Law and Public Safety
 - Transportation Systems
 - Arts and Communications
3. Category 3 with the per-pupil amount of \$1,795 is comprised of:
 - Career Based Intervention Programs
4. Category 4 with the per-pupil amount of \$1,525 is comprised of WFD programs in:
 - Education and Training
 - Marketing
 - Academics
 - Public Administration
 - Career Development
5. Category 5 with the per-pupil amount of \$1,308 is comprised of:
 - Family and Consumer Science Programs

Funding for career tech students is equalized by means of the state share index. Expressed in mathematical terms the funding calculation amounts to:

$$[(\text{Category 1 FTE}) \times \$5,192 \times (\text{State Share Index})] +$$

$$[(\text{Category 2 FTE}) \times \$4,921 \times (\text{State Share Index})] +$$

$$[(\text{Category 3 FTE}) \times \$1,795 \times (\text{State Share Index})] +$$

$$[(\text{Category 4 FTE}) \times \$1,525 \times (\text{State Share Index})] +$$

$$[(\text{Category 5 FTE}) \times \$1,308 \times (\text{State Share Index})]$$

In addition to the above per-pupil funding by category, the law also provides for the calculation of Career Tech Associated Services where the per-pupil amount of \$245 in FY17 is applied to the number of students in all career tech programs for payment to the lead career tech district for the associated services it provides. This funding is equalized by means of the state share index and is transferred to the lead school district. Expressed in mathematical terms the funding calculation amounts to:

$$\text{(All Career Tech FTE) X \$245 X (State Share Index)}$$

J. Capacity Aid [Section 3317.0218 and Section 3317.0218(A)(10)]

This is a new funding component that was added to the foundation formula in FY16. The purpose of this funding stream is to increase the equity of the system by providing additional support to school districts with weaker tax bases. This funding is targeted to school districts that fall below the statewide median in terms of the taxes generated from 1 mill levy placed on their 3-year average property valuation. The calculation of this funding is predicated on the ratio of the statewide median 3-year average valuation times 1 mill to the same measure for the district on the one hand, and on a universal 3-year valuation per pupil figure pertaining to the districts that fall below the median on the other. The steps involved in this calculation are as follows:

Step 1: For each school district calculate what 1 mill of taxes applied to the 3-year average valuation would generate. For this purpose, the 3-year average valuation combines the values for TY15, TY14 and TY13. The mathematical representation of this step is as follows:

$$\text{[(TY15 Value + TY14 Value + TY13 Value) / 3] X 0.001}$$

Step 2: Identify the statewide median value for the measure calculated in Step 1.

Step 3: For the districts that fall below the statewide median, calculate the Capacity Ratio by dividing the value of the measure at the median point by the district measure and subtracting 1 from the result.

$$\text{(Step 2 Value / Step 1 Value) - 1}$$

<Limit the result of the above calculation to the minimum of 0 and the maximum of 2.5>

Step 4: Calculate the average of the FY17 formula ADM for all the districts that fall below the statewide median in terms of the measure calculated in Step 1.

Step 5: Calculate a universal Per-Pupil Capacity Aid by dividing the measure determined in Step 2 by the measure determined in Step 4.

Step 6: Calculate capacity aid by multiplying the capacity ratio calculated in Step 3 by the universal per-pupil capacity aid calculated in Step 5 by formula ADM for FY17 by the factor of 3.5.

$$\text{(Capacity Ratio) X (Universal Per-Pupil Capacity Aid) X (Formula ADM) X 3.5}$$

K. Graduation Bonus [Section 3317.0215 and Section 3317.022(A)(11)]

This is a new funding component that was added to the foundation formula in FY16 as a bonus based on a school district's high school graduation rates. Its calculation is based on 7.5% of the foundation amount of \$6,000 applied to the graduation rate and the number of graduates equalized by the state share index. The mathematical representation of the calculation is as follows:

$$0.075 \times \$6,000 \times (\text{Graduation Rate}) \times (\text{Graduation Number}) \times (\text{State Share Index})$$

L. Third Grade Reading Proficiency Bonus [Section 3317.0216 and Section 3317.022(A)(12)]

This is a new funding component that was added to the foundation formula in FY16 as a bonus based on a school district's third grade reading proficiency. Its calculation, like the graduation bonus is based on 7.5% of the foundation amount of \$6,000 applied to the rate of the third grade reading proficient students and their number equalized by the state share index. The mathematical representation of this calculation is as follows:

$$0.075 \times \$6,000 \times (3^{\text{rd}} \text{ Grade Prof Rate}) \times (3^{\text{rd}} \text{ Grade Prof Number}) \times (\text{State Share Index})$$

M. Total Foundation Funding for Guarantee [Section 263.230(A)(3)]

The guarantee is not new to the foundation formula. The guarantee fund ensures each school district in any given fiscal year will receive at least as much as it did in a previous year, regardless of what the current year funding formula provides for. The guarantee fund is intended to reduce the financial burden on the school districts while they transition from one level of operation to a level more in line with their characteristics at the time. The calculation of the guarantee fund is predicated on a comparison of the total foundation funding in the current year with the guarantee base amount.

Am. Sub. H. B. 64 calls for a slight change in the calculation of the funding guarantee in FY17 relative to FY16. In FY17 Career Tech funding is removed from the calculation of the guarantee. Therefore, the total foundation funding in FY17 and the guarantee base with which it is compared, both exclude career tech funding. In this manner line 'M', Total Funding for Guarantee, includes every funding component calculated in FY17 except career tech funding, line 'I'.

N. Funding Guarantee Base [Section 263.230(A)(5)]

The guarantee base in FY17 is the same guarantee base as in FY16 which is the total state funding the district received in FY15. The law also calls for the removal of any FY16 funding for career tech education from that guarantee base to make it consistent with the Total Foundation Funding for Guarantee (line 'M').

O. Transitional Aid Guarantee [Section 263.230(A)(1)]

The amount reflected on this line is the difference between the Funding Guarantee Base (line 'N') and the Total Funding for Guarantee (line 'M'). If this difference is negative it is set equal to zero.

P. Total Funding Including CTE Funding and Guarantee

The amount reflected on this line is the total calculated funding including CTE funding and any guarantee (line 'M' plus line 'I' and line 'O').

Q. Cap Limit [Section 263.230(B)(1)]

Although the law provides that no school district is to receive less funding through the foundation formula in FY17 than the funding guarantee base provides, it also limits the increase in the FY17 funding for most of the funding components of the foundation formula to a limitation base which is referred to as the Cap Limit in the SFPR. The limitation base or the Cap Limit is comprised of the following funding components in the FY16 foundation formula:

- Q1 - Capped FY16 Opportunity Grant
- Q2 - Capped FY16 Targeted Assistance
- Q3 - Capped FY16 Additional Special Education Funding
- Q4 - Capped FY16 K-3 Literacy Funding
- Q5 – Capped FY16 Economic Disadvantaged Funding
- Q6 – Capped FY16 Limited English Proficiency Funding
- Q7 – Capped FY16 Gifted Education Funding
- Q8 – Capped FY16 Transportation Funding less Supplemental Transportation
- Q9 – Any FY16 Transitional Guarantee

The total of the above FY16 funding components is referred to as the Limitation Base and is shown on line 'Q10'. The law provides that no school district can receive more in total funding in FY17 than 7.5% above the limitation base. Line 'Q' shows the Cap Limit.

If the total calculated funding amounts to a number that is in excess of that limit, it is reduced to the Cap Limit level. Since the total funding is reduced by the funding cap limit it follows that all of the funding components that make up the total funding should be reduced to facilitate the reduction called for by the cap. This would have readily been achieved by simply applying the ratio of the capped total funding to the total calculated funding, to every component of the funding formula. The law, however, calls for treating different funding components differently with respect to the cap. It provides that the cap limitation should be applied to all funding components except those that are 'generally exempt from the cap'. These funding components are Special Education Additional Funding and Transportation Funding. These funding components are held harmless from the cap and other components that are subject to the cap are reduced enough so that the total state funding at the cap limit can be achieved. If the funding cap cannot be achieved this way, then these components will also be reduced enough to achieve the desired funding level. In reality, it is very unlikely that these components ever need to be capped.

Another provision of the law is that five funding components: Career Tech Funding, Supplemental Transportation, Capacity Aid, Graduation Bonus and the Third Grade Reading Proficiency Bonus in must never be reduced by the funding cap in FY17.

R. Total Capped Funding

This is the sum total of all of the funding components including the guarantee. If the funding is capped, this total reflects the sum total of all the capped components plus those that are not subject to the funding cap. If the district is on the guarantee, this figure reflects the sum total of all of the funding components plus the guarantee.

It is important to note that the funding reflected on this line for a capped district may actually be more than the Cap Limit (line 'Q') due to the inclusion of the funding components that are not subject to the cap.

Additional Aid and Transfers and Adjustments Items

In this section references are made to the lines on the second half of the Summary Page of the SFPR.

Additional Aid Items

As typical, funding for preschool handicapped children and special education transportation are shown on the payment report although they are not part of the foundation formula.

P. Preschool Special Education Funding [Section 3317.0213]

The preschool special education funding is comprised of two per-pupil amounts applied to the count of special education preschool children. One of the per-pupil amounts is used without being equalized while the other is equalized by means of the state share index which is borrowed from the foundation formula.

The un-equalized per-pupil amount is \$4,000 and is applied to the total count of preschool children regardless of their handicapping condition. The second per-pupil amount is geared to the handicapping condition and is equalized by the state share index. As far as preschool children are concerned, the same 6 categories of special education are used as are used for school age children with the same per-pupil dollar amounts. The dollar amounts however are multiplied by 0.5 to base this funding on the notion that typically preschool children attend half day classes. The mathematical representation of this funding is as follows:

$$\begin{aligned} & \text{[(Total Preschool Special Ed Counts) X \$4,000] +} \\ & \text{[[Category 1 Preschool Special Ed Count) X \$1,578 X 0.5 X (State Share Index)] +} \\ & \text{[[Category 2 Preschool Special Ed Count) X \$4,005 X 0.5 X (State Share Index)] +} \\ & \text{[[Category 3 Preschool Special Ed Count) X \$9,622 X 0.5 X (State Share Index)] +} \\ & \text{[[Category 4 Preschool Special Ed Count) X \$12,841 X 0.5 X (State Share Index)] +} \\ & \text{[[Category 5 Preschool Special Ed Count) X \$17,390 X 0.5 X (State Share Index)] +} \\ & \text{[[Category 6 Preschool Special Ed Count) X \$25,637 X 0.5 X (State Share Index)]} \end{aligned}$$

Q. Special Education Transportation Funding [Administrative Rule 3301-83-01(D)]

This reflects the subsidy the state provides to school districts to cover the costs associated with transporting special needs students to their programs and for specialized equipment needed for such transportation. This aid is calculated as the lesser of the actual cost or the sum of \$6 per pupil per day plus half of the amount by which the actual cost exceeds \$6 per pupil per day. To obtain the state share of this calculation, the result is multiplied by 50% or the district's state share index, whichever is greater.

R. Total Additional Aid Items

This is simply the total of Preschool Special Education Funding and the Special Education Transportation Funding that fall under Additional Aid Items.

Transfers and Adjustments

As in previous years' payment reports, transfers and adjustments applied to the foundation calculation are reflected on the FY17 SFPR.

S. Education Service Center Deduction [Section 3317.023(B)]

This reflects the funds deducted from the foundation funding of the school district to be transferred to education service centers (ESC) for services provided on behalf of the district. The deduction may just reflect the district share of the per-pupil amount of at least \$6.50 or additionally, it may reflect funds transferred for preschool services provided by the ESC or transfers for contracts made with the ESC pursuant to Section 3313.845.

T. Open Enrollment Adjustment [Section 3313.981(B)]

This reflects the net funding adjustment made for students who attend a school district other than their resident district through the Open Enrollment option. The adjustment reflected here is the net of all funds the district receives for non-resident students coming into the district and for the resident students leaving the district to attend a neighboring district. Funding for open enrollment students includes the formula amount of \$6,000, an additional funding for career etch education students based on per-pupil amounts listed in ORC Section 3317.014 for students participating in career etch programs. These are the same per-pupil amounts used in the career tech calculation of the resident students. The mathematical representation of the Open Enrollment Fund transfer calculation is as follows:

$$\begin{aligned} & (\$6,000 \times \text{Total FTE of All Open Enrolled Students}) \\ & + \\ & [(\$5,192 \times \text{Any Cat 1 CTE FTE}) + (\$4,921 \times \text{Any Cat 2 CTE FTE}) + (\$1,795 \times \text{Any Cat 3 CTE FTE}) + \\ & (\$1,525 \times \text{Any Cat 4 CTE FTE}) + (\$1,308 \times \text{Any Cat 5 CTE FTE})] \end{aligned}$$

In addition to the above-mentioned transfers the law also provides for transfer of special education Excess Cost for open enrollment students with an IEP in accordance with ORC Section 3313.981(E). The Excess Cost adjustment however cannot be included on line 'Q' transfers due to timing issues. Excess Cost transfers are made separately on the Statement of Settlement as SF6 transfers after the end of the fiscal year.

U. Community School Transfer [Section 3314.08(C)]

This reflects the amount of funding deducted from the district for resident students who choose to attend community schools. Each district is responsible for funding of community schools that educate its students. Community school deductions are based on a set of calculations that provide for funding to community schools for Opportunity Grant, Targeted Assistance, Special Education and Related Services Funding, K-3 Literacy Funding, Economic Disadvantaged Funding, Limited English Proficiency Funding and Career Tech Education funding and in some cases for Transportation Funding.

For each community school funding stream, the law provides formulae that are fully explained in the section devoted to [community school funding](#) on the ODE website.

Aggregate funding calculated for each student attending a community school based on formulae explained on the community school link is deducted from the funding of the school district on line 'U' of the SFPR Summary Page.

V. STEM School Transfer [Section 3326.33]

Am. Sub. H. B. 64 provides for the same funding calculations for STEM schools as it does for community schools. Please refer to the community school funding deduction [explanation](#) for the funding of STEM schools.

W. Scholarship Transfer [Sections 3310.02 & 3310.08 & 3310.09 & 3310.51 – 3310.64 & 3313.974 & 3313.975 & 3310.41]

This reflects the amount of deduction from the state funding of school districts for resident students who choose to participate in one of the Education Choice programs as follows:

1. **Education Choice** program established under provisions of ORC Section 3310.02 which provides for vouchers to be issued to the parents of children who attend non-public charter schools. Under the provisions of this law, parents are entitled to receive vouchers for eligible students based on the lesser of the cost of tuition at the non-public school or the maximum allowable amount under this section of the law. The maximum allowable voucher amounts under this program are:
 - a. **\$4,650** for grades kindergarten through eight [ORC 3310.09(A)], and
 - b. **\$6,000** for grades nine through twelve [ORC 3310.09(B)].
2. **Jon Peterson Scholarship** program which for the first time, was established in FY13 under provisions of ORC Sections 3310.51 through 3310.64. The so-called Jon Peterson Scholarship legislation directs the Department of Education to calculate scholarship vouchers for eligible

special needs students for services provided by an alternative public provider or a registered private provider. The amount of the scholarship voucher is then deducted from the state funding of the school district in which the student resides. For the purposes of this deduction, calculations are made for each special needs student based on the least of 3 amounts as follows:

- a. The amount of the tuition charged by the alternative public or private provider
 - b. The sum of the formula amount of \$6,000 and the per-pupil amounts for the 6 categories of special needs students listed in ORC Section 3317.013(A) to (F). These categories and their respective per-pupil amounts are listed above under the explanation of line 'H' of the SFPR
 - c. The amount of \$27,000
3. **Cleveland Scholarship** program which is established under provisions of ORC Section 3313.974 and 3313.975 to provide to a number of students residing in Cleveland Municipal school district, scholarships to attend alternative schools, and for an equal number of students to receive tutorial assistance grants while attending public school in the district.
 4. **Autism Scholarship** program which is established under provisions of ORC Section 3310.41(A) authorizes the Department of Education under provisions of ORC Section 3310.41(B) to pay a scholarship to the parents of a qualified special education child an amount not to exceed the lesser of the tuition charged or \$27,000 for the child to attend a special education program that implements the child's IEP and that is operated by an alternative public provider or by a registered private provider.

X. Other Adjustments [Section 3317.023(H) and (I)]

This reflects a few additional adjustments made to the foundation calculation for funds transferred from a resident district to an educating district for vocational or special education services provided by the educating district under contract. As part of this adjustment, transfers for contract vocational and special education services are calculated based on provisions of ORC Section 3317.023(H) based on the foundation amount of \$6,000 plus the career tech and special education per-pupil amounts specified in ORC Section 3317.013 and ORC Section 3317.014. These are the same student categories and per-pupil amounts listed for lines 'H' and 'I' above.

In addition to adjustments for this purpose the law also provides for an adjustment for preschool services provided by Boards of Developmental Disabilities as well as the Associated Services based on the per-pupil figure of \$245 and the career tech FTE. The result of this calculation is transferred to a JVS or a Career Tech Planning District (CTPD) that provides services to the district. The mathematical representation of the formulae are as follows:

$$\begin{aligned}
 & \text{Section 3317.023(H)} \\
 & \qquad \qquad \qquad (\$6,000 \times \text{Total FTE}) + \\
 & [(\$5,192 \times \text{Any Cat 1 CTE FTE}) + (\$4,921 \times \text{Any Cat 2 CTE FTE}) + (\$1,795 \times \text{Any Cat 3 CTE FTE}) + \\
 & \qquad \qquad \qquad (\$1,525 \times \text{Any Cat 4 CTE FTE}) + (\$1,308 \times \text{Any Cat 5 CTE FTE})] + \\
 & [(\$1,578 \times \text{Any Cat 1 SPC FTE}) + (\$4,005 \times \text{Any Cat 2 SPC FTE}) + (\$9,622 \times \text{Any Cat 3 SPC FTE}) + \\
 & (\$12,841 \times \text{Any Cat 4 SPC FTE}) + (\$17,390 \times \text{Any Cat 5 SPC FTE}) + (\$25,637 \times \text{Any Cat 6 SPC FTE})]
 \end{aligned}$$

Section 3317.023(I)

(Total CTE FTE) X \$245 X (District's State Share Index)

Y. Total Transfers and Adjustments

This line reflects the total of all transfers and adjustments that appear on line 'S' through 'X' of the Summary Page.

Z. Net State Foundation Payment

This line reflects the Net State Foundation Funding amount which consists of the Total State Funding shown on line 'O' plus the Total Additional Aid Items shown on line 'R' plus the Total Transfers and Adjustments shown on line 'Y'.

During the course of a fiscal year, the annual foundation formula funding reflected on the SFPR is run 24 times, twice per month. The annual calculations are divided into 24 payments that are distributed to the school districts twice a month on predetermined dates. With each recalculation of the SFPR, more updated data elements are used as the fiscal year progresses. Typically, for the calculations during the first half of the fiscal year, previous year's factors are used, but as current year data becomes available, funding becomes more reflective of the actual data for the current year. By the time the last funding calculation of the fiscal year is made, the June #2 payment, all of the data elements and factors used in the calculations are actual for the current year. The use of an annualized FTE enrollment means that school districts have until after the end of the fiscal year to finalize data reporting. As such, final reconciliation payments include updates to data elements, as reported by school districts.

For each payment of the year, a [Statement of Settlement](#) is generated that shows what each payment amounts to for that payment. In addition to the distribution of the foundation funding amount for each payment, the Statement of Settlement reflects many other funding adjustments and recalculations that need to be applied to the state payment of the school districts.

The SFPR is a document that shows how each funding component of the foundation formula is calculated. The Statement of Settlement is a document that shows how the annual calculations from the SFPR are paid out to the school districts after accounting for a number of additional funding adjustments, in installments during the course of the fiscal year.

Our aim at generating this report is to provide the reader with a comprehensive description of the elements of the School Finance Payment Report (SFPR) for FY17. We hope that this document meets your expectation and we strongly encourage your feedback to improve the content and usefulness of this presentation. Please direct your questions and comments to:

Daria Shams at (614) 466-6253, daria.shams@education.ohio.gov