

TO: Superintendents and Treasurers of City, Local, Exempted Village School Districts, Education Service Centers & Developmental Disability Boards

FROM: Office of Budget and School Funding

RE: Fiscal Year 2021 May #2 Foundation

Payment Date: May 21, 2021

Provisions of Am. Sub. HB 166 of the 133rd General Assembly govern the calculation of the FY 2021 foundation funding. All funding calculations are to be based on the parameters specified in this law.

General Information on the Foundation Payment Report

Foundation payments to traditional school districts, education service centers and boards of developmental disabilities are calculated twice a month. This letter, generated with each foundation payment, provides specific details about updates to payments to these entities, including deductions, adjustments, and transfers. We strongly encourage you to read this letter as it answers many of your questions regarding your foundation payment and provides links to the payment reports.

SCHOOL FINANCE PAYMENT REPORT (SFPR)

The SFPR displays information on various funding elements of the foundation formula. The bulk of the foundation funding school districts receive in FY 2020 and FY 2021 is based on the total formula funding in FY 2019 distributed as Foundation Formula Funding. Accordingly, we initially reflected the FY 2019 foundation funding that appeared on line 'N' of the FY 2019 SFPR, on line 'A' of the FY 2021 SFPR as the FY 2021 Foundation Formula Funding. As was the case with the FY 2020 foundation funding, no calculation is necessary for determining this funding amount and the funding is not affected by changes in data factors in FY 2021. This is reflected on line 'A' of the FY 2021 SFPR under STATE FUNDING. HB166 introduced two new funding components for FY 2020 and FY2021: Student Wellness and Success Funding and Student Growth Supplement. These are also shown on the FY 2021 SFPR under ADDITIONAL AID ITEMS on lines 'B' and 'C' respectively. In addition to these funding elements, the SFPR also shows the two additional aid items of Preschool Special Education and Special Education Transportation under this title for FY 2021 on lines 'D' and 'E' respectively with line 'F' showing the total ADDITIONAL AID ITEMS. The sum of the Foundation Formula Funding (line 'A') and the Total Additional Aid Items (line 'F') comprise TOTAL STATE FUNDING shown on line 'G'. The SFPR includes all the funding transfers and adjustments for FY 2021 under TRANSFERS AND ADJUSTMENTS on line 'H' through 'M'. Line 'N' reflects the Total Transfers and Adjustments and line 'O' shows the NET STATE FUNDING after the application of the Transfers and Adjustments to TOTAL STATE FUNDING. Transfers and adjustments are:

- **Education Service Centers Transfer** for services these entities provide on behalf of the district (line 'H').
- **Open Enrollment Adjustment** reflects the net adjustment of positive and negative funding for the students who participate in the open enrollment program (line 'I').

- **Community School Transfer** shows the amount of funding transferred to community schools for resident students who attend these schools (line 'J').
- **STEM School Transfer** shows the amount of funding transferred to STEM schools for resident students who attend these schools (line 'K').
- **Scholarship Transfer** reflects the amount of funding deduction for students who participate in any of the scholarship programs. The amount of this adjustment is sent to service providers (line 'L')
- **Other Adjustments** shows the amount of funds that are transferred for: special education services districts provide on behalf of each other; CTE services districts provide in a cooperative context in CTE satellite settings and also for transfer of funds to County Boards of Developmental Disabilities for preschool services they provide to school districts. Other Adjustments are shown on line 'M'.

Transfers and Adjustments are calculated outside of the foundation formula in accordance with their respective calculation methodologies specified in law.

The SFPR also includes Disclosure Items on lines 'P', 'Q' and 'R'. These items represent the FY 2019 funding for Career-Technical Education, Economic Disadvantaged and Special Education Additional Funding that are all included in the State Funding on line 'A'. These items are disclosed separately to enable the districts to account for them individually for coding and/or maintenance of efforts purposes.

STATEMENT OF SETTLEMENT

The Statement of Settlement shows the amount of funding by component paid in each bi-weekly payment calculation. Typically, the bi-weekly amounts fluctuate based on data updates that occur during the fiscal year. Funds are generally paid out on a percentage basis or remaining payments of the year and they are recovered throughout the year over the remaining payments of the year.

Specific Information Relevant to the May #2 Payment

Traditional School Districts

SFPR

State Funding

What is considered Foundation Formula Funding in FY 2020 and FY 2021 is the total funding the district has received in FY 2019 as Foundation Formula Funding after the application of the guarantee and any funding cap that were in place in FY 2019. The Foundation Formula Funding reflected on line 'A' of the FY 2021 SFPR is the FY 2019 Total Formula Funding after the application of the funding cuts. On January 22, Governor DeWine signed an [executive order](#) that formalized the budget reductions for FY 2021. The reductions to the Department of Education are not as significant as the cuts in FY 2020. The Governor's action releases \$152 million in funding back to traditional school districts. This lowers the reduction to the state foundation funding formula from \$277.2 million (\$300.5 million in the Governor's FY 2020 Executive Ordered Budget Reductions less the \$23.3 million in offset payment under Section 19 of HB 164) to \$125.2 million. A district-by-district spreadsheet containing the revised FY 2021 reductions can be found [here](#).

Additional Aid Items

Student Wellness and Success Funding This is one of two funding elements (the other being the Enrollment Growth Supplement) that were introduced by Am. Sub. HB 166 for implementation in FY 2020. The calculation of this funding stream in FY 2021 is a function of the Federal Census Poverty Data on student populations below the age of 18 for the five-year period of FY 2014 through FY 2018. The law requires us to distribute half of the calculated annual amount in October and the other half in February. The first and second installments of this funding in FY 2021 were distributed with the October #1 and the February #1 payments, respectively. Prior

to the calculation of the second installment of this fund, the legislature passed Am. Sub. S.B. 310, which directed ODE, in consultation with the Office of Budget and Management to utilize the entire FY 2021 appropriation for this fund. The February distribution includes a new guarantee mechanism. Every school district will receive at least 131% of their FY 2020 Student Wellness and Success Fund payment in FY 2021. While many school districts already received increases in FY 2021 that exceeded FY 2020 amounts, this growth guarantee addresses the impact the updated census poverty data had on some schools' payments compared to budgeted estimates. A worksheet explaining the data factors and calculation methodology for this fund by school district can be accessed by clicking this [link](#) and checking the box labeled Student Wellness and Success.

Enrollment Growth Supplement This funding element that was also introduced by Am. Sub. HB 166, is aimed at providing additional funding to school districts that have experienced ADM increases in the 3-year time period FY 2017 to FY 2019. The calculation of this funding in this payment was prorated to 97.23% of the calculated amount to stay within the appropriation of \$23,000,000. A worksheet explaining the data factors and calculation parameters for this calculation by school district can be accessed by clicking this [link](#) and checking the box labeled Enrollment Growth Supplement.

Preschool Special Education Funding SFPR also provides information on funding for Preschool Special Education. Preschool funding is calculated based on current data and is updated in each payment. In this payment, the preschool funding calculation is based on FY 2021 data as of 05/10/2021 and FY 2021 parameters. This funding is prorated to 98.03% of the calculated amount to stay within the statewide appropriation \$110,000,000.

Special Education Transportation SFPR also provides information on Special Education Transportation. As required by law, the FY 2021 calculation is based on data for FY 2020 as of 04/30/2021. The funding in this payment is prorated to 91.96% of the calculated amount to stay within the appropriation of \$60,469,220. Pursuant to Administrative Code 3301-83-01, the state calculation of special education transportation in FY 2021 is predicated on the greater of the FY 2019 state share index of the district or 25%.

Transfers and Adjustments

Education Service Center Transfer reflects the per-pupil transfer amount (\$6.50 etc.) applied to the FY 2020 Report Card count of the students as the law requires. The contract amounts reflected here are for FY 2021 as approved in the ESC Contract system as of 04/26/2021. Additional contracts for FY 2021 will also be included in each payment as they are approved.

Open Enrollment Adjustment is based on FY 2021 open enrollment data as of 05/10/2021.

Community School Transfer reflects the FY 2021 May community school deductions based on FY 2021 Community school FTE.

STEM School Transfer reflects the FY 2021 May STEM school deductions based on FY 2021 STEM school FTE.

Scholarship Transfers for Autism, Jon Peterson and EdChoice are based on FY 2021 estimated data extracted from EMIS files as of 05/10/2021.

Other Adjustments now reflect FY 2021 school age data as of 05/10/2021 and FY 2021 preschool data as of 05/10/2021. The CTE data has been updated to FY 2021 base as of 05/10/2021.

Disclosure Items

These items of funding are part of the Foundation Funding that appears on line 'A' of the SFPR. Therefore, they represent the distributions of these funds in FY 2019 as part of their total foundation formula funding. Some of these funding elements have restricted use and must be spent in accordance with certain specifications in law or they must satisfy the requirements of the federal maintenance of efforts. Consequently, their amounts need to be identified individually to assist school districts with proper coding of these items. The 3 Disclosure Items we are identifying on the FY 2021 SFPR are:

Career-Technical Funding Component of Line 'A'
Economic Disadvantaged Funding Component of Line 'A'
Special Education Additional Funding Component of Line 'A'

Statement of Settlement

Statement of Settlement is the document that shows the distribution of the funds reflected on the SFPR as well as the other adjustments that are outside of the SFPR, in installments over the course of the fiscal year. 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) FY2020 Final #1 Payment Adjustments are included. These adjustments were applied with the September #2 payment.

(JV09) College Credit Plus Adjustments are included.

(JV35) FY 2020 Department of Youth Services Adjustments are included.

(JV50 & JV51) SF14 Regular Tuition Adjustments are included. These adjustments reflect the FY 2020 period two actual adjustments as well as any FY 2020 period one clean-ups plus FY 2021 period one adjustments. All updated positive adjustments are paid out with this payment while negative adjustments are applied to the foundation payment through the course of the fiscal year.

(JV52 & JV53) SF14 Special Education Tuition Adjustments are included. These adjustments reflect the FY 2020 period two actual adjustments as well as the FY 2020 period one clean-ups plus FY 2021 period one adjustments. All updated positive adjustments are paid out with this payment while negative adjustments are applied to the foundation payment through the course of the fiscal year.

(JV62 & JV63) Per Diem Adjustments are included.

(JV78) Insufficient Funds Adjustments are included.

(JV85) FY 2021 Insufficient Funds Repayments are included.

(JV86) FY 2020 Insufficient Funds Repayments are included. Most of these insufficiencies resulted from the FY 2020 funding cuts due to COVID19 pandemic.

(JV87) Judgment Pay Recapture is included.

(JV98 & JV99) FY2021 SF6 Positive and Negative Excess Cost Adjustments are now included. These adjustments are calculated for this fiscal year based on FY 2020 data.

For a more detailed explanation of all the adjustments please visit the FY 2021 [Journal Voucher Codes](#) report on ODE website.

We have now included in the footnote to the settlement report, information on the coding of the Disclosure Items for accounting purposes.

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 is applied to the FY 2020 Report Card count of the students. This payment is based on the full calculated amount of \$39,655,694 which is within the appropriation of \$40,000,000.
 - b. Gifted unit funding calculation is now based on FY 2021 gifted unit data as of 05/07/2021. This payment is based on 68.69% of the calculated amount to stay within the statewide appropriation of \$3,800,000.
 - c. Special education transportation calculation, as required by law, is now based on data for FY 2020 as of 03/05/2020. This payment is based on 91.96% of the calculated amount to stay within the statewide appropriation of \$60,469,220. As is now the case, the state share index for this calculation is set at 25% (established in ORC 3317.0212).
2. Local – This funding is deducted from the member school districts and is distributed as follows:
 - a. The \$6.50 or an alternative per-pupil amount calculated based on FY 2020 Report Card count of students.
 - b. Preschool special education funding is based on FY 2021 parameters and FY 2021 data as of 05/10/2021. This payment is prorated to 97.71% of the calculated amount to stay within the statewide appropriation.
 - c. ORC Section 3313.845 contracts are based on FY 2021 data as of 05/10/2021.

County Boards of Developmental Disabilities (CBDD)

- School age funding reflects the FY 2021 parameters and now FY 2021 data as of 05/10/2021.
- Preschool Special Education Funding reflects FY 2021 parameters and FY 2021 data as of 05/10/2021. This payment is prorated to 97.71% of the calculated amount to stay within the statewide appropriation. CBDD 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.
- Special education transportation calculation, as the law requires, is based on data for FY 2020 as of 03/05/2020. This payment is based on 91.96% of the calculated amount to stay within the statewide appropriation of \$60,469,220. The state share index has been adjusted to 25% (established in ORC 3317.0212).

Additional Notes

- FY 2020 District Profile (Cupp) Report (the most recent) can be accessed through this [link](#).
- FY 2021 TPP Reimbursement information can be accessed through this [link](#). The first installment of the FY 2021 reimbursement was distributed on November 25, 2020 and the second installment is slated for distribution pm May 26, 2021.
- FY 2021 CTE Guidance Letters for traditional school districts, joint vocational school districts and community schools are now posted online. You can access this information through this [link](#).

Questions should be directed to Daria Shams at Daria.Shams@education.ohio.gov or your area coordinator.