



**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 2019 February #1 Foundation Payment**

**DATE: February 8, 2019**

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Provisions of Am. Sub. H. B. 49 govern the calculation of the FY 2019 foundation formula. All funding calculations are based on the parameters specified in the law.

### **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 report: 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.

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. Capacity Aid
- J. Graduation Bonus
- K. Third Grade Reading Bonus
- L. Transitional Aid Guarantee



### M. Career Education Technical Funding

The sum total of these funding components amounts to the total funding of the district. Each one of these funding components targets funds to all or subsets of students and for specific programs. The transitional aid guarantee ensures that each school district receives at least as much as the guarantee base provides regardless of the operation of the foundation formula. Total funding is also subject to the funding cap that under certain circumstances limits the operation of the foundation formula. For a detailed explanation of the funding formula please refer to the [Foundation Funding Report Line-by-Line Explanation](#) document.

Additional Aid Items (lines 'O' and 'P') and Transfers and Adjustments (lines 'S', 'T', 'U', 'V', 'W' and 'X') are calculated outside of the foundation formula.

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 is paid in each bi-monthly payment calculation. 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 and they are recovered throughout the year over the remaining payments of the year.

## Specific Information Relevant to the February #1 Payment

### School Districts

## SFPR

### Foundation Funding Components

- The SFPR calculations are based on provisions of Am. Sub. H. B. 49.
- The FY 2018 Final #2 payment file serves as the basis for the calculation of the guarantee and the funding cap.
- Per-pupil amounts and other funding parameters that form the bases of the funding calculations are all for FY 2019.
- The state share index used in the calculations is for FY 2018 calculated based on appropriate data as provided in Am. Sub. H. B. 49. There is an exception for school districts that are identified as eligible power plant districts in FY 2019. For these districts the state share index calculation is predicated on the



valuation figure for TY 2017 or the 3-year average valuation for TY 2016, TY 2015 and TY 2014 whichever is smaller. Please refer to the state share index worksheet for FY 2019 for details.

- School age FTE data including Community School, Open Enrollment, Scholarship and Other Adjustments as well as CTE FTE and Economic Disadvantaged ADM, are from compilations for FY 2019 as of 1/28/2019.
- Regular education transportation funding is based on FY 2019 appropriate data as of 12/14/2018.
- Special education transportation funding is based on FY 2019 appropriate data as of 12/14/2018.
- The entire annual amounts of the Graduation and Third Grade Reading bonuses that are part of the foundation formula were paid out in the September #2 payment. These funding amounts were calculated based on the Report Card data for FY 2018.

#### Additional Aid Items

- Preschool funding for school districts is now based on FY 2019 data as of 1/28/2019 and FY 2019 parameters. This funding is prorated to limit the statewide distribution to the appropriation amount of \$110,000,000.
- Special education transportation calculation is based on FY 2018 data as of 12/14/2018.

#### Transfers and Adjustments

- Education Service Center Transfer reflects the per-pupil transfer amount (\$6.50 etc.) applied to the FY 2018 Report Card count of the students and any new FY 2019 contract amounts received so far.
- Open Enrollment Adjustment is based on FY 2019 data as of 1/28/2019.
- Community School Transfer reflects the FY 2019 community school deductions from the FY 2019 January community school payment file.
- STEM School Transfer reflects the FY 2019 STEM school deductions from the FY 2019 January STEM school payment file.
- Scholarship Transfers for Autism, Jon Peterson and EdChoice are based on FY 2019 estimated data extracted from EMIS files as of 1/28/2019.
- Other Adjustments reflect updated FY 2019 school age data as of 1/28/2019. CTE data is also from FY 2019 as of 1/28/2019.

### **Statement of Settlement**

Statement of Settlement is the document that shows the distribution of the funds calculated on the SFPR as well as other adjustments that are outside of the SFPR, in installments over the course of the fiscal year. It reflects the components of the FY 2019 foundation formula as they appear on the SFPR plus all the adjustments and transfers for FY 2019 that are applied to the districts' funding. The report generally

employs two different approaches to payments and recoveries: The percentage approach and the remaining payments approach, usually whichever provides the larger payment amount.

In this payment:

- **(JV01) FY2018 SFPR Adjustment** is reflected. This adjustment is for the changes in funding that result from the data updates in the FY 2018 funding calculation going from the June #2 to the Final #1 payment. All positive adjustments were distributed with the FY2019 August #2 payment and the large negative adjustments are being 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 2018 Final #1 Foundation Funding Report by clicking this [link](#).
- **(JV02) FY2018 SFPR Adjustment** is reflected. This adjustment is for the changes in funding that result from the data updates in the FY 2018 funding calculation going from the Final #1 to the Final #2 payment. All positive adjustments are distributed with this FY2019 payment (December #1) and the large negative adjustments will be 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 2018 Final #2 Foundation Funding Report by clicking this [link](#).
- **(JV09) College Credit Plus Adjustments** are included. These reflect the deductions for the Spring, Summer and Autumn of 2018.
- **(JV21) FY 2018 3317.28 Negative Adjustments** are included. Whereas all the positive adjustments for FY 2018 were distributed with the FY 2018 June #2 payment, negative FY 2018 adjustments will be applied to the remaining payments of FY 2019 starting with the July #1 payment.
- **(JV50 & JV51) SF14 Regular Education Tuition Adjustments** are included. These tuition adjustments are for FY 2018. The data for these adjustments are compiled through EMIS. We will incorporate the FY 2019 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 the negative adjustments will be distributed among the remaining payments of the year.
- **(JV52 & JV53) SF14H Special Education Tuition Adjustments** are included. Again, these adjustments are for FY 2018. The data for these adjustments are compiled through EMIS. We will incorporate the FY 2019 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.
- **(JV87) FY 2019 Judgment Payment** recapture is included.
- **(JV91) College Credit Plus Adjustments** are applied. These adjustments are for data reconciliations prior to Spring of 2018.
- **FY2019 State Insufficient Funds Adjustment** is also included.

For a more detailed explanation of all of the adjustments please visit the FY 2019

[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 2018 Report Card count of the students. This payment is based on the full calculated amount of \$39,931,814 which is still within the appropriation of \$40,000,000.
  - b. Gifted unit funding calculation is based on FY 2019 gifted unit data updated on 1/28/2019. This payment is based on 64.11% of the calculated amount to stay within the statewide appropriation of \$3.8 million.
  - c. Special education transportation calculation is based on data for FY 2018 as of 12/14/2018. This payment is based on 67.48% of the calculated amount to stay within the statewide 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 2018 Report Card count of students.
  - b. Preschool special education funding is based on FY 2019 parameters and FY 2019 data as of 1/1282019. This payment is now prorated to stay within the appropriation amount of \$110,000,000.
  - c. ORC Section 3313.845 contracts are based on FY 2019 data as of 1/28/2019.

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

- a. School age funding reflects FY 2019 parameters and data as of 1/28/2019.
- b. Preschool Special Education Funding reflects FY 2019 parameters and data as of 1/28/2019. 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 traditional school districts' SFPR.
- c. Special education transportation calculation is based on data for FY 2018 as of 12/14/2018. This payment is based on 67.48% of the calculated amount to stay within the statewide appropriation of \$60,469,220.

### **Additional Notes**

- As you may already know, there was a discrepancy between the State Teachers Retirement System (STRS) deduction amounts listed on the January



Mike DeWine, Governor  
Paolo DeMaria, Superintendent of Public Instruction

#1 Statement of Settlement and the FY 2019 estimates you may have received from the STRS office. The deduction on your January #1 settlement report was erroneously calculated due to a programming issue on our side that was discovered after the payment file was finalized and funds were distributed. As soon as we became aware of the problem we took corrective measures to resolve it. The amounts shown on the statement of settlement for this payment are now the final calculations of the retirement amounts. The issue is now resolved.

- FY 2019 Tuition Rates and Tuition Letters have been posted on ODE website. You can access this information through this [link](#).
- Information on FY 2019 Set-aside amounts are provided on ODE website. You can access this information through this [link](#).
- The November 2018 TPP reimbursements were distributed on 11/28/2018. This is the first distribution of the FY 2019. We have posted the details of the calculation on ODE website on this [link](#).
- The FY 2018 District Profile Report (the Cupp Report) has been posted on ODE website. You can access it by visiting this [link](#).

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