



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

FROM: Daria Shams, Office of Budget and School Funding

RE: Fiscal Year 2015 Foundation Payment Calculation Distributed as July 2014 Payment #1

DATE: July 11, 2014

Provisions of Am. Sub. H. B. 59 govern the calculation of the various funding components of the FY 2015 foundation formula.

General Information on the Foundation Payment Report

As before, foundation payments are calculated twice a month and for each payment a foundation letter is generated that specifically references that particular payment and provides detailed information on the formula funding calculation as well as the distribution of various other funds and transfers by which the foundation calculation is adjusted. In addition to the School Finance Payment Report (SFPR) which contains the foundation calculation details, a Statement of Settlement report is also provided as before that summarizes payment information to school districts based on the SFPR calculation and adjustments as well as additional adjustments and transfers from outside of the foundation formulae that are relevant to each payment.

The SFPR is a comprehensive document designed to walk the user through every step of the funding calculation with relative ease by referencing the data and the funding formulae provided. There are 2 pages to the SFPR. The first page provides a summary of the state payment calculation for each component of the funding and the second page provides the details of the calculations in 3 segments: Statewide Factors and Parameters, District Factors and Parameters and Detailed Calculation of Funding Components of the Formula.

School Finance Payment Report (SFPR)

FY 2015 Summary School Funding Report

This portion of the SFPR provides the annual funding amounts of various components of the foundation formula the calculation and factors of which are provided on the second page of the SFPR. Lines 'A' to 'W' of this page list all of the funding components of the formula together with any additional aid item and various transfers and adjustments that have historically been reflected on the payment calculation report.



There are 2 columns of numbers on this report that show the Calculated Funding and the State Funding for all components of the formula. It then follows that what is calculated for a funding component is not necessarily what the state distributes for it due to the existence of a funding cap in the formula that limits the funding of some school districts.

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. Career Tech Educational funding

In addition to these funding components, the foundation formula also provides for a Transitional Guarantee which guarantees that no district will receive less in total FY 2015 funding than it received in FY 2013 by distributing the difference between the FY 2013 total funding and the FY 2015 total calculated amount (line 'K' of the report). Although the formula guarantees at least the FY 2013 total funding, it also caps the FY 2015 calculated funding at 10.5% above the FY 2014 level. The second column of the Summary Page shows the funding calculations after the application of the cap for districts that are affected by it.

Additional Aid Items (lines 'M' and 'N') and Transfers and Adjustments (lines 'P', 'Q', 'R', 'S', 'T' and 'U') are, as before, calculated outside of the foundation formula and therefore not subject to the cap.

FY 2015 Detailed School Funding Report

This page of the SFPR provides the details of the funding calculations that appear on the summary page by means of providing all the pertinent formulae and factors that are applied to them. This page of the report is divided into 3 sections providing the Statewide Factors and Parameters, the District Factors and Parameters and the Detailed Calculation of the Funding Components.

The Detailed Calculation of Funding Components of the Formula portion gives the formulae for the calculation of each funding component with references to the statewide and district factors.

The report is self-explanatory and the funding amounts could easily be verified by going through the calculation steps.



For complete information on the working of the new foundation formula, please refer to the [FY 2015 Foundation Formula Line-by-Line](#) document (not active yet).

Statement of Settlement

With each bi-weekly payment we include the details of the foundation formula calculation as well as all other additional payments, adjustments and transfers on the Statement of Settlement as we have always done in the past. As before, this report contains the new blended approach to calculating payments and recoveries. A 'percentage' based method is usually used for payments and the 'remaining payments' method used in calculating the bi-monthly payment amounts in previous fiscal years is for recovery of overpayments

Specific Information Relevant to the July #1 Payment

School Districts

SFPR

Foundation Funding Components

- The foundation formula is calculated based on provisions of Am. Sub. H. B. 59 based on all the formulae and parameters imbedded in the law.
- Both school age and preschool ADM data used in these funding calculations at this point are the FY 2014 October compilations and the FY 2014 December counts respectively. ADM compilation is an area which will undergo major changes in FY 2015 relative to FY 2014 once the actual data becomes available.
- Valuation and income data used in these calculations are certified by the Ohio Department of Taxation and are not subject to any updates or changes.
- The FY 2013 and FY 2014 base files on the basis of which the FY 2015 funding calculations are done are the Final #2 and the June #2 files respectively.
- Regular transportation component of the SFPR is calculated based on the same data as was reflected in the FY 2014 June #2 payment file but in the context of the FY 2015 appropriation. This has given the transportation funding a boost as the FY 2015 appropriation is 5% higher than that of FY 2014.

Additional Aid Items

- As has always been the case, although they are calculated outside of the foundation formula, Preschool Special Education and Special Education Transportation Funding are shown on the payment report.

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- The calculation of preschool special education funding in this payment is based on the funding parameters in law (higher than FY 2014 per-pupil amounts) and the same 2014 December count that was utilized in the FY 2014 June #2 payment calculation as a placeholder.
- Special Education Transportation funding in this payment is the same calculation as was reflected in the FY 2014 June #2 payment.

Transfers and Adjustments

- Education Service Center Transfer included in this payment reflects the per-pupil transfer amount (\$6.50 etc.) based on FY 2013 Report Card ADM and FY 2015 calculation methodology and any new FY 2015 contract amounts we have received so far. As far as preschool special education funding is concerned, the transfer amount reflects funding calculated based on provisions of HB 59 and the FY 2014 December count data as has been reported by school districts of residence as of the time of this payment as a placeholder.
- Open Enrollment Adjustment included in this payment is based on the FY 2014 yearend data and HB 59 provisions for FY 2015.
- Community School Transfer in this payment is based on community school deduction calculations under provisions of HB 59 as reflected in the FY 2014 June community school payment file including the transportation funding which was incorporated in the FY 2014 June #1 payment file.
- STEM School Transfer in this payment is based on STEM school deduction calculation pursuant to provisions of HB 59 as reflected in the FY 2014 June #1 STEM school payment file.
- Scholarship Transfer in this payment is based on actual FY 2014 data for EdChoice and estimated data for the other programs as they were exactly reflected on the FY 2014 June #2 payment file just as a placeholder.
- Other Adjustments calculation in this payment is based on provisions of HB 59 and FY 2014 October data applied to the FY 2015 parameters.

Statement of Settlement

The Statement of Settlement reflects the components of the FY 2015 foundation formula as they appear on the SFPR and the other adjustments we apply to districts' funding, and as before, it employs two different approaches for payments (percentage) and recoveries (remaining payments).

In this payment:

- **Straight 'A' Transportation** funding is included. This fund is distributed without a JV code to all eligible districts that have a state share index greater than 0.5 and have pupil density below the statewide median based on a per-pupil figure that uses up the entire appropriation multiplied by the number of qualified riders.

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- **FY 2013 SF6 Excess Cost** adjustments that were applied to the FY 2014 funding continue to be reflected in this payment to account for data that was reported after the distribution of the FY 2014 June #2 payment. Whereas all positive adjustments are applied to this payment and paid in lump sums, negative adjustments are recovered through the remaining payments of the fiscal year (JV98 and JV99).
- **FY 2014 Solvency Assistance** repayment collected in FY 2014 is reflected (JV60).
- **Judgment Payment** is reflected (JV87).
- **Private Treatment Facilities Tuition** payment is reflected (JV84).
- **Private Treatment Facilities Excess Cost** payment is reflected (JV88).
- **FY 2015 State Insufficient Fund** adjustments are reflected.

For a more detailed explanation of all of the adjustments please visit [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 which in this payment is based on the FY 2015 per-pupil amount of \$35 applied to the FY 2013 number of students extracted from the FY 2013 Report Card for now. This calculation will later be based on the FY 2014 Report Card number of students. The payment is based on 79.46% of the calculated amount to stay within the appropriations.
 - b. Gifted unit funding which for now is being calculated based the FY 2014 Period 'K' unit data. HB 59 reduced the appropriations for ESC gifted units to a total of \$3.8 million and as a result we reduced this funding to 57.23% of the calculated amount to stay within the appropriations.
 - c. Special education transportation calculation which is the FY 2014 funding amount for now and is paid at 79.20% of the calculated amount to stay within the appropriations.
2. Local – This funding is deducted from member school districts and is distributed as follows:
 - a. The \$6.50 or an alternative per-pupil amount calculated based on FY 2013 Report Card ADM data.
 - b. Preschool special education funding is based on FY 2015 parameters and for now the child count extracted from the FY 2014 December count that school districts have reported to have been contracted to ESCs as of the date of this payment.
 - c. ORC Section 3313.845 contracts are based on FY 2015 data which could include payments for preschool services as well. ODE is updating the contracts as they come in for FY 2015.



Boards of Developmental Disabilities (BDD)

- The school age component of BDD funding is calculated based on FY 2015 parameters and for now on FY 2014 data.
- Preschool Special Education Funding is based on FY 2015 parameters and for now on FY 2014 preschool child count. The BDD calculated amounts are deducted from the school districts of residence. These deductions are included as part of the Other Adjustments of the SFPR.
- Special Education Transportation part of the BDD funding is the same calculation as was reflected in the FY 2014 June #2 payment.

Additional Notes

- We are in the process of generating the following worksheets to accompany the FY 2015 SFPR:
 - ADM Detail Report
 - Education Service Center Deduction
 - Open Enrollment
 - Other Adjustments
 - Scholarship Deduction
 - State Share Index Calculation
 - Community School Deduction
 - Community School Deduction Summary
 - Preschool Special Education Funding Calculation
- The [FY 2013 District Profile Report](#) (Cupp Report) is now available.

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