

**BRIDGE FUNDING
FORMULA CALCULATION
FORM**

**LINE-BY-LINE
EXPLANATION FOR
FISCAL YEAR 2012**

**BASED ON PROVISIONS OF AM. SUB. H. B.
153 OF THE 129TH GENERAL ASSEMBLY**

7/12/2011

OHIO DEPARTMENT OF EDUCATION

Introduction

The funding of K-12 public schools in Ohio is a joint effort between the state and local school districts. In FY 2011 of the over \$6.5 billion in state aid provided to school districts, excluding property tax loss reimbursement, approximately 96 percent was distributed through the Ohio School Foundation program to 614 city, exempted village and local school districts, 49 joint vocational schools, 300+ community schools and one Science, Technology, Engineering, and Math (STEM) school. Over \$721 million was funneled through the foundation program to charter schools (called “community schools” in Ohio) by deducting this funding from the regular school district’s payments where the charter school pupils reside. Also, in a similar manner over \$79 million was transferred to private schools under the EdChoice program for pupils who chose to attend private schools through the voucher program.

Since the 1970s through FY 2009, Ohio’s funding formula was foundation based in which a per pupil amount determined by the General Assembly as the resource for provision of a basic adequate education was multiplied by the number of pupils to determine the base funding of the school districts. From this product, the local share of the basic adequate amount or the charge off was subtracted to arrive at the state share of the base cost. Additional funding was also provided for services targeted to categories of pupils such as handicapped, vocational, gifted, and economically disadvantaged as well as some adjustments and funding guarantees.

In the 2010-11 biennial budget, Governor Ted Strickland proposed a shift to a new funding formula called the Evidence-Based Model (EBM) to establish the adequate funding amount that also included changes to the calculation of the local share or charge off. Under the EBM the charge off calculation was designed to eliminate increases in the charge off attributed to increases in property values that are not accompanied by increases in local tax revenue. This phenomenon is known as charge off “phantom revenue”.

The administration of Governor John Kasich has proposed a move away from the EBM to a new formula for fund distribution to school districts. However, since a new funding mechanism is not formulated as of yet, the administration has decided to fund school districts in FY 2012 based on a transitional approach until a new formula is devised. This transitional approach is referred to as the ‘Bridge’ formula which the administration hopes to replace with a permanent formula by FY 2013 or FY 2014.

The FY 2012 Bridge formula provides for a simplified approach to fund distribution based on FY 2011 total calculated amounts on per pupil basis. The approach involves 3 steps as follows:

1. Each district’s FY 2011 total state funding through EBM is divided by a formula ADM calculated based on the total ADM that was compiled during the first full week of October 2010 to get an FY 2011 per-pupil amount. This FY 2011 ADM is referred to as the ‘Recalculated’ ADM which is not necessarily the same ADM on the basis of which the funding in FY 2011 was calculated through EBM.
2. The FY 2011 per-pupil funding amount is in turn multiplied by the FY 2012 formula ADM to establish the basis of the FY 2012 total funding.
3. The FY 2012 total funding is then adjusted by means of a charge-off valuation index to further equalize the fund distribution and also to keep the distributions within the limits of appropriations. In addition to this adjustment, each district’s FY 2012 funding is further adjusted so that the district receives at least the total funding it received in FY 2011 after subtracting the state fiscal stabilization funds (SFSF) from total funding as well as to provide financial incentives for high performing districts.

Reference Bridge Calculation Form

Ohio Department of Education
Bridge Formula for State Foundation Funding FY2012 JULY #1

IRN: XXXXXX District: XXXXXX XXXX S.D.

County: XXXXXX

FY11 Calculation Factors

A	Recalculated Formula ADM - Oct. 2010 count $([A1 - A4] - [0.8 * A2] + [0.2 * A3])$	63,827.68
A1	Total ADM	63,844.48
A2	Jointure JVSD ADM Including Special Education	1.00
A3	Contract Vocational ADM	0.00
A4	Preschool Component of ADM	0.00
B	Charge-Off Property Valuation	\$9,839,070.95
C	District Charge-Off Valuation Per Pupil (B / A)	\$154,150.53
D	Statewide Median Charge-Off Valuation Per Pupil	\$124,481.51
E	District Charge-off Valuation Index (C / D)	1.23834077848200
F	PASS Amount - State Resources for Foundation Funding (includes SFSF [H])	\$234,740,473.46
G	PASS Form Amount Per Pupil (F / A)	\$3,677.72
H	State Fiscal Stabilization Fund Payment	\$18,573,310.84

FY12 Calculation Factors

I	Current Year Formula ADM $(I1 - [0.8 * I2] + [0.2 * I3])$	63,827.68
I1	Total ADM	63,844.48
I2	Jointure JVSD ADM Including Special Education	1.00
I3	Contract Vocational ADM	0.00
J	Statewide Per Pupil Adjustment Amount	\$157.11
K	District Adjustment Amount $(E * I * J * -1)$	-\$12,418,040.22

FY12 Bridge Formula Calculation

L	Preliminary State Resources for the Foundation Funding for FY12 $([G * I] + K)$	\$222,322,295.07
M	Supplemental Guarantee Payment $([F - H - L] \text{ if } > 0)$	\$0.00
N	High Performing Subsidy $[\$17 * I] \text{ 'Excellent or Excellent with Distinction'}$	\$0.00

O	State Resources for the Bridge State Foundation Funding (L + M + N)	\$222,322,295.07
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Additional Aid Items

P	Preschool Special Education Units	\$2,665,826.95
Q	Special Education Transportation	\$3,293,676.42

Transfers and Adjustments

R	Educational Service Center Deduction	\$0.00
S	Open Enrollment Adjustments	\$2,639,107.26
T	Transfer for students educated by Community Schools	-\$92,141,735.57
U	Transfer for students educated by STEM Schools	\$0.00
V	Transfer for students receiving Educational Choice Scholarships	-\$12,607,296.00
W	Other Adjustments	-\$558,018.93

X	Total Net State Support $(O + P + Q + R + S + T + U + V + W)$	\$125,613,855.20
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Disclosure Items

Y	Special Ed. Allocation of State Resources (FY11 allocation)	\$18,556,634.95
Z	Career-Technical Ed. Allocation of State Resources (FY11 allocation)	\$1,816,750.52
AA	Gifted Ed. Allocation of State Resources (AA1 + AA2)	\$1,341,985.27
AA1	Unit Funding (equal to FY09 allocation)	\$1,022,846.87
AA2	Identification Funding (equal to FY09 allocation)	\$319,138.40

Detailed payment calculations are available on the Bridge Formula Line-by-Line Detail Worksheet
Local tax revenues provide for the portion not funded with state support.

The FY 2012 funding calculation therefore involves the use of ADM and funding factors from FY 2011 applied to FY 2012 ADM with additional adjustments utilizing charge-off property valuation data in FY 2011. Based on this approach in FY 2012, school districts are provided with total funding amounts without any calculation for various education or support services such as special education, gifted education or transportation.

The details of the Bridge funding formula calculation are found in Section 267.30.50 of Am. Sub. H. B. 153. In explaining the various stages of the funding calculation, references will be made to specific lines on the Reference Bridge Calculation Form.

Calculations

Section 267.30.50(A) of the budget bill provides for the funding distribution to school districts simply as follows:

$$\frac{[(\text{The Final Amount Computed for FY 2011} / \text{Recalculated Formula ADM for FY 2011}) \times \text{FY 2012 Formula ADM}] - \text{District's Adjustment Amount}}$$

In this context, “The Final Amount for FY 2011” refers to the total funding amount that appears on the FY 2011 PASS form entitled “State Resources for the Foundation Funding Program”. “The Recalculated Formula ADM for FY 2011” is a formula ADM calculated based on FY 2011 total ADM that was compiled during the first full week of October 2010. “FY 2012 Formula ADM” refers to the funding ADM calculated based on total ADM compiled during the first full week of October 2011. Due to the timing involved, the funding for the first half of the fiscal year, as has always been the case, is calculated based on projected FY 2012 ADM data and the calculation for the second half of the fiscal year will utilize actual October count data. The “District Adjustment Amount” is an amount by which the FY 2012 calculated amount is adjusted.

The above funding formula is laid out in the Bridge calculation form as follows:

FY11 Calculation Factors

Line A – Recalculated Formula ADM – October Count [Section 267.30.50(A)(2)]

This funding ADM is calculated based on the average daily membership reported in October 2010 under ORC Section 3317.03(A) (line A1) which is adjusted by subtracting from it 80% of the number of resident students who attend a JVS (line A2) and adding to it 20% of the number of resident students who attend a different school district for career technical programs (line A3).

Line B – Charge-off Property Valuation

This is the charge-off valuation that was used in FY 2011 in the calculation of the local share of the EBM foundation amount based on provisions of ORC Section 3306.13 of Am. Sub. H. B. 1. This FY 2011 charge-off valuation is utilized in the calculation of an index to limit the funding of school districts in FY 2012 as will be referenced below.

Line C – Charge-off Valuation Per-Pupil [Section 267.30.50(B)(1)]

This is the charge-off valuation referenced on line ‘B’ divided by the ADM referenced on line ‘A’ to be used in the calculation of the charge-off valuation index explained below.

Line D – Statewide Median Charge-off Valuation Per-Pupil [Section 267.30.50(B)(2)]

This is the statewide median of the charge-off valuation per-pupil figures calculated on line ‘C’.

Line E – District Charge-off Valuation Per-Pupil Index [Section 267.30.50(B)(3)]

This index serves as a property wealth sensitive measure that limits the amount of the Bridge funding calculation a district is slated to receive in order to keep the total statewide funding within the appropriated limits. By applying this measure to the foundation calculation, the formula imposes limits on the calculations in direct relationship to the property wealth of the school districts.

Line F – PASS Amount – State Resources for Foundation Funding [Section 267.30.50(A)]

This is the total state funding calculated in FY 2011 based on the provisions of the EBM that appear on the PASS form line entitled “State Resources for the Foundation Funding Program”. This amount reflects the funding a district has received in FY 2011 prior to the calculation of any additional funds or the application of any transfers or deductions. The FY 2011 funding calculations from the appropriate PASS payment files can be viewed on the Ohio Department of Education website by clicking [here](#).

Line G – PASS Form Amount Per-Pupil [Section 267.30.50]

This is simply the FY 2011 PASS amount referenced on line ‘F’ divided by the recalculated formula ADM referenced on line ‘A’. This calculation forms the basis of the FY 2012 funding as will be shown below on this document.

Line H – State Fiscal Stabilization Fund Payment (SFSF)

This reflects the portion of the total funding calculation in FY 2011 that was supported by federal stimulus funds, State Fiscal Stabilization Fund (SFSF). This amount is extracted from the FY 2011 June #2 PASS payment file. This amount needs to be identified for the calculation of the ‘Supplemental Guarantee Payment’ in FY 2012 as referenced below on line ‘M’.

FY12 Calculation Factors

Line I – Current Year Formula ADM

This is the funding ADM on the basis of which the Bridge formula funding in FY 2012 is calculated. This factor is derived from the total ADM count of the resident students taken during the first full week of October 2011. The calculation of the formula ADM in FY 2012 is identical to the calculation of the formula ADM in FY 2011, i.e. it excludes 80% of the JVS ADM and it includes an additional 20% of the resident contract vocational ADM based on the formula shown on line ‘I’.

Line J – Statewide Per-Pupil Adjustment Amount [Section 267.30.50((B)(4)]

The law provides that in order to prevent the total statewide formula aid obligation for school districts from exceeding the aggregate amount appropriated for formula aid, each district’s total calculated formula aid amount be reduced by this statewide per-pupil figure after it is adjusted by the individual district’s charge-off valuation per-pupil index referenced on line ‘E’. This per-pupil figure is determined each time the Bridge formula funding is calculated based on updated data factors in the context of the appropriated funds.

Line K – District Adjustment Amount [Section 267.30.50((B)(5)]

This line reflects the calculation of the adjustment amount described on line ‘J’. Each district’s total adjustment is calculated by multiplying the district’s FY 2011 charge-off valuation per-pupil index

(line E) by the current year formula ADM (line I) and by the statewide per-pupil adjustment amount (line J). The amount on this line reflects a reduction that should be applied to the funding calculation for FY 2012 and as a result it is shown on this line as a negative number.

FY12 Bridge Formula Calculations

Line L – Preliminary State Resource for the Foundation Funding for FY12 [Section 267.30.50(A)]

This line reflects the total calculated amount for the district after the application of the district adjustment amount calculated on line ‘K’. This calculation involves multiplying the FY 2011 per-pupil PASS amount (line G) by the FY 2012 formula ADM (line I) and adding to it the negative district adjustment amount (line K).

Line M – Supplemental Guarantee Payment [Section 267.30.53(A)]

This payment guarantees that in FY 2012 each school district will receive an adjusted total funding amount that is at least equal to the PASS funding the district has received in FY 2011 as reflected on line ‘F’ after it is reduced by the FY 2011 SFSF amount (line H). For this calculation the amount on line ‘H’ is subtracted from the amount on line ‘F’ and the result is in turn reduced by the amount on line ‘L’. If the result amounts to a negative number, it is set equal to zero.

Line N – High Performing Subsidy ‘Excellent’ or ‘Excellent with Distinction’ [Section 267.30.56]

This is an additional funding provided to school districts that have been designated as “excellent with distinction” or “excellent” on the Report Card issued for the prior school year. Under this section school districts that are designated as such will receive an additional \$17 per pupil in funding. For this calculation the \$17 per-pupil amount is multiplied by the FY 2012 formula ADM (line I).

Line O – State Resources for the Bridge State Foundation Funding

Total calculated foundation funding a district receives appears on this line. It is the total of the amounts that appear on lines ‘L’, ‘M’ and ‘N’.

Additional Aid Items

Line P – Preschool Special Education Units [Section 3317.052]

This reflects the funding to school districts to pay for the education of children with disabilities who are in preschool programs. This is a unit-based funding calculated based on a salary allowance from the minimum teachers’ salary schedule in effect in FY 2001, a 15% fringe benefit allowance, a non-salary unit allowance plus a supplemental allowance. Both classroom unit funding and related services unit funding are included in the amount that appears on this line. Please keep in mind that preschool student count is not included in the formula ADM that is used for the Bridge funding calculation.

Line Q – Special Education Transportation [Administrative Rule 3301-83-01(D)]

This reflects the subsidy the state provides to school districts to cover the costs associated with 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 funding which is 60% or the district’s state share percentage, whichever is greater.

Transfers and Adjustments

Line R – Education Service Center Deduction [Section 3317.11, 3317.023(B)]

This reflects the funds deducted from the Bridge funding calculation of a local school district or a city or exempted village school district that has entered into a service contract with an Education Service Center (ESC), for payment to ESCs for the services they provide to school districts. The deduction may just reflect a per-pupil amount of at least \$6.50 plus a share of the supervisory services costs to the ESC or it may also reflect the amounts paid to the ESC for special service contracts the district may have with the ESC. A comprehensive explanation of ESC funding is provided on ODE website which can be accessed by clicking [here](#).

Line S – Open Enrollment Adjustments [Section 3313.981(B)]

This reflects the adjustments made to the funding for students who attend a school district other than their residence through the Open Enrollment option. The adjustment reflected here is the net of all funds the district receives for non-resident students coming to the district and the resident students leaving the district. Funding for open enrollment students includes a per-pupil adjusted formula amount, which is comprised of the foundation amount of \$5,653 plus the total for the FY 2009 funding building blocks of \$50.90, any excess cost for special education students and an additional funding for vocational education students that is based on the per-pupil figure of \$5,732 multiplied by the appropriate vocational weights.

Line T – Transfer for Students Educated by Community Schools [Section 3314.08(C)]

This reflects the amount of funding deducted from the district for resident students who choose to attend a community school. Each school district is responsible for providing funding support to community schools that provide educational services to its students. Deduction for each community school student is based on a calculation that includes funding to the community school for basic per-pupil support, special education weighted funding, career tech weighted funding, poverty-based assistance, parity aid, all-day kindergarten funding and any transportation funding that may be due the community school. For a detailed description of the community school funding calculation and deductions please [click here](#).

Line U – Transfer for Students Educated by STEM Schools [Section 3326.33]

This reflects the amount of funding that is deducted from the school district of residence for those students who choose to attend a STEM school established under ORC Section 3326.11.

Line V – Transfer for Students Receiving Educational Choice Scholarships [Section 3310.08]

This reflects the amount of deduction from the funding for resident students who choose to participate in the Education Choice program established under ORC Section 3310.02 or the Cleveland Scholarship program.

Line W – Other Adjustments [Section 3317.023(H)(I) and 3317.20]

This includes a few additional adjustments such as the flow of funds from the resident district to the educating district for vocational or special education services provided by the educating district or deductions made for autism services provided to the resident district's students by other service providers.

Line X – Total Net State Support

This line sums up the total funding due the district as reflected on line 'O', with the Additional Aid Items (lines P and Q) and the Transfers and Adjustments (lines R, S, T, U, V and W).

Disclosure Items

Line Y – Special Education Allocation of State Resources (FY11 Allocation) [Section 267.30.50(C)]

The law requires the Department of Education to disclose on the Bridge form the portion of the total Bridge funding calculation for a given school district that should be allocated to special education services. This amount is the total funding calculated in FY 2011 for this purpose and it is assumed to be a portion of the total funding calculation reflected on line ‘O’.

Line Z – Career-Technical Education Allocation for State Resources (FY11 Allocation) [Section 267.30.50 (C)]

The law requires the Department of Education to disclose on the Bridge form the portion of the total Bridge funding calculation for a given school district that should be allocated to career-technical education services. This amount is the total funding calculated in FY 2011 for this purpose and it is assumed to be a portion of the total funding calculation reflected on line ‘O’.

Line AA – Gifted Education Allocation for State Resources (FY09 Gifted Amount) [Section 267.30.50(C)]

The law requires the Department of Education to disclose on the Bridge form the portion of the total Bridge funding calculation for a given school district that should be allocated to gifted education services. This amount is the total funding calculated in FY 2009 under the SF3 calculation for gifted units and identification services and it is assumed to be a portion of the total funding calculation reflected on line ‘O’.

We hope that you will find this document to be helpful in explaining the Bridge funding formula form. We encourage questions and sharing of concerns by our customers. Through your feedback we can improve on our work to provide better assistance to school district personnel and other stakeholders. Please direct your questions and comments on this document to:

Daria Shams at (614) 466-6253, daria.shams@ode.state.oh.us

Eric Bode at (614) 995-9936, eric.bode@ode.state.oh.us