



**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 May #2 Foundation Payment**

**DATE: May 25, 2018**

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Provisions of Am. Sub. H. B. 49 govern the calculation of the FY 2018 foundation formula. All funding calculations are based on the parameters specified in this new law although from the start of the fiscal year through the September #2 payment, payments were based on the FY 2017 calculations.

### **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
- N. Cap Offset Amount

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 Formula Line-by-Line](#) document.

Additional Aid Items (lines 'P' and 'Q') and Transfers and Adjustments (lines 'T', 'U', 'V', 'W', 'X' and 'Y') 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 May #2 Payment

### School Districts

### SFPR

#### Foundation Funding Components

- The SFPR calculations are based on provisions of Am. Sub. H. B. 49.
- The FY 2017 Final #3 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 calculation are all for FY 2018.

- 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.
- All school age FTE data including CTE, Open Enrollment and Other Adjustments are from compilations for FY 2018 as of 05/14/18. The community school CTE data that feeds into this file is now from FY 2018 compilation as of 05/14/18.
- Regular education transportation calculation is based on data as of 05/07/18. The T2 factor is the FY 2017 data and the T1 component is FY 2018 data.
- Special education transportation calculation is based on FY 2017 data as of 04/30/18.

#### Additional Aid Items

- Preschool funding for school districts is based on FY 2018 data submissions as of 05/14/18 and FY 2018 parameters. This funding is prorated to stay within the statewide appropriated amount of \$115,500,000.
- Special education transportation calculation is now based on FY 2017 data as of 04/30/18.

#### Transfers and Adjustments

- Education Service Center Transfer reflects the per-pupil transfer amount (\$6.50 etc.) applied to the FY 2017 Report Card count of the students and the new FY 2018 contract amounts received so far.
- Open Enrollment Adjustment is based on FY 2018 data as of 05/14/18.
- Community School Transfer reflects the FY 2018 community school deductions from the May community school payment file.
- STEM School Transfer reflects the FY 2018 STEM school deductions from the May STEM school payment file.
- Scholarship Transfers for Autism, Jon Peterson and EdChoice are based on FY 2018 data extracted from EMIS files as of 05/16/18.
- Other Adjustments reflect updated FY 2018 school age data including CTE data as of 05/14/18 for the calculation of all funding adjustments.

### **Statement of Settlement**

Statement of Settlement reflects the components of the FY 2018 foundation formula as they appear on the SFPR plus all the adjustments and transfers for FY 2018 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) FY2017 SFPR Adjustment** is reflected. This adjustment is for 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 were distributed with the August #2 and the large negative adjustments are being 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 is for 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 were distributed with the September #1 payment and the large negative adjustments are being 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](#).
- **(JV03) FY2017 SFPR Adjustment** is reflected. This adjustment is for the changes in funding that result from the data updates in the FY 2017 funding calculation going from the Final #2 to the Final #3 payment. All positive adjustments are distributed with this payment and the large negative adjustments are being 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 #3 Foundation Funding Report by clicking [here](#).
- **(JV07) Consolidation Guarantee** is included.
- **(JV08) Inter District Adjustment** is included.
- **(JV09) FY 2017 College Credit Plus Deductions** are included. These adjustments reflect the maintenance deductions that started with the FY 2018 August #1 payment for distributions to colleges for the Spring, Summer and Autumn of 2017 courses.
- **(JV20) FY 2017 3317.27 Adjustments** are included. These adjustments started with the FY 2018 July #2 payment.
- **(JV21) FY 2017 3317.28 Adjustments** are included. These adjustments started with the FY 2018 July #2 payment.
- **(JV50 & JV51) SF14 Regular Education Tuition Adjustments** are included. These tuition adjustments are for FY 2017 and FY 2018. The data for these adjustments are compiled through EMIS. 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) SF14H Special Education Tuition Adjustments** are included. These adjustments are for FY 2017 and FY 2018. The data for these adjustments are compiled through EMIS. 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.
- **(JV62 & JV63) FY 2017 Per Diem Adjustments** are included

- **(JV84) Private Treatment Facilities Tuition Adjustment** is included.
- **(JV87) FY 2018 Judgment Payment** recapture is included.
- **(JV88) Private Treatment Facilities Excess Cost Adjustment** is included.
- **(JV98 & JV99) SF6 Excess Cost Adjustments** are reflected. These are the actual FY 2017 adjustments that are being applied to the FY 2018 funding. As is usually the case, all positive adjustments are applied to this payment while the negative adjustments are being applied through the remaining payments of the year.
- **FY 2018 State Insufficient Fund Adjustment** is reflected.

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 2017 Report Card count of the students. This payment is based on the full calculated amount.
  - b. Gifted unit funding calculation is based on FY 2018 gifted unit data as of 04/30/18. This payment is based on 61.04% 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 2017 as of 04/30/18. This payment is based on 74.87% 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 alternate per-pupil amount calculated based on FY 2017 Report Card count of students.
  - b. Preschool special education funding is based on FY 2018 parameters and FY 2018 data as of 05/14/18.
  - c. ORC Section 3313.845 contracts are based on FY 2018 data.

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

- a. School age funding reflects FY 2018 parameters applied to FY 2018 data as of 04/30/18.
- b. Preschool Special Education Funding reflects FY 2018 parameters applied to FY 2018 data as of 05/14/18. 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 based on data for FY 2017 as of 04/30/18. This payment is based on 74.87% of the calculated amount to stay within the statewide appropriation of \$60,469,220.

### [Additional Notes](#)

- CTE Guidance Letters for FY 2018 for traditional school districts, joint vocational school districts and community schools are now posted on ODE website at this [link](#). These letters that are issued with every payment, provide crucial information on the permissible CTE expenditures that schools' personnel should pay particular attention to.
- We have posted a simulation of the FY 2019 formula funding for traditional school districts based on provisions of Am. Sub. H. B. 49 that can be accessed through this [link](#). The simulation is obviously based on projected data elements available to us now. We may update this simulation at a later point in time if significant data updates occur.
- The first installment of FY 2018 reimbursement for deregulation of public utility industry and the phase out of general tangible property taxes based on provisions of S. B. 208 was distributed on November 29<sup>th</sup> 2017. The details of this reimbursement and projections of future reimbursements can be viewed on this [link](#).
- The second installment of the FY 2017 TPP Supplement that was initially distributed in April 2017 was distributed on January 30<sup>th</sup>. For a detailed explanation of this funding and its distribution please visit this [link](#).
- The FY 2017 District Profile Report (the Cupp Report) has been posted on ODE website. You can access it by visiting this [link](#).

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