

Ohio's School Foundation Funding Program



The Form SF-3 — Line by Line

Fiscal Years 2002 and 2003



BACKGROUND

In response to a second decision on May 11, 2000 in the DeRolph case in which the Ohio Supreme Court declared the school foundation program unconstitutional, the Ohio General Assembly enacted several changes in the state's funding system in Am.Sub.H.B.94 . These changes were first implemented in fiscal year 2002 with many aspects being phased in or phased out over a 4 or 5-year period to ease the transition from the old system to the new one. The most significant changes included

- Changes in the criteria used to select districts termed successful and in their expenditure data used to derive an adequate base cost figure used as the foundation level. (\$4,814 in FY02 and \$4,949 in FY03)
- The range of the cost of doing business factor from the lowest cost districts to the highest cost districts that was scheduled to expand to 15.2% in FY02 and 16.6% in FY03 was reduced to 7.5% for both years.
- The income adjustment that allowed for the reduction of charge off valuation for districts with median incomes below the state median was eliminated.
- The two weights used to generate additional funding for special education pupils were replaced with six weights based on state standards and actual costs of services.
- Funding caps which restricted the percentage increase in state aid a district could receive were repealed.
- FY02 begins a 5-year phase in (20% each year) of parity aid for districts based on how far the district's per pupil wealth measure falls below that of the 80th percentile district. Alternative parity aid is provided for a few additional districts that meet certain income, poverty and cost conditions.
- Equity aid for the 117 lowest wealth districts which was scheduled to end in FY03 was extended through FY05 being phased down by 25% each year beginning at 100% in FY02.
- Charge off supplement aid originally provided state aid for the amount of the difference between the assumed local share of formula aid, special ed. weighted aid plus vocational ed. weighted aid calculated in the formula and the district's actual local revenue. The assumed local share of transportation aid is added to this calculation.
- For FY03 the state share of calculated transportation costs was changed from 60% to the greater of 60% or the district's state share percentage.
- Beginning in FY03 the state will pay the district excess cost supplement aid in the amount by which the assumed local shares of special ed. and vocational ed. weighted aid and transportation aid exceed 3 mills times the district's recognized valuation.
- Power equalizing aid which provided matching aid for millage between 23 and 25 was repealed and replaced by parity aid.

These funding calculations along with the rest of the school foundation formula are summarized on a form called the "SF-3" (formerly the SF-12). On the following page is a prototype of the state's new SF-3 form. Each line will be explained in turn.

District Name	County	IRN: 040000	
ADM	K	1-12	Total
1A. Special Ed Category 1	3.00	4.00	7.00
1B. Special Ed Category 2	0.00	174.87	174.87
1C. Special Ed Category 3	0.00	5.00	5.00
1D. Special Ed Category 4	0.00	8.50	8.50
1E. Special Ed Category 5	2.00	7.00	9.00
1F. Special Ed Category 6	0.00	2.00	2.00
1G. JVSD, JVSD Spec Ed	N/A	72.11	72.11
1H. Non-Jnt OE JVSD, JVSD Spec Ed	N/A	1.66	1.66
1I. All Other Students	132.53	2,149.00	2,281.53
1J. MRDD	N/A	0.00	0.00
2. Total	137.53	2,424.14	2,561.67
3A. Formula ADM K* .5 + (1-12) Total - (.75 Line 1G JVSD) + (.25 CVOC-RES)			2,438.82
3B. 3-Year Average Formula ADM			2,486.77
4A. Assessed Valuation		195,612,021.00	
4B. Recognized Valuation		189,244,624.00	
4C. Adjusted Recognized Valuation		189,244,624.00	
5A. 4814 * 1.0118 * Greater of Line 3A or 3B			12,112,572.25
5B. Adjusted Recognized Valuation * .023			4,352,626.35
6. Total Formula Aid 5A minus 5B			7,759,945
7. State Share % (Line 6 / Line 5A)	64.07		
8. Special Education Weighted Amount			352,841
9. Career-Tech/Adult Ed. Cat1 FTE: 10.17 Cat2 FTE: 1.07			20,537
10A. Number of Classroom Teachers			
10B. Training & Experience of Classroom Teachers (50% of Total)			1,394
10C. Educational Service Personnel			
11. Total DPIA Including Guarantee			278,917
12. Gifted Aid	Units: 1.00		40,589
13. Equity			
14. Total State Basic Aid (Lines 6 + 8 + 9+10A+10B+10C+11+12+13)			8,454,226
15. Transportation			501,165
16. Additional Guarantee Amount			0.00
17. Parity Aid			258,051
18. Total State Basic Aid (Plus Guarantee)			9,213,443
19. Reappraisal Guarantee 3317.04			
20. County Educational Service Center Deduction			0.00
21. Foundation Total SF3 (Line 18 + Line 19 - Line 20)			9,213,443
Funded Items Outside Foundation Total SF-3			
22A. Preschool Clrm Units: 4.00 Related: 1.68			246,060.84
22B. Charge-Off Supplement (GAP)			742,077.69
22C. Community School Transfer			-4,534.44
22D. Open Enrollment Adjustment			401,372.09
22E. Special Ed Transportation			2,431.00
22F. Other Adjustments			-1,733.39
22G. Excess Cost Supplement (beginning in FY03)			-
23. Total Funding (Line 21 + 22A through 23F)			10,599,116
24A. Disclosure Items: Spec Ed FTE * 4814 * C.O.D.B.			993,011.06
24B. Voc Ed FTE * 4814 * C.O.D.B.			54,747.85
24C. Regular Student Population		2,203.95	
24D. Resident Contract Voc (CVOC-RES)		0.00	

SF-3 LINES

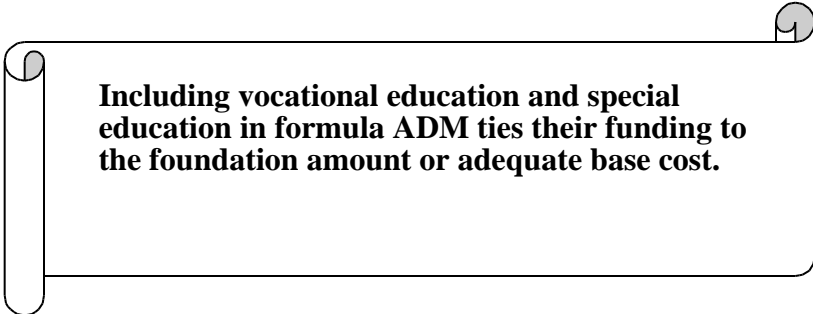
ADM (Lines 1A – 1J & 2) – These lines reflect all students of all types that reside in the school district. Lines 1A-1F indicate the six categories of special education pupils that are counted in formula ADM on line 3A as one each and additionally counted in the calculation of special education weighted amount on line 8. These categories and their associated weights are listed below.

<u>Category</u>	<u>Additional Weight</u>
1 (Speech Only)	.2892
2 (LD, DH, half of other Health)	.3691
3 (Hearing Impaired, Visually Impaired, SBH)	1.7695
4 (half of Other Health, Orthopedic)	2.3646
5 (Multihandicapped)	3.1129
6 (TBI, Autism, Deaf-Blind)	4.7342

Line 1G shows the number of regular and special education pupils on an FTE basis attending a Joint Vocational School excluding Non Jointure Open Enrollment pupils attending a JVS shown on line 1H. Line 1H indicates the number of pupils living in a district that is not a member of a particular JVS but attending that JVS through an open enrollment agreement. Line 1I includes students not counted in any of the other categories. These are known as “general population” students.

Line 1J shows MRDD pupils that reside in the district that exceed the number from the district attending the MRDD in FY98. The district must pay the MRDD board the foundation amount times the cost factor of the district plus the weighted amount for each of these pupils. For FY02 the weighted amount is included in the category 5 pupil calculation until such time as data can be collected indicating the actual category of each pupil. The funds that are transferred to the MRDD are included in line 22F other adjustments.. Line 2 is simply the sum of lines 1A through 1J.

Current Formula ADM (Line 3A) - reflects the state’s assessment of the number of students in a district for purposes of formula aid (the Formula ADM). It is found by adding the totals of all special education, vocational education and grades 1-12 general population students including the MRDD on line 1J, plus _ of the kindergarten ADM (kindergarten students are given a value of _ regardless of whether the district’s program is half day or full day), minus _ of the students in a district who attend a JVS program elsewhere, plus 25% of contract vocational pupils who attend at another district. Note that preschool handicapped pupils are not included in current formula ADM because they are still funded separately in units. Also note that all pupils are counted in their district of residence even if they receive educational services from another school district or an Educational Service Center (ESC). Prior to FY99, pupils were counted where they received educational services.



Including vocational education and special education in formula ADM ties their funding to the foundation amount or adequate base cost.

3-Year Average Formula ADM (Line 3B) – reflects the average of a district’s totals on Line 3A for the current and previous 2 years. This is designed to prevent sharp decreases in a school district’s formula funding. The district’s formula aid calculation uses the greater of the current or three-year average formula ADM.

Students educated in another district are counted in their resident district with money being transferred from the resident district to the educating district.

Assessed Valuation (Line 4A) - This is the total assessed value of all taxable property in the district which serves as the basic measure of wealth for several calculations. Tax year 2000 valuation is used for FY02 calculations and tax year 2001 valuation is used for FY03 calculations. However, before any calculations are performed, certain adjustments are made that are reflected in lines 4B and 4C.

Recognized Valuation (Line 4B) – When a district’s property value is updated or reappraised, any increase in value due to inflation is phased in over three years in equal segments to ease the decrease in formula aid caused by increases in valuation. This phased-in valuation figure is the amount of valuation “recognized” by the foundation formula and thus is called “recognized valuation.” Beginning in FY02 the income adjustment previously applied to recognized valuation was eliminated.

Adjusted Recognized Valuation (Line 4C) – For a small set of districts which have large amounts of exempt property, an adjustment to recognized valuation is done such that any amount by which their exempt property value exceeds 25% of their total value (including exempt property) is subtracted from recognized valuation. This is adjusted recognized valuation.

4814 * C.O.D.B. * Greater of Line 3 A or 3 B (Line 5A) – reflects the state’s view of what the total base budget or basic program cost of a district should be. The “4814” (4949 in FY03) reflects the FY02 base dollar amount established by the legislature. This base amount represents the per pupil adequate base cost and was derived using the following procedure. First, from all 612 Ohio school districts those not meeting at least 20 or more of a set of 27 output criteria in FY99 were screened out. The 27 output criteria included the graduation rate, the attendance rate and proficiency test scores at five grade levels.

An additional 7 districts that only needed a fraction of a student to meet the qualifying level of a criterion to meet a total of 20 criteria were added to the group of model districts. Any district in the top or bottom 5 percent of all districts on per pupil property wealth or median income were eliminated, leaving a total of 127 model districts.

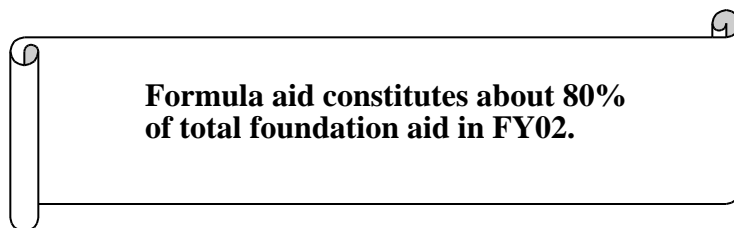
The next step was to average these 127 districts’ base program per pupil expenditure figures to obtain the average base cost per pupil of the model districts. For the districts that did not meet the FY96 model criteria their FY99 base expenditure per pupil figures were used. For those that met the FY96 criteria (at least 17 of 18 measures met), the lesser of their FY96 base cost expenditures inflated by 2.8% per year up to FY99 or their FY99 base cost expenditures were used in the average. This average base cost per pupil was calculated to be \$4,420 and was then inflated by 2.8% per year to arrive at a FY02 base cost figure of \$4,802.

Finally, since it was estimated that the additional credit required by the state for high school graduation would cost about \$12 per pupil an additional \$12 was added to the \$4,802 to bring the FY02 base cost amount to \$4,814. This is what is used for the FY02 foundation level in the formula on line 5A. This value was inflated by 2.8% to obtain the FY03 foundation level of \$4,949.

C.O.D.B. stands for the district's adjusted cost of doing business factor which is used to adjust the foundation level upward to reflect the relative cost of doing business in the county in which the district is located. The C.O.D.B. factor is calculated for each county based on labor force average weekly wage data for the county and its contiguous counties. Each district in the county is assigned the county cost factor. For FY02 and FY03 the cost factor's range is set from 1.0 in the lowest cost county to 1.075 in the highest cost county.

Adjusted Recognized Valuation * .023 (Line 5B) – reflects the local share of the basic program cost. The “.023” is the 23 mill charge-off that the legislature has determined to be the district's fair share of the basic program cost. This is subtracted from the basic program cost (line 5A) to determine the state formula aid.

Total Formula Aid (Line 5A – 5B) (Line 6) – reflects the state's share of the basic program cost.



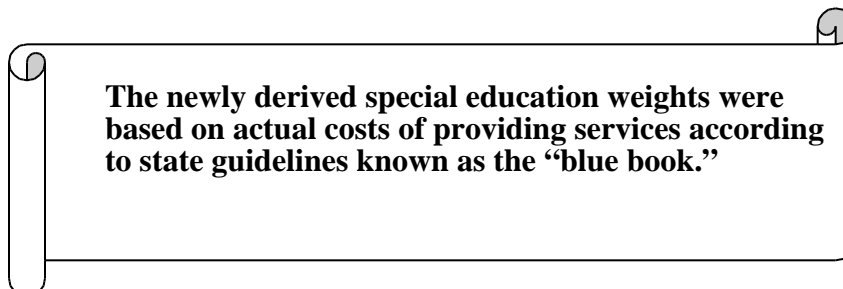
Formula aid constitutes about 80% of total foundation aid in FY02.

State Share % (Line 6 / Line 5A) (Line 7) – reflects the percentage of the basic program cost that is paid by the state. This factor will be used in the weighted formula for special education and vocational education, where it is called the “State Aid Ratio” (SAR). It is also called the “State Share Percentage.” In FY03 it will also be applied to transportation if it is larger than 60 percent.

Special Education Weighted Amount (Line 8) – reflects the amount of money given to the school district under the weighted pupil formula for special education purposes plus the speech services aid. The weights used are listed under the ADM section above.

The law provides for funding for the additional cost of special education at the same percentage as the state funds the base cost. Thus, if a district receives 45% state funding in the Formula Amount, the same will be true for special education weighted amount. For example, if a district has seven LD students, five SBH students and two autistic students, the calculation would be $[(7 \times .3691) + (5 \times 1.7695) + (2 \times 4.7342)] = 20.9$ (total of the weights). The district's weighted amount would be $20.9 \times \$4,814 \times .45 = \$45,276$ where .45 is the district's state share percentage.

A speech services calculation is included in the amount shown on this line of the SF-3. This allowance for pupils whose special education services consist of speech therapy pays the state share percentage of a personnel allowance for every 2,000 students in formula ADM (the greater of line 3A or 3B). The personnel allowance is \$30,000.



The newly derived special education weights were based on actual costs of providing services according to state guidelines known as the “blue book.”

Each school district is required to spend each year on special education purposes approved by the Ohio Department of Education at least an amount equal to the state and local shares of formula aid and weighted special education aid calculated in the foundation formula for special education pupils. Districts must annually report these expenditures to the Department which in turn must report these special education expenditures for each district to the Governor and General Assembly.

Career Tech/Adult Ed (Line 9) – this line shows the amount calculated for additional weights applied to vocational education pupils in comprehensive high schools and for unit funding for the Graduation Reality and Dual-Role Skills (GRADS) program.

In addition to being counted as “1” in the formula aid calculation, each vocational pupil will receive additional weighted funding similar to special education funding. FTEs in workforce development programs receive a weight of .57 while those in other vocational programs are weighted .28. Also, all FTEs receive an additional weight of .05 for extra costs associated with vocational education. Pupils are multiplied by their weights, then by the formula amount and then by the district’s state share percentage to arrive at this additional aid.. Note that in districts that are not a lead district comprehensive high schools for the .05 associated cost weighted funds, pupils will be counted in their home districts and the funds will be transferred to the lead district. All funds received for weighted aid must be spent on purposes that ODE designates as “approved vocational education or associated services”.

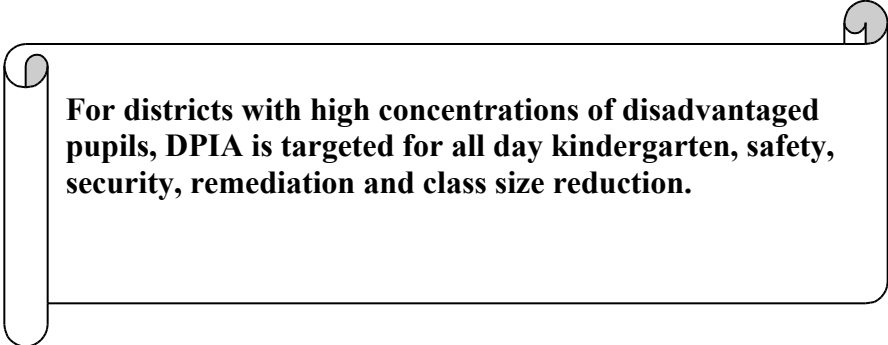
GRADS units are funded at \$46,260 in FY02 and FY03 times the district’s state share percentage and are also included in the amount on line 9.

Number of Classroom Teachers (Line 10A) – reflects a negative adjustment for not employing the required number of classroom teachers. Districts are required by law to employ a specified number of teachers to achieve a designated pupil / teacher ratio. If districts do not maintain a 25/1 pupil to teacher ratio, then a deduction will be made from state funding.

Training and Experience of Teachers (50% of Total) (Line 10B) – reflects a potential adjustment to funding based on the experience level and education level of the district’s teachers. Districts with a teaching corps that is above the state average in education and experience receive additional funds. There is no penalty assessed against those districts below the state average.

Education Service Personnel (Line 10C) – reflects a negative adjustment to funding based on the number of education service personnel a district has employed. Education Service Personnel (ESP) include elementary school art, music and physical education teachers, counselors, librarians, visiting teachers, school social workers and school nurses. Failure to hire at least 5 persons in the above categories for each 1,000 students in a district means a deduction in state foundation aid.

Total DPIA including Guarantee (Line 11) – reflects a formula that provides additional funding for school districts who have a certain percentage of students whose families receive funds from the state’s Ohio Works First (OWF) program. (This was previously known as the Temporary Assistance to Needy Families (TANF) program, and before that as the Aid to Families with Dependent Children (ADC) program.) This is a recognition on the part of the state that students coming from economically disadvantaged environments districts incur additional costs beyond the basic allowance.



For districts with high concentrations of disadvantaged pupils, DPIA is targeted for all day kindergarten, safety, security, remediation and class size reduction.

DPIA funds are allocated based on a two- part calculation called the DPIA Index. To find the Index, a district’s OWF percentage is found by calculating the 5- year average of OWF students and dividing that by the 3-year average of the Formula ADM. This OWF percentage is then divided by the State’s OWF percentage (found in the same way as the district’s to give the Index. Thus, districts with a DPIA index greater than one have an OWF percentage greater than the state average.

DPIA consists of three calculations. Districts with a DPIA index greater than 1 or with three-year average enrollment in excess of 17,500 and who offer all day kindergarten receive one half of the formula amount (\$4,814 in FY02) for each kindergarten pupil enrolled in all day kindergarten.

Districts with a DPIA index between .35 and 1 receive \$230 per OWF pupil and those with a DPIA index greater than 1 receive \$230 times their DPIA index for each OWF pupil for Safety, Security and Remediation programs.

The third calculation is for Class Size Reduction for districts with DPIA indices greater than .6. The aid calculation is based on the number of teachers needed to put the district at a target class size ratio. The target class size ratio is assigned to the district based on the district's DPIA index such that the higher the index the lower the targeted class size. While the index ranges from .6 to 2.5 the corresponding class size target ratio ranges from 23 to 1 down to 15 to 1. Once the number of additional teachers required is determined, this number is multiplied by a salary figure of \$42,469 in FY02 or \$43,658 in FY03 to determine the aid.

These three calculated amounts are summed to determine total DPIA. This total is compared with the FY98 DPIA amount and the district receives the greater of the two amounts. For districts with a DPIA index greater than or equal to one, the percentage of the calculated amount that must be spent on all day kindergarten, safety security and remediation and class size reduction was phased in to 100% by FY02. Beginning in FY03, at least 25% of Safety, Security and Remediation funds must be spent on intervention services required in section 3313.608 of the Ohio Revised Code. Any district with a DPIA index less than one must spend 70% of their DPIA funding on any of 13 programs to assist disadvantaged pupils.

Gifted Aid (Line 12) – reflects aid for gifted children. If a gifted unit is approved for state funding, the gifted unit aid is equal to a salary allowance based on the training and experience of the unit's teacher applied to the minimum teachers salary schedule that was in effect in FY01, plus 15% of this salary for fringe benefits, plus a unit allowance of \$2678, plus a supplemental unit allowance that varies based on the property wealth of the district. This supplemental unit allowance is an attempt to equalize at least part of line 12 gifted aid. It is equal to 50% of the average unit amount of \$5,251 plus the district's state share percentage times the dollar amount of \$5,550.

Equity (Line 13) – reflects additional funding for low wealth school districts. This aid goes to the poorest 117 districts based on how far below the 118th poorest district they are in income adjusted valuation per pupil. This difference is multiplied by 9 mills to determine their aid per pupil. The poorer the district the higher the equity aid per pupil. This aid is being phased out so that the aid will drop to 75% in FY03, to 50% in FY04 and to 25% in FY05 and to zero in FY06.

It was felt that with the increase in the foundation level and the addition of parity aid, equity aid could be phased out.

Total State Base Formula Amount (Line 6 + 8 + 9 + 10A + 10B + 10C + 11 + 12 + 13) (Line 14) – reflects the sum of the funding calculated in the previous lines.

Transportation (Line 15) – reflects the reimbursement for the state's share of a district's transportation operational costs. This calculation was modified in FY99 and then revised again for FY00 and thereafter. Under this latest revision, transportation funding is based on a new regression model which establishes the relationship between per pupil transportation costs for type 1 and 2 transportation (board owned or contracted yellow bus) and daily miles per pupil and percentage of pupils transported. The prediction equation derived using FY00 data is as follows:

$$\text{Cost Per Pupil} = 67.7105575 + 165.8255979 \times \text{Daily Miles} + 124.6706802 \times \text{Percent of Pupils Transported}$$

The law requires that this equation be updated annually using the previous fiscal year's data. Therefore, this equation will be used for payment calculations for the first half of FY02 until the FY01 data becomes available and the regression equation can be updated.

Plugging in a district's daily miles per pupil and percent of pupils transported yields the cost per pupil which is then multiplied by total pupils to arrive at a total predicted cost. Note that total pupils or total ADM is called the "transportation base" and includes all of the district's public pupils plus type 1 and 2 nonpublic pupils transported. This cost figure is multiplied by an inflation factor of 2.8 percent twice to bring it up to FY02 cost levels. Finally, this cost figure is multiplied by .575 in FY02 and in FY03 by the greater of .60 or the district's state aid percentage to arrive at the state share of this cost.

For districts with pupil density (total ADM per square mile) less than the statewide average of 43.579 and with percent of rough roads greater than the statewide average of 17.6902%, an additional rough road subsidy is provided. A maximum of \$.75 per rough road mile for the district with the highest rough road percentage in the state is provided. This maximum is scaled down along the continuum as the rough road percentage declines such that the per rough road mile subsidy reaches zero as the rough road percentage reaches the statewide average. After the rough road subsidy is calculated a density multiplier factor is applied which scales down the subsidy such that districts with progressively higher density receive progressively lower percentages of their calculated rough road subsidy.

In addition to the above aid calculated for types 1 and 2, aid for types 3 through 6 is calculated in accordance with rules adopted by the State Board of Education and included in this line.

The transportation formula is intended to provide financial incentives to operate more efficiently.

Additional Guarantee Amount (Line 16) –this line shows the amount of additional aid on top of the current year's calculated amount needed to bring the district up to the FY98 funding level. The base of the guarantee is the amount received in FY98 for certain aid components. Since the foundation formula was significantly changed beginning in FY99, the FY98 calculation has to be adjusted to make it represent a calculation comparable to the calculations for FY99 and beyond. This FY98 adjusted calculation is called the "FY98 fundamental amount" and is the guarantee base that is compared to the current year's line 14 total state basic aid plus the positive value of any deductions on lines 10A and 10C plus amounts pursuant to O.R.C. 3317.027 (027 adjustments) and pursuant to O.R.C. 3317.022 (A2) (exempt property adjustments). This FY98 fundamental amount includes Base Formula Amount (including any 027 or exempt property calculations), DPIA, Vocational, Special and Gifted Education Aid, Equity Aid, the district's share of special education and vocational education funding in FY98 for students served outside the district, and other lesser forms of categorical aid.

For FY02, the guarantee calculation is as follows:

Additional Guarantee Amount = FY98 Fundamental Amount – FY02 State Basic Aid

Where: FY02 State Basic Aid includes line 14 plus the positive value of any deductions on 10A and 10C plus any 027 and exempt property adjustments.

For a few districts with enrollments less than 150 pupils, the Additional Guarantee Amount for FY02 and beyond is simply the difference between the greater of the FY97 and FY98 fundamental amounts minus the current year total state basic aid amount.

In FY02 an estimated 58 districts out of 612 will be on this hold harmless guarantee.

Parity Aid (Line 17) - FY02 is the first year of a new parity aid funding program to districts that meet certain conditions. Parity Aid and Alternative Parity Aid are calculated as follows:

PARITY AID

First, districts are ranked from high to low on a wealth measure that consists of 2/3 times charge off valuation per pupil plus 1/3 times the 3-year per pupil average of federal adjusted gross income of the district's taxpayers. The 80th percentile district is determined (the district below which 80% of the districts fall on the wealth measure). This 80th percentile is called the "per pupil wealth threshold" and only districts below the threshold receive parity aid as calculated below. For FY02 and FY03 this threshold is around \$140,000.

Payment Percent x (Per Pupil Wealth Threshold – District Wealth Per Pupil) x .0095 x formula ADM

where payment percent is:

20% in FY02
40% in FY03
60% in FY04
80% in FY05
100% in FY06 and beyond

ALTERNATIVE PARITY AID

This Alternative Parity Aid is calculated as follows:

Payment Percent x \$60,000 x (1 – income factor) x 4/15 x .023 x formula ADM

where payment percent is:

50% in FY02
100% in FY03

and income factor = district median income/state median income

What a district receives under this provision depends on certain district characteristics as follows:

If the district's income factor is less than or equal to 1 and the district's DPIA index is greater than or equal to 1 and if the district's Cost of Doing Business Factor is greater than or equal to 1.0375 then they receive the greater of the calculated parity aid or the alternative parity aid. All other districts below the per pupil wealth threshold receive the calculated parity aid.

Total State Basic Aid plus Guarantee (Line 18) – this is the sum of Total State Basic Aid plus Transportation plus any Additional Guarantee Amount plus Parity Aid.

Reappraisal Guarantee 3317.04 (Line 19) – reflects a guarantee that safeguards districts from decreases in total state aid due to an increase in local valuations that result from an update / reappraisal. This amount for FY02 for any district going through reappraisal or update in tax year 2000 would be any positive difference amount by which the FY01 line 22 plus line 19 plus line 23B exceeds the FY02 line 18. This is a one year guarantee.

County Educational Service Center Deduction (Line 20) – reflects money deducted from a local board of education's SF-3 for services provided by an Educational Service Center (ESC). A per pupil amount not less than (\$6.50 for FY02) plus a share of supervisory services costs is deducted and in the case of a city or exempted village school district or a local district with a contract for the ESC to provide services such as special education, health testing, etc., an additional amount is deducted depending on the terms of the contract for services provided by the ESC.

Foundation Total SF-3 (Line 18+Line 19 – Line 20) (Line 21) – reflects the Base Formula Amount, Categorical Aid and Parity Aid a district will receive from the state with the ESC funds deducted.

Funded Items Outside Foundation Total SF-3 – reflects adjustments or net transfers of funds for services provided to pupils outside the district of residence.

Preschool Unit Funds (Line 22A) – reflects unit funds given to districts to pay for the education of children with disabilities who are in preschool programs. This aid is based on a salary allowance from the minimum teacher’s salary schedule in effect in FY01 plus a 15% fringe allowance, plus a non-salary allowance plus a supplemental allowance. Both classroom unit funding and related services unit funding are included here.

Charge-off Supplement (GAP) (Line 22B) – this aid is sometimes referred to as “Gap Aid” because its intent is to fill in any gap that exists between the local revenue raised by a district and the amount the foundation formula assumes the district should raise to meet its local share of formula aid, special education and vocational education weighted aid and transportation aid (added in FY02). If a district’s local revenue falls below the sum of the district’s charge-off plus its assumed local share of special education and vocational education weighted aid and transportation aid the state makes up the shortfall in charge-off supplement aid.

This aid guarantees that each pupil will receive the adequate base cost and categorical foundation amounts in state and local revenue combined.

Community School Transfer (Line 22C) - If pupils who reside in a regular school district decide to attend a community school, the resident district must transfer funds to the community school to help support the students’ education. The funding amount may consist of funds calculated for Formula Aid, DPIA and Special Education Weighted Aid. The formula amount transferred is the foundation level times the resident district’s cost of doing business factor times the number of pupils at the community school on an FTE basis with all kindergartners counted as half.

If the school district of residence is eligible for DPIA funds and if any of the pupils at the community school are eligible for Ohio Works First (OWF), the district must transfer funds to the community school. For All Day Kindergarten funds the calculation is .5 times the number of ADK pupils times the foundation level. For Safety, Security and Remediation the transfer is \$230 for each OWF pupil from a district with a DPIA index between .35 and 1 and the transfer is \$230 times the district’s DPIA index for each OWF pupil from a district with a DPIA index equal to or greater than 1. For Class Size Reduction (CSR), the transfer is the district’s average CSR per K-3 pupils times the community school’s K-3 non-handicapped ADM.

Open Enrollment Adjustment (Line 22D) - reflects an adjustment equal to the Foundation Level times the Cost of Doing Business Factor for each child of residence who attends a different district under the Open Enrollment law. A district pays out this amount for each pupil that leaves the district and receives this amount for each pupil it receives under Open Enrollment. Therefore, this line represents the net effect of these payments.

Special Education Transportation (Line 22E) - reflects a reimbursement subsidy to a district to cover the costs of transporting special education students to their programs and for specialized equipment needed for such transportation. This aid is calculated as the lesser of the actual cost or the sum of \$6 per pupil per day plus half of the amount by which actual cost exceeds \$6 per pupil per day. This calculation is then multiplied by the same percentage used for regular transportation.

Other Adjustments (Line 22F) - This includes adjustments for payments made from the resident district to the educating district for vocational education and special education services provided to pupils attending a district other than their district of residence. Also, payments to the MRDD for pupils sent to the MRDD in excess of their FY98 level and to lead districts for vocational education associated costs are included here.

Excess Cost Supplement Aid (Line 22G) – This aid which establishes a 3-mill limit on the district’s share of combined funding for special education, vocational education and transportation begins in FY03. If the assumed local share of special and vocational weighted aid plus the assumed local share of transportation exceeds 3 mills times the district’s charge-off valuation, the state will pay the difference in excess cost supplement aid. This aid is subtracted from the assumed local share in calculating gap aid.

Total Funding (Line 21 & 22A through 22G) (Line 23) – this is the sum of Foundation Total SF-3 plus or minus line 22 items.

Disclosure Items - These are simply representations of calculations that may be used in maintenance of effort calculations and fulfill the informational requirement of the Ohio Revised Code.

Spec. Ed. FTE *4814 *C.O.D.B. (Line 24A) – reflects the formula amount for students in special education.

Vocational Ed. FTE *4814 *C.O.D.B. (Line 24B) – reflects the formula amount for students in vocational education.

Regular Student Population (Line 24C) – This is a count of regular pupils being educated by the district and used in the ratio calculations on line 10A and 10C.

Resident Contract Voc (CVOC-RES) (Line 24D) – These are pupils living in the district but attending another district's vocational education program. Line 3A formula ADM includes 25 percent of these students.

THE OTHER PROGRAMS

In addition to the state's basic aid and categorical programs, there are a number of other programs and projects related to education that are funded through the state and represent a portion of the state's total education funding. The following is a list of some of the other state-funded programs:

- Special educational service costs, for MR/DD boards, transportation, and excess costs of home instruction for children with disabilities.
- Island school districts, joint state school districts, and each county educational service center.
- Adult high school continuation programs.
- Purchase of school buses.
- SchoolNet Plus, providing moneys for technology purchase.
- Programs for adult basic literacy education.
- An amount to each school district to assist in providing free meals to children and an amount to assist eligible school districts in purchasing equipment for food preparation.
- Development of inservice education programs and leadership academies.
- Programs for early childhood such as Head Start and preschool programs
- Programs for guidance, testing and counseling.
- Matching grants for alternative schools for troubled pupils.
- Funding of Joint Vocational Schools similar to the foundation program for regular school districts.
- Funding for summer intervention programs.
- Funding for OhioReads, a volunteer program to assist pupils in learning how to read.
- Funding for auxiliary services and instructional materials provided to chartered nonpublic schools.
- Funding for reimbursement of administrative costs incurred by chartered nonpublic schools in complying with certain state requirements.
- National Board Teacher Certification
- Entry year and mentoring programs for teachers
- Substance Abuse Prevention
- Funding to reimburse districts for losses in local revenue due to property tax reductions

State aid to school districts for construction, renovation or repair of school building facilities is provided through the Ohio School Facilities Commission, (OSFC) created in May 1997. Funding is provided to districts through programs overseen by the Commission.

1. Classroom Facilities Assistance Program – This is the largest of the OSFC programs and provides funding for the entire facility needs of a district. It consists of the program originally called Building Assistance which involves 43 school districts with funded projects totaling \$350 million since 1990. The current Classroom Facilities Assistance Program funds replacement and renovation projects based on a priority list which is based on income adjusted valuation per pupil. Since May 1997, OSFC has funded \$1.8 billion worth of projects with local matching funds equaling \$326 million.
2. Expedited Local Partnership Program (ELPP) – This program is designed to give districts that are lower on the priority list and not yet participating in the Classroom Facilities Assistance Program the opportunity to move ahead with portions of their project. From the district's Facility Master Plan the district selects a distinct portion to be funded through local efforts. When the district's turn later arises in the Classroom Facilities Assistance Program, the money spent by the district on the district portion is credited against the local share of the entire Master Plan project.
3. Energy Conservation Program (HB264 Program) – Under this program districts may borrow funds for energy conservation projects without having to pass a ballot issue for the authority to borrow. Over 500 districts have taken advantage of this opportunity.

4. Extreme Environmental Contamination Program – If a school district can prove that it has contaminants that exceed state and federal standards and are posing a health risk to students and if the cost to remediate exceeds half the cost of renovation the cost of which exceeds two thirds of the cost of a new building, then it qualifies for matching funds to construct a new building under the program.
5. Exceptional Needs Program – This is a special sub-program of the Classroom Facilities Assistance Program which targets extreme needs where the health and safety of students and staff can be affected. This program allows OSFC to provide state funding for the replacement of a building regardless of the district’s place on the priority list.
6. Accelerated Urban/Big 8 Program – This program targeted \$120 million in matching funds to the eight largest urban districts for major repairs and renovations. Two of the 8 districts have become eligible for the Classroom Facilities Assistance Program. The Accelerated Urban Initiative accelerates the participation of the remaining 6 districts into the Classroom Facilities Assistance Program such that beginning in FY03 they will begin receiving state funds for portions of their projects.
7. Emergency Assistance Program – This program was created to provide state funds for reconstruction, renovation or repair to any classroom facilities made necessary due to a natural disaster (“Acts of God”). Funds must be used only for costs not covered by insurance or other public or private emergency assistance programs.
8. Short Term Loan Program – This provides short-term loans to districts for the emergency repair and replacement of school facilities damaged as a result of faulty design or construction.



Funds appropriated for these programs since the creation of the Facilities Commission exceed \$2.7 billion.

CONCLUSION

At the writing of this paper the above described school foundation program is awaiting a third Ohio Supreme Court ruling as to its constitutionality. It is therefore difficult to say whether the above formula will remain in tact. If you need additional information on Ohio’s school foundation formula, please contact Jim Payton or Daria Shams at the Ohio Department of Education, Office of Policy Research and Analysis at (614) 752-8731.

To access individual district or state total SF-3’s for fiscal years 1998-2002, go to the ODE Web site at www.ode.state.oh.us, click on “school finance” and then on “foundation.” In addition to the SF-3 form, there are detailed calculation sheets for many of the lines of the SF-3.

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