

Gifted Funding Accountability Recommendations



OFFICE OF BUDGET AND SCHOOL FUNDING
OFFICE FOR EXCEPTIONAL CHILDREN

Gifted Funding Accountability Recommendations

Senate Bill 310 Requirement

In December 2020, the General Assembly passed Senate Bill 310. The legislation, among other things, directed the Department of Education to conduct a series of studies related to education finance and school funding.¹

For this study, the legislation required the Department, in collaboration with the Auditor of State and a workgroup established by the Department that consists of educators, auditors and employees of the Department, to review the funding reporting protocols and requirements for gifted services with the intention of recommending improvements regarding accountability for the spending of gifted funds paid to city, local, and exempted village school districts under section 3317.022 of the Revised Code.

Gifted Funding Accountability Requirements and Background

Subsequent to the workgroup requirement in SB 310, the General Assembly made significant changes to gifted funding and accountability: implementation of a new funding formula, restriction of gifted funding, a required clawback of gifted funds not used in support of gifted students, and greater transparency.

As part of larger reforms with respect to how schools and districts in Ohio are funded, the General Assembly revised the calculation of funding for gifted students. These changes were enacted in the most recent state operating budget, beginning with the 2021-22 school year, based on the Department's 2018 [Gifted Cost Study](#). The gifted component of the funding formula now includes funding for the identification and referral of gifted students, funds for professional development for educators, and funding for gifted coordinators and intervention specialists to support students who are gifted.² In revising the calculation of gifted funding, the General Assembly also restricted the use of gifted funds to support the education of students who are gifted. As a result of these changes, the Department developed and released [Gifted Use of Funds](#) guidance to help schools and districts determine gifted funding amounts, the accurate reporting of those funds and the allowable uses of funds for gifted education.

To monitor gifted expenditures, the Department relies on financial expenditures reported by schools and districts. Annually, all schools report revenues and expenditures in accordance with the Uniform School Accounting System (USAS). The system, maintained by the Auditor of State's Office, with input from the Department of Education, provides a standard chart of accounts to record revenues and expenditures. One of the accounting dimensions within the system is functions. Function codes represent a broad area of programs and activities into which expenditures are classified. Expenditures for gifted education fall across five function codes. By leveraging this data, the Department can determine the expenditure of each school district in support of gifted education.

For several years, the Department has published the reported gifted expenditures by school district. Ohio law was recently revised to also require the Department to publish expenditures compared to the amount of

¹ <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA133-SB-310>

² Ohio Revised Code section [3317.022 \(A\)\(6\)\(a\)](#)

gifted funding received through the state funding formula.³ The [annual expenditure reports](#) are posted on the Department's website.

Finally, in addition to restricting the use of funds provided through the gifted component of the funding formula, the General Assembly also required the Department to withhold funds not used to support gifted education. This provision means that if a school district receives \$100,000 through the gifted component of the funding formula, but only expends \$75,000 in support of gifted education, the Department is required to reduce future foundation payments by \$25,000.⁴ For the first year of implementation, the Department allowed districts to keep unused gifted funds paid in the 2021-22 school year for use in the 2022-23 school year. Unspent funds from both school years after the end of the 2022-23 school year will be subject to the clawback provision.

These changes, enacted after the workgroup charge in S.B. 310, create additional accountability and transparency for gifted funding.

Workgroup

In the fall of 2022, the Department established a Gifted Funding Accountability workgroup whose membership included educators, school treasurers, auditors from the Auditor of State's office and employees of the Department. The workgroup's membership was developed through recommendations from the Ohio Association of School Business Officials, the Ohio Association of Gifted Coordinators and Department staff. The membership makeup ensured representation geographically across the state and district typologies. The workgroup membership list is included in Appendix A. The workgroup met in person on Sept. 30 and Nov. 1.

The workgroup's charge was reviewing the funding reporting protocols and requirements for gifted services with the intention of recommending improvements regarding accountability for the spending of gifted funds, reviewing the funding reporting function codes and the funding guidance and providing suggestions and recommendations.

Recommendations Development

First, the workgroup established a common understanding of gifted funding, the allowable uses for gifted funds and the associated reporting codes. The Department reviewed with the workgroup the recently updated gifted funding formula and the restriction on the use of gifted funds limiting their use to supporting and providing services to students who are gifted. The workgroup reviewed and discussed the allowable and unallowable uses for gifted funds and the reporting codes used to clarify the gifted expenditures through a review of the [Gifted Use of Funds](#) guidance document.

The workgroup also reviewed the Department's responsibilities to monitor and report the funding districts receive and their gifted expenditures. The Department shared its monitoring process for 2021-22 gifted expenditures and the fiscal year (FY) 2022 gifted spending data with the workgroup.

The workgroup reviewed and discussed the gifted expenditure data reported by districts in FY22. The expenditures were categorized based on the reporting function code categories. Total statewide funding of \$74,717,427.69 was provided to a total of 609 districts. Total statewide expenditures were \$131,355,506.01.

³ R.C. section [3324.09](#)

⁴ R.C. section [3317.022\(J\)](#)

For the expenditures, 331 districts reported expending at least or more than received, 237 districts reported expending less than received and 41 districts did not report any expenditures.

The workgroup's discussion included any changes that may be needed such as additional function codes, changes to gifted expenditure reporting guidance and any other recommendations for improvements for gifted funding accountability. The discussion included if there are types of expenditures beyond the scope of the guidance, the true cost of providing gifted education and consideration of clarifications to the guidance on reporting when general education teachers provide services. The workgroup also discussed and reviewed the Gifted Use of Funds guidance to determine if any edits, additions, or clarifications were needed.

Recommendations

The workgroup developed the following recommendations on expenditure reporting protocols and accountability for the spending of gifted funds paid to city, local and exempted village school districts.

- No changes or additions are needed to the Uniform School Accounting System (USAS) funding object codes. The current object codes provide the needed categories to differentiate between areas of spending.
- There are no changes needed to the Gifted Use of Funds guidance developed by the Department of Education. The current guidance provides clear and sufficient information to assist schools and districts on the allowable uses for gifted funding and the reporting of the expenditures of the gifted funding.
- There is a need to provide more training and promote greater awareness of gifted spending requirements with school administrators. This should include information on how funds are restricted, but also best practices for leveraging gifted funding. The workgroup recommended the Department discuss this need with the Ohio Association of School Business Officials and recommend the inclusion of the requirements for gifted funding in the training and professional development series designed for new school treasurers. Similarly, the requirements for gifted spending should be included in the Buckeye Association for School Administrators' professional development for new superintendents. Finally, the Department should include additional reminders in regular communication with all educators and administrators.

Appendix A

Gifted Funding Accountability Workgroup Members

The Ohio educators, school administrators, school treasurers and state staff listed below gave their time and expertise to develop the Gifted Funding Accountability recommendations.

Educators

- Aireane Curtis, Superintendent, Windham Exempted Village School District
- Rebecca Tompkins, Director of Curriculum and Instruction, Sycamore Community Schools
- Beth Wilson-Fish, Gifted Coordinator, Shaker Heights City School District
- Rachel Winters, Gifted Coordinator, East Central Ohio Educational Service Center
- Marcia Wolford, English Language Arts Teacher, Maumee School District

Treasurers

- Nicole Marshall, Treasurer/CFO, Westerville City School District
- Ryan Stechschulte, Treasurer/CFO, Toledo Public School District
- Melcie Wells, Treasurer, Warren Local School District

Auditor of State Staff

- Marnie Fredrickson, Assistant Chief Deputy Auditor

Ohio Department of Education Staff

- Aaron Rausch, Chief of Budget and School Funding, Office of Budget and School Funding
- Jo Hannah Ward, Director, Office for Exceptional Children
- Steven Chilinski, Program Administrator, Office of Research, Evaluation and Advanced Analytics
- Crystal Ginn, Program Administrator, Office of Budget and School Funding
- Sarah James, Assistant Director of Resource Management, Office for Exceptional Children
- Maria Lohr, Assistant Director of Gifted Education, Office for Exceptional Children
- Joseph Petrarca, Associate Director, Office for Exceptional Children
- Elena Sanders, Financial Manager, Office of Budget and School Funding