



Ohio

FY19 School Finance Payment Report (SFPR) Line By Line Explanation

BASED ON PROVISIONS OF AM. SUB. H. B. 49 OF THE 132ND
GENERAL ASSEMBLY

OHIO DEPARTMENT OF EDUCATION
OFFICE OF BUDGET AND SCHOOL FUNDING

Introduction

The funding of K-12 public schools in Ohio is a joint effort between the state and local school districts. In FY2018, Ohio distributed \$8,118,112,660.77¹ in state foundation funding to its 612 school districts through the foundation formula. Of this amount, a total of \$880,570,657² was transferred to approximately 350 community and STEM schools in the form of funding deductions from resident school districts. A total of \$275,980,023² was transferred to nonpublic and alternative educational entities through school vouchers tied to various scholarship programs. School districts also provided \$238,699,454² to educational service centers (ESCs) from their foundation funding as partial support for services they receive from these ESCs. \$485 million of the foundation money was transferred between school districts to pay for the education of students who participate in inter-district open enrollment.

Am. Sub. HB 49 of the 132nd Ohio General Assembly establishes procedures for calculating the state foundation formula funding of public elementary and secondary education in fiscal years 2018 and 2019. This document contains a detailed explanation of the calculation of each component of the funding formula as reflected on the annual foundation payment report: School Finance Payment Report (SFPR) for fiscal year 2019.

The School Finance Payment Report takes the user through every step of the foundation funding calculation. There are two sections in this document. The first, the Summary Calculation Page, summarizes the funding amounts for each component of the foundation formula, with all the additional aid items and transfers and adjustments traditionally included on the district payment report. The second section is divided into two parts: A Calculation Factors and Parameters section, which lists all the data factors and parameters needed for the calculations, and a Detailed Funding Component Calculation section, which gives the formulas and references to the data in the first section. The following is a sample School Finance Payment Report of a hypothetical school district which is provided here as a reference point.

¹ As of the FY18 Final #1 School Finance Payment Report, reflecting \$7,946,989,453 in formula funding calculation plus \$115,499,999 and \$55,623,209 in preschool education and special education transportation funding respectively.

² FY18 Final #1 School Finance Payment Report.

**OHIO DEPARTMENT OF EDUCATION
OFFICE OF BUDGET AND SCHOOL FUNDING
SCHOOL FINANCE PAYMENT REPORT (SFPR)**

IRN: XXXXXX
DISTRICT: Sample School District
COUNTY: County

SFPR SUMMARY WORKSHEET REPORT

	CALCULATED FUNDING	STATE FUNDING
FOUNDATION FUNDING COMPONENTS:		
A Opportunity Grant:	256,360,154.73	190,145,325.06
B Targeted Assistance:	28,323,628.88	21,007,966.80
C K-3 Literacy Funding:	6,221,192.06	4,614,330.91
D Economic Disadvantaged Funding:	59,603,714.99	44,208,772.51
E Limited English Proficiency Funding:	8,092,777.39	6,002,507.64
F Gifted Education Funding:	2,490,214.94	1,847,021.54
G Transportation Funding (Generally Exempt from cap):	29,938,798.17	29,938,798.17
H Special Ed Funding (Generally Exempt from Cap):	44,666,515.28	44,666,515.28
I Capacity Aid:	0.00	0.00
J Graduation Bonus (Exempted from Cap):	487,820.79	487,820.79
K Third Grade Reading Bonus (Exempted from Cap):	147,071.83	147,071.83
L Transitional Aid Guarantee:	0.00	0.00
M CTE Funding (Exempted from Overall Guarantee & Cap):	3,102,536.36	3,102,536.36

N Total Formula Funding:		346,168,666.89

ADDITIONAL AID ITEMS:		
O Preschool Special Education Funding:		5,234,024.43
P Special Education Transportation Funding:		2,538,696.37

Q Total Additional Aid Items:		7,772,720.80

TOTAL CALCULATED FUNDING:		
R Total Formula Funding Plus Additional Aid Items:		353,941,387.69
=====		
TRANSFERS AND ADJUSTMENTS:		
S Education Service Center Transfer:		-325,325.00
T Open Enrollment Adjustment:		-1,532,084.50
U Community School Transfer:		-144,315,507.75
V STEM School Transfer:		-3,533,532.75
W Scholarship Transfer:		-32,821,455.47
X Other Adjustments:		67,640.58

Y Total Transfers and Adjustments:		-182,460,264.89

NET STATE FOUNDATION FUNDING:		
Z Total Calculated Funding Plus Total Transfers and Adjustments:		171,481,122.80
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SFPR Detail Worksheet Report

Statewide Factors and Parameters:

s1	Statewide Formula ADM FY19:	1,656,850.41
s2	Statewide Economic Disadvantaged Percentage:	48.5329612%
s3	Statewide 3-Year Average Total Valuation for TY17, TY16, TY15:	255,372,754,174
s4	Statewide 3-Year Average Gross Income TY16, TY15, TY14:	317,011,065,262

District Factors and Parameters:

a Base ADM Data

a1	Formula ADM $[a2 - (0.8 * a5) + (0.2 * a6)]$:		71,829.87
a2	Adjusted Total ADM $[a3 - (0.5 * a4)]$:		71,829.87
a3	Total ADM:	71,829.87	
a4	Tuition Kindergarten FTE:	0.00	
a5	JVS Jointure ADM:		0.00
a6	Contract Vocational ADM:		0.00

b Special Education ADM Data

b1	Category 1 Special Education ADM:		838.16
b2	Category 2 Special Education ADM:		6,436.74
b3	Category 3 Special Education ADM:		1,187.18
b4	Category 4 Special Education ADM:		46.20
b5	Category 5 Special Education ADM:		515.84
b6	Category 6 Special Education ADM:		1,064.95

c Career Tech FTE Data

c1	Category 1 Career Tech FTE:		579.66
c2	Category 2 Career Tech FTE:		183.34
c3	Category 3 Career Tech FTE:		551.59
c4	Category 4 Career Tech FTE:		2.95
c5	Category 5 Career Tech FTE:		4.78

d Limited English Proficient ADM

d1	Category 1 LEP ADM less E School LEP ADM: (2,663.19 - 3.74)		2,659.45
d2	Category 2 LEP ADM less E School LEP ADM: (7,676.07 - 16.92)		7,659.15
d3	Category 3 LEP ADM less E School LEP ADM: (1,226.36 - 0.00)		1,226.36

e Additional ADM Data

e1	K-3 Formula ADM:		25,973.99
e2	K-3 E-School Formula ADM:		196.95
e3	Net Formula ADM $[a1 - (e4 * 0.75) - e5 - (e6 - e7) - e8 - e9]$:		52,834.66
e4	Brick & Mortar Community and STEM School ADM:	16,960.91	
e5	E-School Formula ADM:	1,048.35	
e6	Autism Scholarship ADM:	257.43	
e7	Preschool Autism Scholarship ADM:	47.04	
e8	Jon Peterson Scholarship ADM:	155.88	
e9	Ed Choice Scholarship ADM:	4,859.91	

e10	Economic Disadvantaged ADM:		64,548.36
e11	Economic Disadvantaged Percentage:		89.862838400%
e12	E-School Economic Disadvantaged ADM:		631.16

f 3-Year Average Gross Income $[(TY16+TY15+TY14)/3]$:

11,362,613,576

g 3-Year Average Total Real Valuation $[(TY17+TY16+TY15)/3]$:

9,036,655,260

h 3-Year Average Agricultural Real Valuation $[(TY17+TY16+TY15)/3]$:

5,999,877

i State Share Index (See worksheet for details):

0.592467641

j Economic Disadvantaged Index $[(e11/s2)^2]$:

3.428362086

k 3-Year Average Valuation $[Sec 3317.0217(A)(1) [(TY17+TY16+TY15)/3]]$:

9,386,330,440

l Graduation Bonus Factors (Based on FY18 Report Card Data)

l1	Four Year Adjusted Graduation Rate:		78.10
l2	Number of Graduates:		2,335.00

m Third Grade Reading Proficiency Bonus Factors (Based on FY18 Report Card Data)

m1	Third Grade Reading Proficiency Rate:		36.10
m2	Number of Students at Proficient or Higher on 3rd Grade Reading Test:		1,523.00

DETAILED FUNDING COMPONENT CALCULATIONS

A	Opportunity Grant $[\$6,020*(a1+e7)*i]$:		\$256,360,154.73
B	Targeted Assistance $[B5+B7]$:		\$28,323,628.88
	B1 Dist Wealth Per Pupil $[(k/a1)*0.5]+((f/a1)*0.5)]$:	\$144,431.17	
	B2 State Wealth Per Pupil $[(s3/s1)*0.5]+((s4/s1)*0.5)]$:	\$172,732.50	
	B3 Threshold Wealth Per Pupil [490th Observation]:	\$219,138.91	
	B4 Targeted Assistance Wealth Index $[B2/B1]$:	1.195950292	
	B5 Basic Targeted Assist $[(B3-B1)*0.006*B4]*e3]$:	\$28,323,628.88	
	B6 Agricultural Real Value Ratio $[h/g]$:	0.000663949	
	B7 Suppl $[greater\ of\ ((B6-0.1)*(\$6,020*0.4)*e3\ or\ 0)]$:	\$0.00	
C	K-3 Literacy Funding $[(\$193*(e1-e2)*i)+(\$127*(e1-e2))]$:		\$6,221,192.06
D	Economic Disadvantaged Funding $[\$272*(e10-e12)*j]$:		\$59,603,714.99
E	Limited English Proficiency Funding $[E1+E2+E3]$:		\$8,092,777.39
	E1 Category 1 Funding $[\$1,515*d1*i]$:	\$2,387,091.67	
	E2 Category 2 Funding $[\$1,136*d2*i]$:	\$5,154,939.13	
	E3 Category 3 Funding $[\$758*d3*i]$:	\$550,746.59	
F	Gifted Education Funding $[F1+F2+F3]$:		\$2,490,214.94
	F1 Identification Funding $[\$5.05*a1]$:	\$362,740.84	
	F2 Coordinator Funding $[\$37,370*F2a]$:	\$298,960.00	
	F2a Coordinators $[(a1-(e4+e5))/3,300\ (Min\ 0.5\ \&\ Max\ 8)]$:	8.00	
	F3 Intervention Specialist Funding $[\$37,370*F3a]$:	\$1,828,514.10	
	F3a Specialists $[(a1-(e4+e5))/1,100\ (Min\ 0.3)]$:	48.93	
G	Transportation Funding $[G1+G2+G3+G4]$ [See worksheet for details]:		\$29,938,798.17
	G1 Type 1 & 2 Transportation Funding:	\$29,691,754.16	
	G2 Other Transportation Funding:	\$0.00	
	G3 Community School Transportation Funding:	\$247,044.01	
	G4 Supplemental Transportation Funding:	\$0.00	
H	Special Education Additional Funding $[H1+H2+H3+H4+H5+H6]$:		\$44,666,515.28
	H1 Category 1 Funding $[b1*\$1,578*i]$:	\$783,607.47	
	H2 Category 2 Funding $[b2*\$4,005*i]$:	\$15,273,308.45	
	H3 Category 3 Funding $[b3*\$9,622*i]$:	\$6,767,785.09	
	H4 Category 4 Funding $[b4*\$12,841*i]$:	\$351,483.92	
	H5 Category 5 Funding $[b5*\$17,390*i]$:	\$5,314,705.85	
	H6 Category 6 Funding $[b6*\$25,637*i]$:	\$16,175,624.50	
I	Capacity Aid $[(I2/I4)*a1*4*I3]$:		\$0.00
	I1 Capacity Aid 3 Year Average Valuation $[k*0.001]$:	\$9,386,330.44	
	I2 Capacity Aid 3 Year Average Valuation Median:	\$238,311.07	
	I3 Ratio $[if\ I1 < I2\ then\ (I2/I1)-1\ else\ 0\ (Max\ 2.5)]$:	0.00000000	
	I4 Average Formula ADM where $I1 < I2$:	1,030.97	
J	Graduation Bonus $[l1*.075*\$6,020*12*i]$:		\$487,820.79
K	Third Grade Reading Bonus $[m1*.075*\$6,020*m2*i]$:		\$147,071.83
L	Transitional Aid Guarantee $[if\ L2 > L1\ then\ (L2*L3)-L1\ else\ 0]$:		\$0.00
	L1 Funding in Guarantee $[A+B+C+D+E+F+G+H+I+J+K]$:	\$436,331,889.06	
	L2 Guarantee Base - FY17 Capped Funding Exc. CTE:	\$316,526,492.85	
	L3 Guarantee Base %:	1.000000	
	[if $(L4 \leq -0.1)$ then 0.95]		
	[if $(-0.1 < L4 < -0.05)$ then $(L4+1.05)$]		
	[if $(L4 \geq -0.05)$ then 1]		
	L4 ADM % $[(FY16/FY14)-1\ (71,021.40/68,229.97)-1]$:	0.0409	
M	Career Technical Education Funding $[M1+M2+M3+M4+M5+M6+M7]$:		\$3,102,536.36
	M1 Category 1 Funding $[c1*\$5,192*i]$:	\$1,783,087.48	
	M2 Category 2 Funding $[c2*\$4,921*i]$:	\$534,533.87	
	M3 Category 3 Funding $[c3*\$1,795*i]$:	\$586,604.61	
	M4 Category 4 Funding $[c4*\$1,525*i]$:	\$2,665.36	
	M5 Category 5 Funding $[c5*\$1,308*i]$:	\$3,704.25	
	M6 Associated Services $[(c1+c2+c3+c4+c5)*\$245*i]$:	\$191,940.79	
	M7 CTE Guarantee $[if\ M7a < M7b\ then\ M7b-M7a\ else\ 0]$:	\$0.00	
	M7a Calculated CTE, FY19 $[M1+M2+M3+M4+M5+M6]$:	\$3,102,536.36	
	M7b Calculated CTE Funding, FY18:	\$2,569,361.67	
N	Total Funding $[(A+B+C+D+E+F+I)*N1]+G+H+J+K+L+M]$:		\$346,168,666.89
	N1 Cap Reduction Ratio [See worksheet for details]:	0.741711	

The traditional school district foundation formula provides funding for several different services designed to meet the needs of various student populations. Here are the funding components:

Foundation Funding Components reflected on the SFPR

- 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 Technical Education Funding
- N. Total Formula Funding

Additional Aid Items

- O. Preschool Special Education Funding
- P. Special Education Transportation Funding
- Q. Total Additional Aid Items
- R. Total Formula Funding Plus Additional Aid Items

Transfers and Adjustments

- S. Education Service Center Transfer
- T. Open Enrollment Adjustment
- U. Community School Transfer
- V. STEM School Transfer
- W. Scholarship Transfer
- X. Other Adjustments
- Y. Total Transfers and Adjustments
- Z. Total Calculated Funding Plus Total Transfers and Adjustments

The total of these funding components becomes the foundation formula funding. In some cases, this total has to be capped to prevent districts from generating more in FY19 total funding than the cap limit allows.

Explanation of the Calculations

Elementary and secondary education funding through the foundation formula is a joint effort between the state and individual school districts. Historically, each district relied exclusively on its property taxes to support education, and most of the proceeds from these taxes went towards funding education. The problem with that arrangement was that since the property tax bases of different school districts varied widely, the educational services they provided also differed vastly. In response, Ohio intervened to provide money to school districts through the foundation formula. This foundation funding narrows the gaps in education funding between wealthy and poor school districts and increases funding equity.

Typically, the foundation formula provides state funding aid in direct relationship to a school district's student population and conversely to its property wealth. The mechanism in the foundation formula that acknowledges district wealth is known as the State Share Index. This measure determines what portion of the foundation formula per pupil funding should come from the state and what portion should be the district's responsibility. The State Share Index and its function in distributing funding forms the core of the foundation formula.

State Share Index [Section 3317.017]

The law calls for the application of the State Share Index to the calculation of some of the elements of the foundation formula to determine the state portion of those funding streams. The State Share Index is for the most part calculated once, in FY18, and used in both FY18 and FY19 funding calculations. This promotes consistency and stability in funding. In the case of certain school districts that have power plants, the State Share Index may be recalculated in FY19. The State Share Index measures the wealth of the school district in terms of property tax base and residents' ability to pay.

Calculating this measure is a multi-step process. It involves calculating the:

1. Valuation Index
2. Income Index
3. Wealth Index
4. State Share Index

For this calculation, HB 49 distinguishes "Eligible Power Plant" districts from others. Eligible Power Plant districts have an electric power plant and satisfy these three property-value conditions in FY19:

1. Public utility tangible property value in TY16 is at least equal to 10 percent of total valuation in TY16
2. Public utility tangible property value in TY17 is less than 90 percent of the public utility tangible property value in TY16
3. Total power plant value in TY17 is less than 90 percent of total power plant value in TY16

For Eligible Power Plant districts, the law revises the Valuation Index calculation portion of the State Share Index to better align the data factors used in the calculation with the actual property valuation status of the district.

Here are the steps:

- A. We calculate the district three-year average valuation for TY16, TY15 and TY14. Notwithstanding this calculation, for an Eligible Power Plant school district, if the TY17 valuation is less than the three-year average valuation, TY17 valuation replaces the three-year average valuation.
- B. We calculate the statewide three-year average valuation for TY16, TY15 and TY14.
- C. We adjust A for exempt property by first calculating the *potential valuation* for TY16. This is done by combining taxable and tax-exempt property values. If the exempt valuation is greater than 30 percent of the potential valuation, we subtract from A, the difference between the exempt valuation and 30 percent of the potential valuation.
- D. We divide A as adjusted by C, by the FY17 district total ADM to get the district three-year average valuation per total ADM.

- E. We divide **B** by the FY17 statewide total ADM to get the statewide three-year average valuation per total ADM.
- F. We calculate the Valuation Index by dividing **D** by **E**.
- G. We calculate the Median Income Index by dividing the TY15 district median income by the TY15 statewide median income.
- H. We calculate the three-year average federal adjusted gross income per pupil for each district by dividing the TY15, TY14 and TY13 average income figure by the FY17 formula ADM.
- I. We do the calculation in **H** for the whole state.
- J. We calculate the ratio of the district three-year average federal adjusted gross income per pupil calculated in **H**, by the statewide three-year average federal adjusted gross income per pupil calculated in **I**.
- K. We calculate the Income Index by combining **G** and **J** at 50 percent each.
- L. We calculate the Wealth Index of each district this way:
 - a. If Valuation Index (**F**) is greater than the Income Index (**K**), and Median Income Index (**G**) is smaller or equal to 1.5, then we combine 40 percent of **K** with 60 percent of **F** to obtain the Wealth Index.
 - b. If the Income Index (**K**) is greater than the Valuation Index (**F**) and the Median Income Index (**G**) is larger than 1.5, the Wealth Index is equal to the Valuation Index (**F**)
- M. We calculate the State Share Index this way:
 - a. If **L** is smaller or equal 0.35, the State Share Index equals: 0.9
 - b. If **L** is larger than 0.35 but smaller or equal 0.9, the State Share Index equals: $\{0.4 \times [(0.9 - L) / 0.55]\} + 0.5$
 - c. If **L** is larger than 0.9 but smaller than 1.8, the State Share Index equals: $\{0.45 \times [(1.8 - L) / 0.9]\} + 0.05$
 - d. If **L** is greater or equal 1.8, the State Share Index equals 0.05

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Understanding the School Finance Payment Report

This section explains the School Finance Payment Report (SFPR), line by line. Each line reflects the funding components of the foundation formula or data factors used in the funding calculations. Each line is lettered for ease of reference. There are two sections to the SFPR: The Summary Worksheet Report and the Detail Worksheet Report. The Summary Worksheet Report gives the final calculated amounts of the various funding components and the Detail Worksheet Report gives the data elements and the factors that are used in funding calculations as well as the funding formulae for all the funding streams of the formula in the section titled Detailed Funding Component Calculations.

1. SFPR Summary Worksheet Report: There are two columns of numbers on this page for each funding component:
 - The first column, labeled Calculated Funding, gives the result of the calculations based on provisions of the law provided in the segment of the SFPR Detail Worksheet Report titled Detailed Funding Component Calculations.
 - The second column, labeled State Funding, gives the calculated amount after applying the funding cap if any.
2. SFPR Detail Worksheet Report: This page gives values for all the factors and data elements used in the calculations that appear in the Detailed Funding Component Calculation section. References to the lines in this section of the page are in lower case letters.

- Detailed Funding Component Calculation section shows the calculation of the foundation formula components. These make references to the factors displayed in the first section of the Detail Worksheet Report that contain the data factors. Funding components in this section bear the same upper-case letters that appear on the Summary Worksheet Report.

The Summary Worksheet Report amounts come from the calculations reflected on the Detail Worksheet Report. Since there are other funding elements, adjustments and transfers shown on the Summary Worksheet Report, some of the references in this explanation will relate to the portions of the Summary Worksheet Report that contain them. For ease of reference, the Detailed Funding Component Calculation section of the Detail Worksheet Report and the Summary Worksheet Report referenced here have color-coded fonts to make the connection to the sample payment report easier.

The **Detailed Funding Component Calculations** section of the **Detail Worksheet Report** is explained first. Explanations of the items reflected on the second half of the **Summary Page** appear under the section labeled Additional Aid Items and Transfers and Adjustments. The Calculation Factors and Parameters Page does not need explanation, since it displays only the data used in the calculations.

A. Opportunity Grant [Section 3317.022(A)(1)]

This funding is generated based on the number of resident K-12 students of the district who are included in the total Average Daily Membership FTE (ADM FTE). This number is compiled using the annualized full time equivalent (FTE) enrollment for each student. The basis of this funding is the per pupil amount of \$6,020, following Ohio law that ensures each resident student is funded at least \$6,020 per year from combined state and local sources. The student count used in this calculation is the funding or formula ADM. Formula ADM is the total ADM adjusted to include only 20 percent of the resident students who attend a joint vocational school. Formula ADM includes an additional 20 percent of the count of the resident contract vocational ADM FTE. In addition to these adjustments, the formula ADM used in this funding calculation includes all the preschool Autism Scholarship students who reside in the district. Here is the funding calculation:

$$\text{\$6,020 X (Funding ADM + Preschool Autism Scholarship Counts) X State Share Index}$$

B. Targeted Assistance [Section 3317.022(A)(2)] and [Sections 3317.0217(A) & (B)]

This funding originally was included in the foundation formula as Parity Aid. Ohio reintroduced it in the foundation formula in FY14 as Targeted Assistance. It continues to be a part of the funding formula. Similar to Parity Aid, this funding is viewed as the second tier of the foundation formula. It primarily targets additional funding to school districts that do not raise enough local revenue beyond their local share of the foundation formula. The law targets this funding to school districts that are below a certain wealth threshold.

This is a wealth-sensitive fund stream which is distributed in a converse relationship to the wealth of the district providing more on per-pupil basis to lower wealth districts. For this distribution, the law first establishes a per pupil local wealth measure for each district, based on property valuation and residents' income. It then sorts school districts in ascending order of wealth to identify the eligibility threshold school district at the 490th position on the list (the 80th percentile). All school districts that

fall below this threshold are eligible to receive Targeted Assistance based on a per pupil amount. The state calculates this amount based on 6 mills times the difference between the threshold per pupil local wealth measure and the individual school district's per pupil local wealth measure. We then multiply the per pupil Targeted Assistance amount by the district's Net Formula ADM to generate the total Targeted Assistance fund. Net formula ADM is a derivative of the funding formula ADM, which excludes 75 percent of the brick and mortar community school formula ADM, 100 percent of the e-school formula ADM, and all of Jon Peterson Scholarship, school age Autism Scholarship and EdChoice formula ADM.

There also is a supplemental tier of Targeted Assistance that targets eligible school districts. This assistance is based on the size of the districts' agricultural real property as a ratio of their total real property. If a district's total agricultural real property amounts to more than 10 percent of its total real property, the district qualifies to receive Supplemental Targeted Assistance.

Here are the steps in the Targeted Assistance calculation:

Step 1: Calculate the district's per-pupil local wealth measure by combining the three-year average valuation per-pupil and the three-year average federal adjusted gross income per pupil at 50 percent each. The valuation figures used in the calculation of the FY19 amount are from TY17, TY16 and TY15. The income data used is from TY16, TY15 and TY14. The ADM base is that of FY19.

$$\left| \left\{ \frac{(\text{TY17 Value} + \text{TY16 Value} + \text{TY15 Value})}{3} \right\} / \text{FY19 Formula ADM} \right\} \times 0.5 \left| + \left| \left\{ \frac{(\text{TY16 Gross Income} + \text{TY15 Gross Income} + \text{TY14 Gross Income})}{3} \right\} / \text{FY19 Formula ADM} \right\} \times 0.5 \right|$$

Step 2: Calculate the statewide equivalent of the per pupil local wealth measure, outlined in Step 1 for individual districts.

Step 3: Calculate the Targeted Assistance Wealth Index by dividing the calculation in Step 2 by the calculation in Step 1.

Step 4: Sort, in ascending order, all districts based on the per pupil local wealth measure calculated in Step 1.

Step 5: Identify the 490th district as you move up on the list of districts generated in Step 4. Use that district's per pupil wealth measure as the threshold wealth measure.

Step 6: For each district that falls below the threshold, calculate the difference between the threshold per pupil local wealth measure and that of the district.

$$(\text{Threshold Per Pupil Local Wealth Measure}) - (\text{District Per Pupil Local Wealth Measure})$$

Step 7: Multiply the difference calculated in Step 6 by 6 mills, then the Step 3 calculation result, then the net formula ADM of the district, to determine the base Targeted Assistance.

$$(\text{Step 6 Result}) \times 0.006 \times (\text{Step 3 Result}) \times (\text{FY19 Net Formula ADM})$$

Step 8: Calculate the ratio of the three-year average agricultural real property to the three-year average total real property for each district, based on valuation figures for TY17, TY16 and TY15.

$$\frac{[(\text{TY17 Agricultural Real Val} + \text{TY16 Agricultural Real Val} + \text{TY15 Agricultural Real Val}) / 3]}{[(\text{TY17 Total Real Val} + \text{TY16 Total Real Val} + \text{TY15 Total Real Val}) / 3]}$$

Step 9: Calculate the Supplemental Targeted Assistance if the ratio calculated in Step 8 is greater than 0.1 or the agricultural real values in a district make up more than 10 percent of the total real values. This funding is calculated by applying 40 percent of the formula amount of \$6,020 to the net formula ADM and the difference between the ratio calculated in Step 8 and 0.1.

$$[(\text{Step 8 Ratio}) - 0.1] \times (\$6,020 \times 0.4) \times \text{FY19 Net Formula ADM}$$

Step 10: Add the amounts calculated in Step 7 and Step 9 to get the total Targeted Assistance.

C. Kindergarten through Third Grade Literacy Funding [Section 3317.02(A)(4)]

This funding is targeted to students in kindergarten through grade 3 to provide added support for grade-level reading. It bases the funding on two per pupil amounts: A State Share Index-equalized amount of \$193 and an un-equalized amount of \$127. For the calculation of this fund, the law calls for the removal of the count of resident kindergarten through 3rd grade students who attend e-schools from the ADM base.

$$\{[(\text{K-3 ADM}) - (\text{E-School K-3 ADM})] \times \$193 \times \text{State Share Index}\} + \{[(\text{K-3 ADM}) - (\text{E-School K-3 ADM})] \times \$127\}$$

D. Economically Disadvantaged Funding [Section 3317.022(A)(5)]

This funding addresses poverty and its effects on educational outcomes. The funding calculation is based on a per pupil amount of \$272, equalized by a district's Economically Disadvantaged Index. The Economically Disadvantaged Index is the ratio of the district's economically disadvantaged student percentage to the statewide economically disadvantaged student percentage, squared.

$$(\text{Number of Economically Disadvantaged Students}) \times \$272 \times (\text{Economically Disadvantaged Index})$$

E. Limited English Proficiency Funding [Section 3317.022(A)(6)]

This funding helps school districts offer added educational services to students whose native language is not English. The law classifies limited English proficient (LEP) students in three categories for funding distribution:

1. Category 1 – Students who have been enrolled in U.S. schools for 180 days or less and previously have not been exempted from English language arts assessment.
2. Category 2 – Students who have been enrolled in U.S. schools for more than 180 days and previously have been exempted from English language arts assessment.
3. Category 3 – Students who are mainstreamed on a trial basis and are not included in the first two categories.

For each category of LEP students, the law sets forth a per pupil amount that is equalized by the State Share Index.

$$\begin{aligned} & \text{[(Category 1 LEP ADM) X \$1,515 X (State Share Index)]} + \\ & \text{[(Category 2 LEP ADM) X \$1,136 X (State Share Index)]} + \\ & \text{[(Category 3 LEP ADM) X \$758 X (State Share Index)]} \end{aligned}$$

F. Gifted Education Funding [Section 3317.022(A)(7)]

The law provides funding for identification of and services to gifted students. The funding is distributed through three streams:

1. Gifted Identification Funding, based on the per pupil amount of \$5.05 applied to the formula ADM of the district.
2. Gifted Coordinator Services Funding, based on a salary figure of \$37,370 for every coordinator serving 3,300 students in the formula ADM, reduced by the number of community school students, with a minimum of 0.5 and a maximum of 8 coordinators per district.
3. Gifted Intervention Specialist Funding, based on a salary figure of \$37,370 for every specialist serving 1,100 students in the formula ADM, reduced by the number of community school students, with a minimum of 0.3 specialists per district.

Gifted education funding is not equalized by the State Share Index. Here is the calculation:

$$\begin{aligned} \text{Identification Funding} &= (\text{Formula ADM}) \times \$5.05 \\ \text{Coordinator Funding} &= [(\text{Formula ADM} - \text{Community School ADM}) / 3,300] \times \$37,370 \\ \text{Specialist Funding} &= [(\text{Formula ADM} - \text{Community School ADM}) / 1,100] \times \$37,370 \end{aligned}$$

The law limits the number of required coordinators to a minimum of 0.5 and a maximum of 8. The minimum number of specialists for a district is set at 0.3.

G. Transportation Funding [Section 3317.0212]

Most of the state funding for transportation of non-special education students is distributed based on two calculations done simultaneously. The state gives a district the higher amount of the two. This dual funding approach acknowledges that student populations and their geographical distribution are different for every district. Some school districts are heavily populated with high concentration of students in relatively small areas, while in other districts students are dispersed across large rural areas. High student concentration in a small area requires having many bus routes and frequent stops, while low student concentration over a large area means buses travel many miles a day with relatively few students on board. As a result, the law calls for utilizing more than one funding approach to ensure different school districts receive funding calculated more in line with their circumstances.

Additionally, other special circumstances and the economies of scale have necessitated the development of other approaches in service provision and funding as follows:

Type 1: Services provided by board-owned and board-operated yellow buses.

Type 2: Services provided by yellow buses by a contractor, which could also be another school district.

Type 3: Services provided by public transportation providers such as city buses.

Type 4: Payments made to parents in lieu of transportation services (does not include special education parent contracts).

Type 5: Services provided by board-owned vehicles other than yellow buses (nine passengers or fewer).

Type 6: Board previously-owned vehicles other than yellow buses (nine passengers or fewer) including contracts with parents for special education transportation.

Type 7: Community school students who are transported by the community school, per ORC Section 3314.09.

The bulk of the state funding for transportation is for type 1 and 2. Transportation expenditure patterns of districts in the previous year (base year) serve as the basis of this funding calculation in the current year. The steps involved in this process are as follows:

1. Calculate the annual per-rider, combined Type 1 and 2, expenditure for each district for the base year. Eliminate the outliers by removing from the analysis the top 10 and bottom 10 districts in terms of per-rider expenditure.
2. Calculate the annual per-mile, combined Type 1 and 2, expenditure based on 180 days per year for each district for the base year. Eliminate the outliers by removing the top 10 and bottom 10 districts in terms of annual per-mile expenditure.
3. After removing the top 10 and bottom 10 districts in terms of per-rider expenditure, calculate the statewide per-rider, combined Type 1 and 2, expenditure for the base year.
4. After removing the top 10 and bottom 10 districts in terms of per-mile expenditure, calculate the statewide, annual per-mile, combined Type 1 and 2, expenditure based on 180 days per year for the base year.
5. For each district, calculate a total per-rider funding amount for the current year by multiplying the statewide per-rider expenditure for the base year by the current-year ridership.
6. For each district, calculate a total, annual per-mile funding amount for the current year by multiplying the statewide annual per-mile expenditure for the base year by the current year annual miles for 180 days.
7. Determine the base transportation funding for each district by applying the larger of the per-rider or per-annual-mile funding amounts.
8. Determine the state share of the base transportation funding calculated in step 7 by applying the greater of the State Share Index, or 25 percent, to the base transportation funding.

The law also calls for the calculation of Supplemental transportation funding that benefits school districts whose student density is below the statewide threshold density.

The law also provides for the calculation of funding for alternative transportation services that do not fall into the general categories of Type 1 and 2.

The Type 3 transportation funding calculation is based on 35 percent of the statewide, base per-pupil amount, which is applied to the calculation of Type 1 and 2 funding times the number of Type

3 riders. The calculation of Type 5 and 6 funding is based on 50 percent of the statewide, base per-pupil amount, which is applied to the calculation of Type 1 and 2 funding times the number of Types 5 and 6 riders. The state no longer reimburses districts for students whom the district declares impractical to transport and leaves the responsibility of their transportation to the parents for a direct reimbursement (Type 4).

Supplemental transportation funding is provided to school districts whose rider density (the number of students per square mile of the district) is below 50. For the calculation of this funding, the positive difference between 50 and the district rider density is multiplied by the per mile based funding of the district times 0.55. A detailed [worksheet](#) of the transportation calculation accompanies the SFPR for each payment of the fiscal year.

H. Special Education Additional Funding [Section 3317.022(A)(3) and Section 3317.013(A) to (F)]

This funding provides added state support for students who have special needs. This is like the weighted funding we used to have previously, except that instead of weights tied to the opportunity grant amount, there are per pupil amounts applied to different special needs categories. We group students with disabilities into six categories, with a per pupil amount assigned to each category. Here are the categories and their respective per pupil amounts for FY19:

1. Category 1 with the per pupil amount of \$1,578 is comprised of:
Students with Speech and Language Disability
2. Category 2 with the per-pupil amount of \$4,005 is comprised of:
Students who are Specific Learning Disabled
Students with Intellectual Disability
Students with Other Health Impairment (minor)
Preschool Children who are Developmentally Disabled
3. Category 3 with the per-pupil amount of \$9,622 is comprised of:
Students who are Hearing Disabled
Students who are Severe Behavior Disabled – SBH
4. Category 4 with the per-pupil amount of \$12,841 is comprised of:
Students who are Vision Impaired
Students with Other Health Impairment (major)
5. Category 5 with the per-pupil amount of \$17,390 is comprised of:
Students who are Orthopedically Disabled
Students with Multiple Disabilities (other than Deaf/Blind)
6. Category 6 with the per-pupil amount of \$25,637 is comprised of:
Students who are Autistic
Students who are Visually and Hearing Impaired
Students with Traumatic Brain Injury

Funding for special education students is equalized by means of the State Share Index. Here is the funding calculation:

$$\begin{aligned} &[(\text{Category 1 ADM}) \times \$1,578 \times (\text{State Share Index})] + \\ &[(\text{Category 2 ADM}) \times \$4,005 \times (\text{State Share Index})] + \\ &[(\text{Category 3 ADM}) \times \$9,622 \times (\text{State Share Index})] + \\ &[(\text{Category 4 ADM}) \times \$12,841 \times (\text{State Share Index})] + \end{aligned}$$

$$[(\text{Category 5 ADM}) \times \$17,390 \times (\text{State Share Index})] + [(\text{Category 6 ADM}) \times \$25,637 \times (\text{State Share Index})]$$

I. Capacity Aid [Section 3317.0218 and Section 3317.0218(A)(10)]

This funding component was added to the foundation formula in FY16. The purpose of the Capacity Aid is to increase the equity of the funding system by providing additional support to school districts with weaker tax bases. The state targets this funding to school districts that fall below the statewide median of taxes generated from a 1 mill levy placed on their three-year average property valuation. The calculation process involves a number of steps as follows:

Step 1: For each school district, calculate what 1 mill of taxes applied to the three-year average valuation would generate. For this purpose, the three-year average valuation combines the values for TY17, TY16 and TY15. Here is the calculation:

$$[(\text{TY17 Value} + \text{TY16 Value} + \text{TY15 Value}) / 3] \times 0.001$$

Step 2: Identify the statewide median value for the measure calculated in Step 1.

Step 3: For districts that fall below the statewide median, calculate the Capacity Ratio by dividing the value of the measure at the median point by the district measure and subtracting 1 from the result.

$$(\text{Step 2 Value} / \text{Step 1 Value}) - 1$$

<Limit the result of the above calculation to the minimum of 0 and the maximum of 2.5>

Step 4: Calculate the average of the FY19 formula ADM for all the districts that fall below the statewide median in terms of the measure calculated in Step 1.

Step 5: Calculate a universal Per Pupil Capacity Aid by dividing the measure obtained in Step 2 by the measure determined in Step 4.

Step 6: Calculate Capacity Aid by multiplying the capacity ratio calculated in Step 3 by the universal per pupil Capacity Aid calculated in Step 5 by the formula ADM for FY19 by the factor of 4.0.

$$(\text{Capacity Ratio}) \times (\text{Universal Per Pupil Capacity Aid}) \times (\text{Formula ADM}) \times 4.0$$

J. Graduation Bonus [Section 3317.0215 and Section 3317.022(A)(11)]

This bonus is provided based on a school district's high school graduation rate for FY18 extracted from the FY18 Report Card data. Its calculation is based on 7.5 percent of the foundation amount of \$6,020 applied to the graduation rate and the number of graduates equalized by the State Share Index. Here is the calculation:

$$0.075 \times \$6,020 \times (\text{Graduation Rate}) \times (\text{Graduation Number}) \times (\text{State Share Index})$$

K. Third Grade Reading Proficiency Bonus [Section 3317.0216 and Section 3317.022(A)(12)]

This bonus is provided based on a school district's third grade reading proficiency test for FY18 extracted from the FY18 Report Card data. Its calculation, like the graduation bonus, is based on 7.5 percent of the foundation amount of \$6,020, applied to the rate and the number of the third grade reading proficient students equalized by the State Share Index. Here is the calculation:

$$0.075 \times \$6,020 \times (3^{\text{rd}} \text{ Grade Prof Rate}) \times (3^{\text{rd}} \text{ Grade Prof Number}) \times (\text{State Share Index})$$

L. Transitional Aid Guarantee [Section 265.220(A)]

The foundation formula has a guarantee that prevents school districts from receiving less in foundation funding than the guarantee base provides, regardless of the result of the foundation formula calculation. The guarantee base in FY19 is the total capped funding the district has received in FY17, excluding career technical funding and including any Transitional Aid Guarantee. The guarantee base is adjusted with a guarantee base percentage before it is used in calculating the guarantee. The guarantee base percentage is a new component in the calculation that was introduced in FY18. The guarantee base percentage calculation is a function of the total ADM change from FY14 to FY16. Here are the steps involved in calculating the Transitional Aid Guarantee:

Step 1: Sum the components in FY18 that are within the guarantee fund to establish the Total Funding Within the Guarantee (line L1). These are the funding components discussed in A through K above.

Step 2: Sum up the capped funding amounts of the same components for FY17 as in Step 1, plus any transitional guarantee the district may have received in FY17, to establish the Guarantee Base (line L2).

Step 3: Calculate the district's total ADM percentage change (line L4) from FY14 to FY16 by dividing the FY16 figure by the FY14 figure and subtracting 1 from the result. This establishes the ADM percent change. Here is the calculation:

$$(\text{Total ADM FY16} / \text{Total ADM FY14}) - 1$$

Step 4: Calculate the Guarantee Base Percentage (line L3) based on the ADM percentage change calculated in Step 3. The law outlines these conditions for establishing the guarantee base:

- If the drop in ADM from FY14 to FY16 is 10 percent or more, the guarantee base percentage will be set at 95 percent.
- If the drop in ADM is 5 percent or less, the guarantee base percentage will be set at 100 percent.
- If the drop in ADM is less than 10 percent but more than 5 percent, the guarantee base percentage will be set on a sliding scale between 95 percent and 100 percent. Here are the calculations:

IF (ADM % Change <= -0.1) THEN Guarantee Base % = 0.95
IF (ADM % Change >= -0.05) THEN Guarantee Base % = 1
IF (-0.1 < ADM % Change < -0.05) THEN (Guarantee Base % = ADM % Change + 1.05)

Step 5: Adjust the Guarantee Base (line L2) by applying to it the Guarantee Base Percentage (line L3).

Step 6: Calculate Transitional Aid Guarantee (line L) by subtracting from the calculation in Step 5 the Funding Within the Guarantee (line L1). If the result of this calculation is a negative amount, set it to zero.

M. Career Technical Education Funding [Sections 3317.022(A)(8) & (9) and Section 3317.014(A) to (E)]

This funding provides added state support for students who are in career technical programs. This is similar to the weighted funding used in earlier years, except that instead of the weights tied to the opportunity grant amount, there are per pupil amounts applied to different career technical programs. The state groups students in career tech programs into five categories, with a per pupil amount assigned to each category. Here are the FY19 categories and their per pupil amounts:

1. Category 1 with the per pupil amount of \$5,192 encompasses work force development (WFD) programs in:
 - Agricultural & Environmental Systems
 - Construction Technologies
 - Engineering and Science Technologies
 - Finance
 - Health Science
 - Information Technology
 - Manufacturing Technology
2. Category 2 with the per pupil amount of \$4,921 encompasses WFD programs in:
 - Business Administration
 - Hospitality and Tourism
 - Human Services
 - Law and Public Safety
 - Transportation Systems
 - Arts and Communications
3. Category 3 with the per pupil amount of \$1,795 includes:
 - Career Based Intervention Programs
4. Category 4 with the per pupil amount of \$1,525 encompasses WFD programs in:
 - Education and Training
 - Marketing
 - Academics
 - Public Administration
 - Career Development
5. Category 5 with the per pupil amount of \$1,308 encompasses:
 - Family and Consumer Science Programs

Funding for career tech students is equalized by the State Share Index. Here are the funding calculations:

$$\begin{aligned}
& [(\text{Category 1 FTE}) \times \$5,192 \times (\text{State Share Index})] + \\
& [(\text{Category 2 FTE}) \times \$4,921 \times (\text{State Share Index})] + \\
& [(\text{Category 3 FTE}) \times \$1,795 \times (\text{State Share Index})] + \\
& [(\text{Category 4 FTE}) \times \$1,525 \times (\text{State Share Index})] + \\
& [(\text{Category 5 FTE}) \times \$1,308 \times (\text{State Share Index})]
\end{aligned}$$

In addition to the per pupil funding by category, the law provides a calculation of Career Tech Associated Services. Here, the state applies the per pupil amount of \$245 in FY19 to the number of students in all career tech programs and pays the lead career tech district for the associated services it provides to its member districts. This funding is equalized by the State Share Index and is transferred to the lead school district. Here is the calculation:

$$(\text{All Career Tech FTE}) \times \$245 \times (\text{State Share Index})$$

In addition to the Career Technical Education (CTE) funding components described above, House Bill 49 introduced a CTE guarantee in FY18 that is included in the final calculation of the CTE funding for the year. The CTE guarantee amount is simply the amount of the FY17 CTE funding over FY19 CTE funding, if any. See the CTE guarantee calculation on line M7 of the Detailed Funding Component Calculations page. Here is the calculation:

$$\text{IF (FY17 CTE Fund)} > \text{(FY19 CTE Fund) THEN CTE Guarantee} = \text{(FY17 CTE Fund)} - \text{(FY19 CTE Fund)}$$

N. Total Formula Funding [Section 265.220]

This is the total of all the funding components in the foundation formula, after any transitional guarantee or applying the funding cap. As explained above, in some cases the total foundation funding must be adjusted downward because of the funding cap, so Total Funding will be explained in conjunction with the concept and the calculation of the funding cap. As is shown on the Detailed Funding Component Calculations section of the Detail Worksheet Report, the total that appears on line N is the total of lines A through M. The Cap Reduction Ratio is on line N1. If the funding of the district is not reduced by the cap, the ratio will be 1. If the funding is reduced, the ratio will be a fraction of 1. See a comprehensive worksheet on the funding cap calculation for individual school districts [here](#).

Section 265.220 of HB 49 limits the total foundation funding generated through the foundation formula, to a cap limit. A district cannot receive payment of an amount larger than this cap limit. The legislation says that some of the foundation formula funding components in FY19 will be subject to the limitation, while other components are kept outside of the cap.

When calculating the funding cap reduction, the state distinguishes *Eligible Power Plant* districts from other districts and calculates their funding limitation differently (see page 7 for more information).

Here are the steps for calculating the cap reduction:

Step 1: Total all these FY19 funding components that are subject to the cap:

- Opportunity Grant
- Targeted Assistance
- K-3 Literacy Funding
- Economic Disadvantaged Funding
- Limited English Proficiency Funding
- Gifted Education Funding
- Total Transportation Funding
- Special Education Funding
- Capacity Aid
- Transitional Aid Guarantee

Although this list includes special education and transportation funding, these components are exempt from the cap unless the overall cap limit cannot be achieved without reducing them. So, the cap is first applied to every funding component except special education and transportation. If the total of the reduced components and special education and transportation still must be lowered to stay within the cap limit, special education and transportation are also reduced. We have never had to exercise this provision, however.

Step 2: Establish the Funding Limitation Base for FY19. The total funding amount subject to the cap calculated in Step 1 is compared to this. This base is the total of the funding components the school district has received in FY18, which is comprised of:

- Capped Opportunity Grant
- Capped Targeted Assistance
- Capped K-3 Literacy Funding
- Capped Economic Disadvantaged Funding
- Capped Limited English Proficiency Funding
- Capped Gifted Education Funding
- Capped Capacity Aid
- Capped Total Transportation Funding
- Capped Special Education Funding
- Any Transitional Aid Guarantee
- Cap Offset Amount

For districts not capped in FY18, the capped amount for each component will be the same as the calculated amount.

Step 3: Calculate the Limitation Base Multiplier by using the ADM percent change from FY14 to FY16 derived from Step 3 of the Transitional Aid Guarantee calculation. The multiplier represents a variable percentage that is applied to the limitation base to establish the cap limit. In FY17, the cap limit was set uniformly across all districts at 7.5 percent above the limitation base. In FY18 and FY19 however, the cap limit is adjusted with the variable multiplier that ranges between 3 percent and 5.5 percent above the limitation base in FY18 and between 3 percent and 6 percent above the

limitation base in FY19, founded on the ADM percent change of the district. The law says that if the ADM percentage change is at least 6 percent, the FY19 multiplier will be set at 1.06. If the ADM percentage change is less than 3 percent, the multiplier will be set at 1.03. If the ADM percentage change is between 3 percent and 6 percent, the multiplier will be based on a sliding scale that moves on the spectrum of the ADM percent change between 1.03 and 1.06. Here is the calculation for the limitation base multiplier in FY19:

IF (ADM % Change) >= 0.06 THEN Multiplier = 1.06
IF (ADM % Change) <= 0.03 THEN Multiplier = 1.03
IF 0.03 < (ADM % Change) < 0.06 THEN Multiplier = ADM % Change + 1

Step 4: The cap limit is established by multiplying the limitation base multiplier calculated in Step 3 by the funding limitation base established in Step 2.

Step 5: If the cap limit calculated in Step 4 is less than the total of the FY19 funding amounts subject to the cap calculated in Step 1, the cap kicks in and reduces those funding components based on the priority process explained above. The Cap Ratio that appears on line N1 reflects the ratio of the total capped funding to the total uncapped funding for FY19, after allowances for the funding components that escape the cap.

The process explained so far for calculating capped funding applies to the overwhelming majority of Ohio school districts. For a handful of school districts identified as Eligible Power Plant districts, this process is slightly different and includes an additional step. If a district is identified as eligible based on the parameters outlined above, we also affect the funding limitation base calculated in Step 2 with the change in property tax receipts from TY16 to TY17, before finalizing the limitation base. For these districts, Section 265.220(B)(9) of HB 49 says the cap limit will be *the greater of the cap limit calculated in Step 4 [Section 265.220(B)(9)(b)(i)], or the smaller of the total FY19 funding subject to the cap calculated in Step 1, or the total of the funding limitation base calculated in Step 2 and the change in property tax receipts from TY16 to TY17 [Section 265.220(B)(9)(b)(ii)]*. This section of the cap determination appears below:

- a. Establish Section 265.220(B)(9)(b)(i) Amount which is equal to the value of (Step 4 amount)
- b. Establish Section 265.220(B)(9)(b)(ii) Amount which is equal to the *smaller* of (Step 1 amount) or (Step 4 amount) plus (TY16 property taxes minus TY17 property taxes)
- c. Cap limit equals the **greater** of 'a' or 'b'

If the ratio of the cap limit (Step 5 amount) to the total of the funding components subject to the cap (Step 1 amount) is greater than 1, the cap ratio is 1. For capped districts, the cap ratio should equal exactly Step 4 amount divided by the Step 1 amount. But since some funding components are excluded from the cap, the actual reduction ratio must be adjusted to a ratio lower than what the division yields. This is done so that the resulting cap ratio, once applied to the cap-subjected funding components, will yield a total funding amount that does not exceed the cap limit.

Additional Aid and Transfers and Adjustments Items

This section references the lines on the second half of the Summary Page of the SFPR.

Additional Aid Items

Funding for preschool students with disabilities and special education transportation appear on the payment report, though they are not part of the foundation formula.

O. Preschool Special Education Funding [Section 3317.0213]

The preschool special education funding is comprised of two per-pupil amounts applied to the count of special education preschool children. One of the per-pupil amounts is used without being equalized, while the other is equalized by the State Share Index, which is borrowed from the foundation formula.

The un-equalized per pupil amount is \$4,000. This is applied to the total count of preschool children, regardless of their disability condition. The second per pupil amount is geared to the disability condition and is equalized by the State Share Index. For preschool children, the law provides for the use of the same six categories of special education that it uses for school age children with the same per pupil dollar amounts. The law however multiplies the per-pupil dollar amounts by 0.5 to base this funding on half-day classes, which is typical for preschoolers. Here is the calculation:

$$\begin{aligned} & \text{[(Total Preschool Special Ed Counts) X \$4,000] +} \\ & \{[(\text{Category 1 Preschool Special Ed Count}) \text{ X } \$1,578 \text{ X } 0.5 \text{ X (State Share Index)}] + \\ & [(\text{Category 2 Preschool Special Ed Count}) \text{ X } \$4,005 \text{ X } 0.5 \text{ X (State Share Index)}] + \\ & [(\text{Category 3 Preschool Special Ed Count}) \text{ X } \$9,622 \text{ X } 0.5 \text{ X (State Share Index)}] + \\ & [(\text{Category 4 Preschool Special Ed Count}) \text{ X } \$12,841 \text{ X } 0.5 \text{ X (State Share Index)}] + \\ & [(\text{Category 5 Preschool Special Ed Count}) \text{ X } \$17,390 \text{ X } 0.5 \text{ X (State Share Index)}] + \\ & [(\text{Category 6 Preschool Special Ed Count}) \text{ X } \$25,637 \text{ X } 0.5 \text{ X (State Share Index)}] \} \end{aligned}$$

P. Special Education Transportation Funding [Administrative Rule 3301-83-01(D)]

This reflects the subsidy the state provides to school districts to cover the costs of transporting special needs students to their programs and the costs of the specialized equipment they need. We calculate this aid as the lesser of the cost or the sum of \$6 per pupil per day, plus half the amount by which the actual cost exceeds \$6 per pupil per day. To calculate the state share of this calculation, we multiply the result by 60 percent, or the district's State Share Index, whichever is greater.

Q. Total Additional Aid Items

This is the total of Preschool Special Education Funding and the Special Education Transportation Funding that fall under Additional Aid Items.

R. Total Formula Funding Plus Additional Aid Items

This line shows the total of the formula funding and the additional aid items. It is the sum of line N and line Q.

Transfers and Adjustments

As in previous years' payment reports, transfers and adjustments applied to the foundation calculation are reflected on the FY19 SFPR.

S. Education Service Center Transfer [Section 3317.023(B)]

This reflects the funds deducted from the foundation funding of the school district to be transferred to education service centers (ESCs) for services provided on behalf of the district. The deduction may reflect only the district share of the per pupil amount of at least \$6.50, or it may reflect funds transferred for preschool services provided by the ESC or transfers for contracts made with the ESC under ORC 3313.845.

T. Open Enrollment Adjustment [Section 3313.981(B)]

This reflects the net funding adjustment made for students who attend a school district other than their resident district through the Open Enrollment option. The adjustment is the net of all funds the district receives for nonresident students coming into the district and for resident students leaving the district to attend a neighboring district. Funding for open enrollment students in FY19 includes the formula amount of \$6,020 and additional funding for career tech education students, based on per pupil amounts listed in ORC Section 3317.014 for students participating in career tech programs. These are the same per pupil amounts used in the career tech calculation of resident students. Here is the Open Enrollment Fund transfer calculation:

$$\begin{aligned} & (\$6,020 \times \text{Total FTE of All Open Enrolled Students}) \\ & + \\ & [(\$5,192 \times \text{Any Cat 1 CTE FTE}) + (\$4,921 \times \text{Any Cat 2 CTE FTE}) + (\$1,795 \times \text{Any Cat 3 CTE FTE}) + \\ & (\$1,525 \times \text{Any Cat 4 CTE FTE}) + (\$1,308 \times \text{Any Cat 5 CTE FTE})] \end{aligned}$$

In addition to the transfers referenced above, the law also provides for the transfer of special education Excess Cost for open enrollment students with an IEP, in accordance with ORC Section 3313.981(E). The Excess Cost adjustment, however, cannot be included on line U transfers because of timing issues. Excess Cost transfers are made separately on the Statement of Settlement as SF6 transfers after the end of the fiscal year.

U. Community School Transfer [Section 3314.08(C)]

This reflects the amount of funding deducted from the district for resident students who choose to attend community schools. Each district must fund the community schools that educate its students. Community school deductions are based on a set of calculations that fund community schools for Opportunity Grant, Targeted Assistance, Special Education and Related Services Funding, K-3 Literacy Funding, Economic Disadvantaged Funding, Limited English Proficiency Funding and Career Tech Education funding. In some cases, it also includes Transportation Funding.

The law provides formulas for each community school funding stream. See explanations by visiting [community school funding](#) on the Department's website.

We calculate funding for community schools based on the parameters of the law for each student attending. The aggregate of the funding amounts is then deducted from the total funding of the school districts of residence and sent to community schools.

V. STEM School Transfer [Section 3326.33]

HB 49 uses the same funding calculations for STEM schools as it does for community schools. Please refer to the community school funding deduction [explanation](#) provided for community and STEM schools.

W. Scholarship Transfer [Sections 3310.02 & 3310.08 & 3310.09 & 3310.51 – 3310.64 & 3313.974 & 3313.975 & 3310.41]

This reflects the amount of deduction from the state funding of school districts for resident students who choose to participate in one of the Education Choice programs as follows:

1. **Education Choice** program, established by ORC Section 3310.02, which provides for vouchers to be issued to the parents of children who attend nonpublic charter schools. Under the law, parents are entitled to receive vouchers for eligible students based on the lesser of the cost of tuition at the nonpublic school, or the maximum allowable amount under this section of the law. The maximum allowable voucher amounts under this program are:
 - a. **\$4,650** for kindergarten through grade 8 [ORC 3310.09(A)], and
 - b. **\$6,000** for grades 9-12 [ORC 3310.09(B)].
2. **Jon Peterson Scholarship** program, established by ORC Sections 3310.51 through 3310.64. The program directs the Ohio Department of Education to calculate scholarship vouchers for eligible students with disabilities for services provided by an alternative public provider or a registered private provider. The amount of the scholarship voucher is deducted from the state funding of the student's district of residence. The state makes three calculations for each special needs student. ORC Section 3310.56 bases the funding on the least of these:
 - a. The amount of the tuition charged by the alternative public or private provider;
 - b. The sum of the formula amount of \$6,020 and the per pupil amounts for the six categories of special needs students listed in ORC Section 3317.013(A) to (F). See these categories and their respective per pupil amounts listed on line H of the SFPR;
 - or
 - c. The per pupil amount of \$27,000.
3. **Cleveland Scholarship** program, established by ORC Section 3313.974 and 3313.975, provides scholarships to a number of students living in the Cleveland Municipal School District to attend alternative schools, and for an equal number of students to receive grants for tutoring while attending public school in the district.
4. **Autism Scholarship** program, established by ORC Section 3310.41(A), authorizes the Ohio Department of Education under ORC Section 3310.41(B) to pay a scholarship to the parents of a qualified child with disabilities in an amount not to exceed the lesser of the tuition charged, or \$27,000 for the child to attend a special education program that implements the child's IEP and is operated by an alternative public provider or registered private provider.

X. Other Adjustments [Section 3317.023(H) and (I)]

This section reflects some additional adjustments to the foundation calculation for funds transferred from a resident district to a contracted educating district for vocational or special education services. As part of this adjustment, we calculate transfers for contract vocational and special education services provided by ORC Section 3317.023(H), based on the foundation amount of \$6,020 plus the career tech and special education per pupil amounts specified in ORC 3317.013 and 3317.014. These are the same student categories and per pupil amounts listed for line H above.

The law also outlines an adjustment for preschool services provided by Boards of Developmental Disabilities, as well as CTE Associated Services based on the per pupil figure of \$245 and the career tech FTE. The result of this calculation is transferred to a JVS or a Career Tech Planning District that provides services to the district. Here is the calculation:

Section 3317.023(H)

$$\begin{aligned} & (\$6,020 \times \text{Total FTE}) + \\ & [(\$5,192 \times \text{Any Cat 1 CTE FTE}) + (\$4,921 \times \text{Any Cat 2 CTE FTE}) + (\$1,795 \times \text{Any Cat 3 CTE FTE}) + \\ & \quad (\$1,525 \times \text{Any Cat 4 CTE FTE}) + (\$1,308 \times \text{Any Cat 5 CTE FTE})] + \\ & [(\$1,578 \times \text{Any Cat 1 SPC FTE}) + (\$4,005 \times \text{Any Cat 2 SPC FTE}) + (\$9,622 \times \text{Any Cat 3 SPC FTE}) + \\ & \quad (\$12,841 \times \text{Any Cat 4 SPC FTE}) + (\$17,390 \times \text{Any Cat 5 SPC FTE}) + (\$25,637 \times \text{Any Cat 6 SPC FTE})] \end{aligned}$$

Section 3317.023(I)

$$(\text{Total CTE FTE}) \times \$245 \times (\text{District's State Share Index})$$

Y. Total Transfers and Adjustments

This line reflects the total of all transfers and adjustments that appear on line S through X of the Summary Page.

Z. Net State Foundation Funding

This line reflects the Net State Foundation Funding amount. It consists of the capped Total Formula Funding, plus the Total Additional Aid items shown on line Q, plus the Total Transfers and Adjustments shown on line Y.

During a fiscal year, we run the annual foundation formula funding reflected on the SFPR 24 times – twice each month. It divides the annual calculations into 24 payments and distributes them to school districts on predetermined dates. With each recalculation of the SFPR as the fiscal year progresses, the state uses more updated data elements. Typically, for the calculations during the first half of the fiscal year, previous year's factors are used, but as current year data becomes available, more updated data is used in the calculations. By the time the state makes the last funding calculation of the fiscal year – which is the second June payment – all the data elements and factors used in the calculations are actual

for the current year. The use of an annualized FTE enrollment means that school districts have until after the end of the fiscal year to finalize the data they report. Final reconciliation payments include updates to data elements as school districts report them.

For each payment during the year, we generate a [Statement of Settlement](#) that shows the amount of each payment during the year. In addition to foundation funding of the SFPR for each payment, the Statement of Settlement reflects several other funding adjustments and recalculations that must be applied to the state payment of the district. The SFPR shows how each component of the foundation formula is calculated. The Statement of Settlement shows how annual calculations from the SFPR are paid out to the school districts in installments after additional funding adjustments.

The Department's Office of Budget and School Funding strongly encourages your feedback on this document to help us improve its usefulness. Please direct your questions and comments to Daria Shams at (614) 466-6253 or daria.shams@education.ohio.gov.