

OHIO AUDITOR OF STATE KEITH FABER



From: Auditor of State's Center for Audit Excellence

To: All IPA Firms

Subject: School Funding Update

Date: January 14, 2022

The recently enacted House Bill 110 (eff. 6/30/21) made significant changes to the calculation and payment of school foundation funding. This was the result of over 20 years of work since the 1997 DeRolph v. State ruling by the Ohio Supreme Court found that Ohio's school funding system was unconstitutional. Since HB 110's passage, ODE has worked diligently to implement the extensive updates to its IT system that were necessary to implement the new funding formula.

The first payments under the new funding formula were made to traditional districts on January 7, 2022 (Jan #1), and will be made to community schools on January 14, 2022.

Auditors may receive questions from school treasurers regarding these changes. We have instructed our AOS auditors advise such treasurers to:

- First review the [traditional school payment letter](#) (or [community school payment letter](#)) that accompanied their payment – it contains a lot of helpful information, and should answer many questions
- If they still have questions, then they should reach out to ODE

Additional information:

- As an example, attached are Columbus CSD's January #1 for 2021 & January #1 for 2022 Statement of Settlement reports so you can see the difference. You can pull any school at [this](#) link.
- The key changes include:
 - Increased funding for K-12 education
 - Students are now funded where they are educated. Meaning many funding streams that previously hit traditional school settlement sheets as revenues, and then transfers out, no longer flow through the traditional districts. For example, funding for students of Community Schools, STEM Schools, Scholarship Programs, and Open Enrollment are now directly funded to where the students are educated.

- Established a base cost methodology based on student teacher ratios, minimum staffing levels, and actual costs
- Implemented a new state & local cost methodology using property and income for all districts
- Revised categorical aid and restricted funds for subgroups
- As is described in the [Jan #1 payment letter](#), the new funding formula includes more restricted funding elements. The following restricted receipt codes were added to accommodate these changes:
 - 3211 – Disadvantaged Pupil Impact Aid (DPIA) (formerly known as Economically Disadvantaged funding)
 - 3215 – Career Technical Education Funding (previously receipted with 3219)
 - 3216 – Gifted Education Funding
 - 3217 – English Learner Funding
 - 3218 – Student Wellness and Success Funding (previously receipted with 3219)

The implementation of the new funding formula was a key piece that was pending to allow us to update the 2022 OCS 1-26 & 1-27 sections. We are now able to move forward and begin updating those sections (which were not included in the Nov. 2021 release of the 2022 OCS).

Questions can be directed to: CommunitySchoolQuestions@ohioauditor.gov.

Fiscal Year: 2022

Ohio Department of Education
Office of Budget and School Funding
Statement of Settlement - Traditional School District
January #1 Payment

Name: Columbus City School District

County: Franklin

IRN: 043802

Description	USAS Code	Annual Amount	Year to Date Prior to Payment	Balance Prior to Payment	Bi-monthly Payment
State Support					
Base Cost	3110	52,976,459.76	36,684,603.52	16,291,856.24	1,357,654.69
Base Cost - Student Wellness and Success	3218	2,692,333.50	0.00	2,692,333.50	1,458,347.31
Targeted Assistance	3110	15,162,034.30	9,460,179.42	5,701,854.88	475,154.57
Special Education	3110	20,825,704.31	8,481,540.17	12,344,164.14	2,799,049.66
Disadvantaged Pupil Impact Aid (DPIA)	3211	28,093,371.37	3,588,343.92	24,505,027.45	11,628,898.91
English Learners	3217	2,015,227.99	326,213.08	1,689,014.91	765,368.75
Gifted	3216	1,724,045.44	978,639.25	745,406.19	62,117.18
Career Technical Education	3215	211,659.23	652,426.17	-440,766.94	-36,730.58
Supplemental Targeted Assistance	3110	0.00	0.00	0.00	0.00
Temporary Transitional Aid Guarantee	3110	0.00	0.00	0.00	0.00
Transportation	3110	21,270,549.14	4,566,983.17	16,703,565.97	6,954,564.28
Formula Transition Supplement	3110	4,184,657.73	0.00	4,184,657.73	2,266,689.60
Preschool Special Education	3110	3,945,962.68	2,413,733.69	1,532,228.99	127,685.75
Special Education Transportation	3110	0.00	2,246,549.63	-2,246,549.63	-187,212.47
Total State Support		153,102,005.45	69,399,212.02	83,702,793.43	27,671,587.65
Transfers					
Educational Service Center	****	-295,808.50	-151,941.72	-143,866.78	-11,988.90
Other Adjustments - Positive	****	1,349,186.54	674,593.28	674,593.26	56,216.11
Other Adjustments - Negative	****	-1,346,310.48	-672,280.14	-674,030.34	-56,169.19
Total Transfers		-292,932.44	-149,628.58	-143,303.86	-11,941.98
Adjustments					
JV98 Excess Cost (SF-6) Positive	(Pos) 122X	0.00	0.00	0.00	0.00
JV99 Excess Cost (SF-6) Negative	(Neg) 474	0.00	0.00	0.00	0.00
JV50 Tuition (SF-14)	(Pos) 1221	732,848.82	732,848.82	0.00	0.00
JV51 Tuition (SF-14) Expenditure	(Neg) 471	-3,490,617.12	-1,026,652.10	-2,463,965.02	-205,330.42
JV52 Tuition (SF-14)	(Pos) 1223	317,005.54	317,005.54	0.00	0.00
JV53 Tuition (SF-14) Expenditure	(Neg) 475	-1,629,204.54	-479,177.80	-1,150,026.74	-95,835.56
JV09 College Credit Plus Deduction	479	-206,990.71	-94,086.70	-112,904.01	-9,408.67
JV01 FY2021 Final #1	3110	-315,797.80	-126,319.12	-189,478.68	-15,789.89
JV02 FY2021 Final #2	3110	-642,806.85	-160,701.72	-482,105.13	-40,175.43
Total Adjustments		-5,235,562.66	-837,083.08	-4,398,479.58	-366,539.97
Total Payment Before Retirements		147,573,510.35	68,412,500.36	79,161,009.99	27,293,105.70
Retirement System					
School Employees Retirement	221	-22,650,000.00	-11,325,000.00	-11,325,000.00	-943,750.00
State Teachers Retirement	211	-56,873,640.00	-28,436,820.00	-28,436,820.00	-2,369,735.00
Total Retirements		-79,523,640.00	-39,761,820.00	-39,761,820.00	-3,313,485.00
Total Payment		68,049,870.35	28,650,680.36	39,399,189.99	23,979,620.70

Ohio Department of Education
Office of Budget and School Funding
Statement of Settlement - Traditional School District
January #1 Payment

Name: Columbus City School District

County: Franklin

IRN: 043802

Description	USAS Code	Annual Amount	Year to Date Prior to Payment	Balance Prior to Payment	Bi-monthly Payment
State Support					
A - Foundation Formula	3110	337,611,615.00	168,805,807.50	168,805,807.50	14,067,150.63
Additional Aid Items					
B - Student Wellness and Success Funding**	3219	16,818,199.20	8,406,790.00	8,411,409.20	0.00
C - Enrollment Growth Funding	3110	0.00	0.00	0.00	0.00
D - Preschool Special Education Funding	3110	4,407,027.29	2,399,125.36	2,007,901.93	167,325.16
E - Special Education Transportation	3110	4,139,121.08	2,069,560.54	2,069,560.54	172,463.38
F - Total Additional Aid Items	3110	25,364,347.57	12,875,475.90	12,488,871.67	339,788.54
G - Total Formula Funding Plus Additional Aid		362,975,962.57	181,681,283.40	181,294,679.17	14,406,939.17
Transfers					
H - Educational Service Center Transfer	****	-315,419.00	-158,145.00	-157,274.00	-13,106.17
I - Open Enrollment Adjustment - Positive	1227	1,015,087.50	652,721.19	362,366.31	30,197.19
Open Enrollment Adjustment - Negative	477	-2,658,687.66	-1,343,673.05	-1,315,014.61	-109,584.55
J - Community School Transfer	478	-167,299,175.89	-80,668,910.24	-86,630,265.65	-7,219,188.80
K - STEM School Transfer	****	-3,730,518.88	-1,915,970.22	-1,814,548.66	-151,212.39
L - Scholarship Transfer	****	-37,830,638.92	-17,475,428.91	-20,355,210.01	-1,696,267.50
M - Other Adjustments - Positive	****	1,354,907.66	728,510.36	626,397.30	52,199.78
Other Adjustments - Negative	****	-1,057,356.44	-571,042.73	-486,313.71	-40,526.14
N - Total Transfers		-210,521,801.63	-100,751,938.60	-109,769,863.03	-9,147,488.58
Adjustments					
JV98 Excess Cost (SF-6) Positive	(Pos) 122X	0.00	0.00	0.00	0.00
JV99 Excess Cost (SF-6) Negative	(Neg) 474	0.00	0.00	0.00	0.00
JV50 Tuition (SF-14)	(Pos) 1221	640,430.01	640,430.01	0.00	0.00
JV51 Tuition (SF-14) Expenditure	(Neg) 471	-3,368,173.97	-1,241,425.37	-2,126,748.60	-177,229.05
JV52 Tuition (SF-14)	(Pos) 1223	282,475.30	282,475.30	0.00	0.00
JV53 Tuition (SF-14) Expenditure	(Neg) 475	-1,491,186.00	-550,013.30	-941,172.70	-78,431.06
JV09 College Credit Plus Deduction	479	-270,717.69	-123,053.50	-147,664.19	-12,305.35
JV01 FY2020 Final #1	3110	-654,000.53	-240,947.56	-413,052.97	-34,421.08
Total Adjustments		-4,861,172.88	-1,232,534.42	-3,628,638.46	-302,386.54
Total Payment Before Retirements		147,592,988.06	79,696,810.38	67,896,177.68	4,957,064.05
Retirement System					
School Employees Retirement	221	-21,382,512.00	-10,691,256.00	-10,691,256.00	-890,938.00
State Teachers Retirement	211	-48,600,120.00	-24,300,060.00	-24,300,060.00	-2,025,005.00
Total Retirements		-69,982,632.00	-34,991,316.00	-34,991,316.00	-2,915,943.00
Total Payment		77,610,356.06	44,705,494.38	32,904,861.68	2,041,121.05

Footnotes:

* Funds should be coded with the 3110 receipt code, except for Career-Technical Education and Economic Disadvantaged Funding components included in the total amount listed under Disclosure Items on the SFPR. The amounts of these items are to be receipted as 3219 and 3211, respectively. The annual allocations are equal to the final FY19 amounts, but the monthly estimated current distributions are estimates. Districts must ensure they have receipted the annual amount to the restricted revenue codes by the end of the fiscal year.

** To be deposited into Fund 467

**** See worksheets for coding

Disclosure Items:	Annual Allocation	Estimated Current Distribution
Career-Technical Education Component of Line A:	3,714,471.93	154,769.66
Economic Disadvantaged Component of Line A:	44,072,082.45	1,836,336.77