

**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 2020 October #1 Foundation Payment**

**DATE: October 11, 2019**

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Provisions of Am. Sub. HB 166 of the 133<sup>rd</sup> General Assembly govern the calculation of the FY 2020 foundation formula. All funding calculations are to be based on the parameters specified in this law. All payments prior to October #1 have been based on provisions of Am. Su. HB 49 of the 132<sup>nd</sup> General Assembly, with this payment the calculations are based on provisions of Am. Sub. HB 166.

## 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 regarding your foundation payment and provides links to all 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 is based on the total calculated funding in FY 2019, the amount that appears on line 'N' of the FY 2019 SFPR without any adjustments or updates. This means no calculation is necessary for determining this funding amount. This is reflected on line 'A' of the FY 2020 SFPR under STATE FUNDING. Two new FY 2020 funding components: Student Wellness and Success Funding and Student Growth Supplement are also shown on the FY 2020 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 ADDITIONAL AID ITEMS in FY 2020. These funding elements are reflected on lines 'D' and 'E'. Line 'F' of the report gives the total of the ADDITIONAL AID ITEMS. The sum total of the Foundation Formula Funding (line 'A') and the Total Additional Aid Items (line 'F') comprise TOTAL STATE FUNDING that is shown on line 'G'. The SFPR includes all the funding transfers and adjustments for FY 2020 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. Total Transfers and Adjustments is shown on line 'N' of the SFPR.

The SFPR now includes the 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-monthly payment calculation. Typically, the bi-monthly amounts fluctuate based on data updates that occur during the course of 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 October #1 Payment

### Traditional School Districts.

#### SFPR

#### Foundation Funding Components

- The funding calculations in this payment are based on provisions of Am. Sub. HB 166.
- What is considered formula funding in FY 2020 is comprised of these funding elements:
  - Foundation Formula Funding  
This is the total funding the district has received in FY 2019 as foundation formula after the application of the guarantee and the funding cap. This is the amount that appears on line 'N' of the FY 2019 SFPR Summary Worksheet labeled 'Total Formula Funding'. As it was alluded to, this amount is not subject to any factor changes in FY 2020. Whatever the district has received in total formula funding in FY 2019 will be the amount of this funding element in FY 2020 regardless of the FY 2020 factors.
  - 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 is a function of the census poverty data on student populations below the age of 18 for the five-year period of FY 2013 through FY 2017. Rather than distributing the annual amount of this fund based on the remaining payments of the year, the law requires us to distribute half of the calculated annual amount in October and the other half in February. A worksheet explaining the data factors and methodology for this calculation by school district can be accessed by clicking this [link](#).
  - Enrollment Growth Supplement  
This funding element that was also introduced by Am. Sub. HB 166 for implementation in FY 2020, is aimed at providing additional funding to school districts that have experienced ADM increases in the past 3 years. A worksheet explaining the data factors and calculation parameters for this calculation by school district can be accessed by clicking this [link](#).

- The SFPR also provides information on funding for Preschool Special Education and Special Education Transportation. These items have traditionally been shown on the SFPR. These items are calculated for FY 2020 based on FY 2019 updated data and parameters specified in law.
- Preschool funding for school districts is for now based on FY 2019 data as of 09/30/2019 and FY 2020 parameters. This funding is prorated to 90.95% of the calculated amount to limit the statewide distribution to the appropriation amount of \$110,000,000.
- Special education transportation calculation in this payment is for now based on FY 2018 data as of 09/30/2019. The FY 2020 funds are to be calculated based on FY 2019 transportation data which have not been finalized yet. As soon as viable FY 2019 transportation data become available, the calculation will be based on them. One important point that needs to be made here is that pursuant to a change in Administrative Code 3301-83-01, the state calculation of special education transportation in FY 2020 is now predicated on the greater of the state share index of the district or 25%. Prior to this change, this calculation was based on the greater of the state share index or 60%. This change will result in school districts that have a state share index less than 60% to see a drop in their special education transportation funding.

### **Transfers and Adjustments**

- Education Service Center Transfer reflects the per-pupil transfer amount (\$6.50 etc.) applied to the FY 2019 Report Card count of the students and any new FY 2020 contract amounts approved in the ESC Contract system.
- Open Enrollment Adjustment is based on FY 2019 data as of 09/30/2019.
- Community School Transfer reflects the FY 2020 community school deductions from the FY 2020 September community school payment file.
- STEM School Transfer reflects the FY 2020 STEM school deductions from the FY 2020 September 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 09/30/2019.
- Other Adjustments reflect updated FY 2019 school age data as of 09/30/2019. CTE data is also from FY 2019 as of 09/30/2019.

### **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 2020 foundation formula as they appear on the SFPR plus all the adjustments and transfers for FY 2020 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) FY 2019 Final #1 Adjustments are included**

**(JV09) College Credit Plus Adjustments are included**

**(JV50 & JV51) SF14 Tuition Adjustments are included** These adjustments include all FY 2019 period one clean ups as well as FY 2019 period two actual adjustments. The FY 2020 adjustments will be incorporated at a later point during the fiscal year but for now everything is still for FY 2019. All 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) SF14H Special Education Tuition Adjustments are included** These adjustments include all FY 2019 period one clean ups as well as FY 2019 period two actual adjustments. The FY 2020 adjustments will be incorporated at a later point during the fiscal year but for now everything is still for FY 2019. All positive

adjustments are paid out with this payment while negative adjustments are applied to the foundation payment through the course of the fiscal year.

**(JV87) Judgment Pay Recapture is included**

For a more detailed explanation of all of the adjustments please visit the FY 2020 [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 that need to be utilized 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 applied to the FY 2019 Report Card count of the students. This payment is based on the full calculated amount of \$39,797,550 which is within the appropriation of \$40,000,000 and therefore fully distributed.
  - b. Gifted unit funding calculation is based on FY 2019 gifted unit data updated on 09/30/2019. This payment is based on 65.05% 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 2019 as of 09/30/2019. This payment is based on 88.33% of the calculated amount to stay within the statewide appropriation of \$60,469,220. Starting with this payment the state share index has been adjusted to 25% (established in ORC 3317.0212).
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 2019 Report Card count of students.
  - b. Preschool special education funding is based on FY 2020 parameters and FY 2019 data as of 09/30/2019. This payment is now prorated to 90.95% of the calculated amount to stay within the appropriation amount of \$110,000,000.
  - c. ORC Section 3313.845 contracts are based on FY 2020 data as of 09/30/20.

## **County Boards of Developmental Disabilities (CBDD)**

- School age funding reflects FY 2019 parameters and data as of 09/30/2019.
- Preschool Special Education Funding reflects FY 2020 parameters and data as of 09/30/2019 prorated to 90.95% of the calculated amount to stay within the appropriations. 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 is based on data for FY 2019 as of 09/30/2019. This payment is based on 88.83% of the calculated amount to stay within the statewide appropriation of \$60,469,220. Starting with this payment the state share index has been adjusted to 25% (established in ORC 3317.0212).

## **Additional Notes**

- FY 2020 Tuition Rates have been calculated and can be accessed through this [link](#).
- Information on FY 2020 Set-aside calculation is provided and can be accessed through 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.