

Ted Strickland, Governor Deborah S. Delisle, Superintendent of Public Instruction

TO: Superintendents and Treasurers of City, Local, Exempted Village School

Districts and Education Service Centers

FROM: Kim Murnieks, Executive Director, Center for School Options and Finance

RE: August 2009 Foundation Payment #2

DATE: August 18, 2009

The Governor has signed the biennial appropriation bill for fiscal years 2010 and 2011 but the department is still in the process of incorporating all of the formula changes into our payment systems. Until that process is complete, state foundation payments to districts will be based on the formulas from the last biennial budget bill using data from the June #2 payment.

Foundation Payments

Foundation payments are based on the June #2 payment. This payment uses the data elements from the June #2 payment and the formulas from H.B. 119, the biennial budget bill for fiscal years 2008 and 2009. Property values, ADM, poverty indices, and all other relevant data sets have remained the same except Community School deductions were made based on the June SOES data and AM. Sub. HB 1 calculations. FY 2010 ESC contracts were updated when provided.

Statement of Settlement

SFSF – The statement of settlement has been updated to reflect the incorporation of the state fiscal stabilization funds made available in the American Recovery and Reinvestment Act. These funds appear as a group of lines at the top of the settlement report corresponding to any unrestricted payments calculated on the SF-3. Funds are to be deposited to fund 532 with a receipt code of 4220.

PBA – Poverty Based Assistance for traditional school districts has been eliminated in the new budget bill. Therefore, any funds shown as PBA may be deposited into your general fund.

JV06 – Adjustments for tuition paid for pupils that are residents of your district but receiving services from an Ohio Department of Youth Services facility are included in this payment.

JV14 – Deductions for HB455 tuition paid to state institutions for handicapped pupils (MO-8) are included in this payment.

JV18 – Adjustments were made to the payments made in the July #2 payment under 3317.027 due to a valuation reporting error and a programming error.



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JV19 – Adjustments were made to the payments made in the August #1 payment under 3317.028 due to a programming error.

JV24 – The first of three FY2010 payments to reimburse districts for fixed sum levy losses due to the reduction of TPP assessment rates is included in this payment.

JV25 – For city, local and exempted village districts, Am. Sub. HB 1 requires that the offset used for determining the direct reimbursement for TPP be the greater of the FY2009 offset or the offset calculated for the current year. Because the FY2010 offset cannot yet be calculated (because of EBM calculations not yet completed as explained above), districts will notice that the initial FY2010 direct reimbursement is calculated by adjusting the TY2008 TPP tax loss by the same offset calculated for the FY2009 true-up calculation. When the second TPP reimbursement is calculated in October (after the new EBM formulas are implemented) the FY2010 TPP direct payment will be recalculated using an offset based on the greater of the FY2010 offset based on the new EBM formulas or the FY2009 offset. The May TPP payment will also be based on this October calculation followed by a final true-up payment after FY2010 ends.

JV29 – A recalculation of the FY2009 Tangible Personal Property (TPP) loss reimbursement previously done at the beginning of FY 2009 was done using FY2009 June #2 data to produce a more accurate offset and direct payment calculation. The first 3/7 of this "true up" adjustment which is the difference between the original calculation upon which payments were made in FY 2009 and the recalculation is made in this payment for those districts that have either a positive difference (a positive adjustment) or a negative difference (a negative adjustment). The remaining 3/7 will be made in October and 1/7 in May 2010.

JV50, **JV51** – SF14 tuition adjustments for non-handicapped pupil tuition are included in this payment.

JV52, **JV53** – SF14 H tuition adjustments for handicapped pupil tuition are included in this payment.

ESC

The state per pupil amount of \$37.00 (\$40.52 for multi-county ESCs) is calculated at 100% for locals, cities and exempted villages, and at 79.77510% for community schools to stay within an initial appropriation amount of \$52 million. Subsequently, an appropriation reduction of \$5.6 million is applied proportionately to get to \$46.4 million, reducing each ESC's annual amount by 10.769231% of the calculated total.

Boards of Developmental Disabilities

Preschool unit calculations were paid at 100% in this payment based on final unit approval for FY 2009 submitted to the Office of Early Learning and School Readiness.



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The school age payment is based on the final FY2009 ADM data as submitted to the Office of Exceptional Children.

ESC, Boards of DD Statement of Settlement

The statement of settlement for ESC's and MR/DD's contains a new blended approach to calculating payments and recoveries. A percentage based method is used for payments and the installment method used in calculating the bi-monthly payment amount in previous fiscal years is used for recovery of overpayments. All other entities will move to this approach after the payment system is updated for changes in the biennial budget.

This blended approach will calculate payments by setting the payment to an amount that brings the paid year-to-date to a level equal to the percentage of the year that has expired. For example, if the annual calculation for payment number 12 of 24 is \$120 million, regardless of what has transpired previously, the entity will be paid an amount that results in a paid year-to-date amount (year-to-date column + payment column) of \$60 million, or 50 percent of the annual amount. However, when the calculation of the annual amount results in an amount below what has already been paid and a negative payment situation is created, the amount to be recovered (the difference between the balance and the paid year-to-date) is divided by the number of remaining payments in the fiscal year, resulting in equal installments for payback.

If there are any questions with regard to the adjustments or the statement of settlement, please contact this office or your area coordinator.