



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 September #1 Foundation Payment

DATE: September 13, 2019

Provisions of Am. Sub. H.B. 166 of the 133rd 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. For the time being however, the funding calculations in this particular payment for FY 2020 are based entirely on provisions of Am. Sub. H. B. 49 of the 132nd General Assembly as they applied to FY 2019. The reason for this is the fact that by the time this payment was slated for distribution, although the budget bill is finalized, the programming changes that are needed to base the calculations on provisions of Am. Sub. H. B. 166 are not in place yet. Typically, when major changes are introduced in the foundation formula, the legislature allows us some time to update the payment programs. Our intention is to convert to provisions of Am. Sub. H. B. 166 as soon as possible. In the meantime, we are continuing with the provisions of the previous year's law as a place holder. This payment for FY 2020 is based on exactly the same parameters as the FY 2019 Final #1 payment with the exception of any ADM data updates that have taken place between the Final #1 payment and this one.

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 September #1 Payment

School Districts

SFPR

Foundation Funding Components

- The SFPR calculations in this particular payment 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 and Other Adjustments as well as CTE FTE and Economic Disadvantaged ADM, are from compilations for FY 2019 as of 08/29/2019.
- Scholarship deduction is based on estimated data as of 08/29/2019.
- Regular education transportation funding is based on FY 2019 appropriate data as of 02/25/2019.
- Special education transportation funding is based on FY 2019 appropriate data as of 12/14/2018.
- Calculation of the funding components of the formula are based on the parameters in the law and these updated data elements.

Additional Aid Items

- Preschool funding for school districts is now based on FY 2019 data as of 08/29/2019 and FY 2019 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 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 08/29/2019.
- Community School Transfer reflects the FY 2020 community school deductions from the FY 2020 August community school payment file.
- STEM School Transfer reflects the FY 2020 STEM school deductions from the FY 2020 August 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 08/08/2019.
- Other Adjustments reflect updated FY 2019 school age data as of 08/08/2019. CTE data is also from FY 2019 as of 08/08/2019.

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) FY19 Final #1 Adjustments** are included
- (JV06) Youth Services Tuition Adjustments** are included
- (JV09) College Credit Plus Adjustments** are included
- (JV14) Section 3323.091 (MO-8) Adjustments** are included
- (JV85) Insufficient Fund Repayments** are included
- (JV87) Judgment Pay Recapture** is 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 within the appropriation of \$40,000,000.
 - b. Gifted unit funding calculation is based on FY 2019 gifted unit data updated on 08/23/2019. 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 2018 as of 12/14/2018. This payment is based on 67.55% 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 08/08/2019. 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 2019 data as of 08/08/2019.

[Boards of Developmental Disabilities \(BDD\)](#)

- a. School age funding reflects FY 2019 parameters and data as of 08/08/2019.
- b. Preschool Special Education Funding reflects FY 2019 parameters and data as of 08/08/2019 prorated to 90.95% of the calculated amount to stay within the appropriations. 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 67.55% of the calculated amount to stay within the statewide appropriation of \$60,469,220.



Department
of Education

Mike DeWine, Governor
Paolo DeMaria, Superintendent of Public Instruction

Additional Notes

- FY 2020 Tuition Rates have been calculated and can be accessed by 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 or your area coordinator.