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To: "Will Schwartz" <wschwartz@ohioschoolboards.org>
Sent: Monday, June 27, 2022 8:30:48 AM
Subject: FY22 and FY23 state foundation funding update

Good morning,

As we approach the end of the fiscal year, the Budget and School Funding team wanted to share some important updates regarding the closeout of FY22 foundation payments and plan for FY23 payments. [Last Friday](#), the Governor signed [HB583](#) into law. The bill makes several technical changes to the calculation of state foundation funding for both FY22 and FY23.

Generally, any changes to FY22 payments will be reflected in the Final #1 reconciliation payment. The Final #1 payment is anticipated in August #2 for Traditional Districts, ESCs and CBDDs and September for JVSJs, Community Schools and STEM Schools. Changes for FY23 will be reflected in the July payments, with data updates reflected in [this calendar](#).

Please continue to review the [foundation payment letters](#), which contain detailed information about each payment as well as the [FY23 payment schedule](#).

HB 583 impact on FY22 and FY23

- **State Share Percentage.** The calculation of the state share percentage was corrected in HB 583. The state share percentage will be updated to a ratio of the state share base cost per-pupil and the total base cost per-pupil. This stops the state share percentage from changing with every payment. Most schools will see slight increases in their state share percentage in FY22, marginally increasing state foundation payments for districts not subject to the guarantee. This change will also impact regular transportation, special education transportation, and preschool special education payments.
- **FY20 Funding Base.** The FY20 Funding Base is used to establish the Base State Funding (column a of the Summary SFPR) and the temporary transitional aid guarantee. The law required the department to include the FY20 excess cost adjustments (paid in FY21). Since this was not in the simulations or the intent of the Fair School Funding Plan, the Department flagged this issue last fall. Because the lateness in the fiscal year, the General Assembly did not change the FY20 funding base in FY22 but did direct the Department to remove the negative and positive excess cost adjustments from the FY20 funding base in FY23. [The updated FY20 Funding Base for each district is available here.](#)
- **Supplemental Targeted Assistance.** The General Assembly moved supplemental targeted assistance outside the calculation of the temporary transitional aid guarantee. The correction increases funding for some of the districts that receive this funding.
- **20% credit for open enrollment students participating in CTE at a JVSD or compact.** HB 583 corrects an oversight to ensure that all traditional districts receive a 20% credit for students who open enroll into a district, and subsequently attend a JVSD or neighboring district for career-technical education. While resident students who attend a JVSD or neighboring district generate the 20% credit now, open enrollment students were not included in the provision. Statewide, the Department anticipates an increase of 725 FTE to enrolled ADM for both the base cost and current year calculations.

- **Revised EL categories.** The General Assembly made minor modification to the English Learner student categories to align EL funding categories with the Ohio English Language Proficiency Assessment. This change is anticipated to increase the number of EL students and funding for EL students.
- **Special Education Transportation (ESC and CBDD).** HB583 aligns the special education transportation reimbursement funding for ESCs and CBDDs with traditional districts. All ESCs and CBDDs should see increased reimbursement for transporting special education students.

Data and Formula Updates in FY23

- **Phase-in Percentages.** The phase-in percentages increase to 33.33 percent for Base Cost, Targeted Assistance, Special Education, English Learners, Gifted, Career Technical Education and to 14 percent for Disadvantaged Pupil Impact Aid (DPIA). School districts subject to the temporary transitional aid guarantee (203 districts) will likely see guarantee funding *increase* as a result of the phase-in. Districts subject to the formula transition supplement (332 districts) may or may not see increases in state foundation funding.
- **Transportation Minimum State Share.** The minimum state share percentage for regular and special education transportation increases to 33.33 percent. The Department anticipates increased transportation funding the 166 districts with the state share percentages below the minimum.
- **Property Valuation and Income.** Property valuation figures and income data move up by a year (TY19-TY21 for assessed property values and TY18-TY20 for income). Generally, the increase in local wealth will cause FY23 local capacity per pupil amounts to increase and state share percentages to decrease.
- **Increase to certain Per-Pupil Amounts.** Career Awareness and Exploration funding increases from \$2.50 to \$5 per-pupil and Gifted Professional Development funding increases from \$7 to \$14 per-pupil.

Data Corrections: In the final quality assurance and review of the FY22 payments, the Department identified two remaining data updates.

- **Number of School Buildings.** The number of buildings is used to calculate the funded building leadership support staff. The FY22 payments reflect FY21 building counts. The Department will update to FY22 building counts in the Final #1 payment. Statewide, the number of buildings will increase by 74.
- **Rider Capacity Target.** The target reflected FY20 riders, instead of FY22 data. The Department will update the FY22 target with the Final #1 payment. [The updated Rider Capacity Target information for each district is available here.](#)

Statewide Average Base Cost PPA

As a result of the changes in 20% credit for career-tech students and the building count correction, the Department anticipates a slight change to the statewide average base cost per pupil. This change will occur with the Final #1 payment for FY22, and subsequently impact FY23 payments. The FY22 statewide average base cost per-pupil applies to both FY22 and FY23 payments.

Payment Reports

- Generally, the changes enacted with HB 583 will be reflected in the FY23 payments beginning in July and in the FY22 payments with the Final #1 reconciliation.
- Based on feedback, the Department has refined and enhanced the Detailed SFPR and Other Adjustments reports.
- A new report - Career Technical Education Restricted Funding replaces the Career-Tech Weighted Funds Certification Letter/spreadsheet.

The Department appreciates the support and understanding of the education community as we continue implementation of the new school funding formula. Please continue to reach out to us at schoolfunding@education.ohio.gov with questions and comments. Your feedback is critical to our success.



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