

Ohio's School Foundation Payment System

Pathway to Student Success (PASS) Form

An Evidence-Based Model

School Years 2009-2010 and 2010-2011



Department
of Education

Ted Strickland, Governor
Deborah S. Delisle, Superintendent of Public Instruction

Introduction

This year, as part of his biennial budget proposal, Governor Ted Strickland set forth a series of policy and funding changes for primary and secondary education in Ohio. The funding system Governor Strickland proposed relies in large part on work completed by Allan R. Odden, Michael E. Goetz, and Lawrence O. Picus¹ which sets out to identify evidence of the resources and educational programs that ensure student success. This evidence-based funding system identifies “school-based programs and educational strategies that research has shown to improve student learning”². When fully implemented, the system will ensure that each district has sufficient resources to implement these programs and strategies.

The **PA**thway to **S**tudent **S**uccess (PASS) Form is the summary of the state resources provided to each district for each component of the evidence-based model. The model provides resources for many programs currently operating in Ohio schools and for a number of programs that some districts may not have in place. These programs include, among others, the implementation of all-day, every-day kindergarten in every school district in the state and the employment of staff to serve as community liaisons to coordinate community and school support systems for students in danger of failing or dropping out of school.

In recognition of both the structural and financial challenges presented by the changes called for in the evidence-based model, the funding system will proceed through a 10-year implementation period. During the first two years of the implementation phase, some components will be fully funded, some components will be partially funded, and other components will be unfunded. The PASS form identifies each component of the model even when that component is not funded in the current biennium.

The purpose of this document is to identify each of the components in the evidence-based model and provide the reader of the PASS form with an understanding of the programs identified and an overview of the methodology used to calculate the funding. A companion document and payment report, *The PASS Worksheet, Line-by-Line*, provides a detailed explanation of the data and formulas used to determine the resources required for implementation of the evidence-based model.

¹ Odden, Goetz, Picus; *Paying For School Finance Adequacy With The National Average Expenditure Per-Pupil, Working Paper 2*; School Finance Redesign Project; The Center on Reinventing Public Education; Daniel J. Evans School of Public Affairs; University of Washington; March 14, 2007;

http://www.crpe.org/cs/crpe/download/csr_files/wp_sfrp2_odden_mar07.pdf

² Ibid.

District Profile Information

As stated previously, the evidence-based funding model provides resources for programs that have been shown to improve student success. These programs vary based on the characteristics of the students and the district. The PASS form begins by identifying many of the characteristics that affect the resource needs in the district. The items identify the number of students, in which grades the students are enrolled, a measure of the educational challenges facing students in the district, and descriptors of the wealth and demographics of the district. In order to comprehend how funding for the components of the model is determined, it is important to understand the structure of the district.

Number of Funded Students (Formula ADM)

School districts in Ohio receive funding based on the number of students residing in the district and attending publicly-funded schools. This is not just the number of students attending schools operated by the district. Students may be attending a joint vocational school district, independent community schools, independent STEM schools, other school districts that have accepted the student through an open enrollment agreement, or a variety of other schools that receive state or local funds for the student. In all of these cases, the students are funded first at the district in which they live. Funds are then transferred from that district to the district or the school in which the student is educated.

During the first full week of October, all school districts in Ohio are required to count and report the number of students enrolled for each day of the week. A student is considered enrolled in the district if they have attended classes or have an excused absence from classes. This weekly count forms the basis for the number of students funded at each district for the entire year. After the student count for the resident district has been adjusted for students attending other schools, a final count of the students to be funded is calculated. This calculated number is frequently referred to as the formula Average Daily Membership (**ADM**.)

Funding is based on a trailing ADM. In other words, funding is based on the number of students reported in the prior school year. However, if the number of students reported in the current year is more than 2 percent higher than the prior year, the district will be funded based on the number of students in the current year.

Number of Organizational Groups by Elementary, Middle and High School

The evidence-based model defines an ideal size (called an “organizational unit”) for allocating the resources needed for students in elementary grades (K-5), middle school grades (6-8) and high school grades (9-12). An elementary organizational unit includes 418 students, a middle school organizational unit includes 557 students, and a high school organizational unit includes 733 students. A school district with less than 418 students is considered a “small school district” with one organizational unit regardless of the grade distribution of students. These organizational

units form the basis for determining the number of principals, secretaries and other factors allocated on a per organizational unit basis.

Number of School Buildings Issued Report Cards

The number of organizational units defined in a district may or may not equal the number of school buildings the district operates. For example, a district with 609 elementary students may operate two elementary schools but would have only 1.5 organizational units in the evidence-based model. If this school is in a rural district type 1 or 2, as explained below, the district will be funded for at least one principal per building.

Total Assessed Property Value

School funding in Ohio is a shared responsibility between the state and local school districts and communities. In order to receive state aid, a district is required to levy 20 mills of property taxes. This millage rate is applied to the assessed value of property in the district. One mill of property taxes will raise \$1 of taxes for every \$1,000 of assessed property; therefore, every district is required to raise at least \$20 for every \$1,000 of assessed property.

The value of assessed property varies from district to district; therefore, the amount of revenue a district can raise with the 20 mills they are required to levy also can vary. This may be due to the number of houses located in the district as well as the average sale price for these houses. These differences impact the ability of each district to contribute to the state and local funding partnership. Districts with a lower value of assessed property will receive more state aid for the schools they operate than a similar-sized district with a higher value of assessed property.

Measure of Community's Educational Challenge Factors

School districts operate in the community. Students can be impacted by the social and economic challenges of the community.

The educational challenge factor combines measures which research has shown will impact student experiences, teacher recruitment and retention, professional development, and quality instruction. These measures include the college attainment rate of the district's population, the district's wealth measured by property values and residents' income, and the district's concentration of poverty.

This factor ranges from a low of 0.763 to a high of 1.648. Students in districts with higher educational challenge factors frequently require additional supplemental services. The index is used to adjust resources to districts, ensuring the needs of students can be met when they reside in districts with greater educational challenges.

State Share Percentage

The state share percentage reflects the share of funding provided by the state for the resources identified and funded by the evidence-based model. The district's state share is calculated after accounting for the district's local contribution based on the assessed property value.

Percentage of State Aid Funded after Increase in State Aid is Limited to 0.75%

Due to state budgetary constraints, no district will realize a funding increase in excess of three-quarters of one percent in either of the next two year. This cap on the increase in state aid is reflected as a reduction percentage that is applied after each component of the evidence-based model is calculated. (Note that the supplemental support for transportation services is not subject to this cap.)

Classification by Type of School District

The Ohio Department of Education classifies districts to provide a rational basis for making data-driven comparisons of groups of districts. Such groups include districts that share certain demographic characteristics which create unique challenges when serving students in a district. There are eight categories describing the local, city and exempted village school districts in Ohio:

- 0** Kelly's Island LSD, North Bass Island LSD, Middle Bass Island LSD, Put-in-Bay Island LSD, College Corner LSD
- 1** Rural/Agricultural – high poverty, low median income. These districts are rural, agricultural districts and tend to be located in the Appalachian area of Ohio. As a group, they have higher-than-average poverty, the lowest average median income level, and the lowest percent of population with a college degree or higher compared to all of the groups.
- 2** Rural/Agricultural – small student population, low poverty, low to moderate median income. These tend to be small, very rural districts outside of Appalachia. They have an adult population that is similar to districts in Group 1 in terms of education level, but their median income level is higher and their poverty rates are much lower.
- 3** Rural/Small Town – moderate to high median income. These districts tend to be small towns located in rural areas of the state outside of Appalachia. They tend to have median income levels similar to Group 6 suburban districts but with lower rates of both college attendance and managerial/professional occupations among adults. Their poverty percentage also is below average.
- 4** Urban – low median income, high poverty. This category includes urban (i.e., high population density) districts that encompass small- or medium-sized towns and cities. They are characterized by low median incomes and very high poverty rates.
- 5** Major Urban – very high poverty. This group of districts includes all of the six largest core cities and other urban districts that encompass major cities. Population densities

- are very high. The districts all have very high poverty rates and typically have a very high percentage of minority students.
- 6 Urban/Suburban – high median income. These districts typically surround major urban centers. While their poverty levels range from low to above average, they are more generally characterized as communities with high median incomes and high percentages of college completers and professional/administrative workforce.
 - 7 Urban/Suburban – very high median income, very low poverty. These districts also surround major urban centers. They are distinguished by very high income levels and almost no poverty. A very high percentage of the adult population has a college degree, and a similarly high percentage works in professional/administrative occupations.

The Evidence-Based Model

Following the district profile, the components and funding for the elements of the evidence-based model are outlined. As stated previously, school funding is a shared partnership between the state and local districts and communities. Therefore, both the total funding calculated and the state share of that funding are displayed next to each component. The amount of funding the district is expected to contribute from local tax revenue is the difference between the two columns.

Resources for Teachers and Instructional Services

Teaching and instructional services are the primary functions in any school. The evidence-based model provides resources for these functions as follows:

Teachers of Core Subjects: The evidence-based model provides one teacher for every 19 students in grades kindergarten through three and one teacher for every 25 students in grades four through 12 to provide instruction in English-language arts, mathematics, science, social studies, and foreign languages. Over the course of the following six years, the ratio of students to core teachers in grades kindergarten through three will be reduced by two students every two years until one teacher is provided for every 15 students in school year 2014-2015.

Specialist Teachers in Fine Arts, Health, and Physical Education: The evidence-based model provides one specialist teacher for every five core teachers in grades kindergarten through five and one specialist teacher for every four core teachers in grades four through 12 to provide instruction in dance, drama and theater, music, visual arts, or physical education.

Lead Teachers: The evidence-based model provides one lead teacher for each organizational unit to provide mentoring and coaching for new teachers. A lead teacher also assists in coordinating professional development activities, developing professional learning

communities and common planning time, and assisting teachers in developing project-based, real-world learning activities for their students.

Special Education Teachers: The evidence-based model provides teachers who meet the unique needs of children with disabilities based on the number of students with disabilities and the type of disabilities the students have. Each special education student is assigned a weight according to the severity of the disability. Students with the least severe disability have a lower weight than students with multiple handicapping conditions. Using 90 per cent of this weighted count of students, one special education teacher is provided for every 20 students.

Special Education Aides: The evidence-based model provides staff to assist special education students and teachers. One special education aide is provided for every two special education teachers. Districts will be provided with 50 percent of the resources in school years 2009-2010 and 2010-2011.

Teachers of Limited English Proficient Students: The evidence-based model provides one teacher to provide instruction in English as a second language for every 100 students with limited English proficiency.

Supplemental Teachers: The evidence-based model provides teachers for remedial services, intensive subject-based instruction, homework help or other forms of supplemental support or instruction. Since students from economically disadvantaged households frequently require more of these kinds of services, one supplemental teacher is provided for every 100 economically disadvantaged students.

The funding for each category of teachers is calculated by multiplying the number of teachers by a statewide average teacher salary and by the educational challenge factor. As stated previously, the educational challenge factor accounts for student and community socioeconomic factors affecting teacher recruitment and retention, professional development and other factors related to quality instruction. This will provide more funding to districts operating in communities with the greatest educational challenges.

Resources for Additional Student Services

During the course of their academic years, students frequently require additional services beyond those offered in the classroom. These services support the student and the school communities by ensuring services are available, such as counselors for college-readiness and career planning, summer remediation, and school nurses. The evidence-based model provides resources for these functions as follows:

Family and Community Liaisons: The evidence-based model provides funding for individuals to assist students and their families and individuals who serve as the primary

mentor, coach, and motivator for students at risk of not graduating. One position is funded for every 75 economically disadvantaged students.

Guidance Counselors: The evidence-based model will provide funding for students with pre-college and career counseling, general academic counseling, course planning, and other counseling services. Resources for guidance counselors will begin after the 2010-2011 school year.

Summer Remediation: The evidence-based model provides funding for summer programs for students who require additional classroom time to master academic content.

School Nurse Wellness Coordinators: The evidence-based model will provide funding for coordination for the wellness programs in the school and community. This new position will be defined as the licensure requirements for the position are developed. Resources for the school wellness coordinator will begin after the 2010-2011 school year.

District Health Professionals: The evidence-based model will provide funding for individuals to assist the school wellness coordinator in serving the needs of students requiring the services of a school nurse. Resources for the district health professional will begin after the 2010-2011 school year.

Resources for Administrators

Administrators: The evidence-based model provides resources for the individuals assigned to lead, manage, or supervise the educational programs, financial systems, operations, and human resource activities for the district as a whole.

Principals: The evidence-based model provides funding for one principal for each organizational unit to lead, manage, and provide academic leadership to teaching professionals, and to perform other administrative duties. For school districts identified as typology 1 or 2, the number of principals cannot be less than the number of school buildings which the Ohio Department of Education issued a report card for the previous school year.

Resources for Administrative Support Personnel

Building Managers: The evidence-based model provides funding for individuals who supervise the administrative (non-curricular, non-instructional) functions of school operations in order to allow the school principal to focus on supporting instruction, provide instructional leadership, and engage teachers as part of the instructional leadership team. A building manager may be, but is not required to be, a licensed educator. The evidence-based model provides funding for one building manager for each organizational unit.

Secretaries: The evidence-based model provides funding for one secretary for each elementary and middle school organizational unit and three secretaries for each high school organizational unit.

Non-Instructional Aides: The evidence-based model will provide funding for two non-instructional aides for each elementary and middle school organizational unit and three non-instructional aides for each high school organizational unit. Resources for non-instructional aides will begin after the 2010-2011 school year.

Resources for Operations and Maintenance

The evidence-based model provides \$884 per pupil for the operations and maintenance of district facilities. Funding for these resources is phased in. Districts will be provided with 45 percent of the resources in school years 2009-2010 and 2010-2011.

Resources for Gifted Education

The evidence-based model provides resources to identify gifted students and develop special programs of education for gifted children. The gifted education support component of the evidence-based model consists of the following:

Gifted identification: the testing and identification of gifted students. The evidence-based model provides \$5 for every student in the district.

Gifted coordinator: an individual who provides coordination services for gifted students in accordance with standards provided by rules adopted by the state board of education. The evidence-based model provides resources for one gifted coordinator for every 2,500 students.

Gifted intervention specialist: an educator with a gifted intervention specialist license or endorsement who specializes in providing services to gifted students. The evidence-based model provides resources for one gifted intervention specialist for each organizational unit. Funding for these resources is phased in. Districts will be provided with 20 percent of the resources in school year 2009-2010 and 30 percent of the resources in school year 2010-2011.

Gifted intervention specialist professional development: continuing education for gifted intervention specialists. The evidence-based model provides \$1,833 for each gifted intervention specialist. Funding for these resources is phased in. Districts will be provided with 20 percent of the resources in school year 2009-2010 and 30 percent of the resources in school year 2010-2011.

Resources for Enrichment for All Students

The evidence-based model provides \$100 per student for enrichment activities to support intellectual and creative pursuits of all students, including the fine arts. Funding for these resources is phased in. Districts will be provided with 20 percent of the resources in school year 2009-2010 and 30 percent of the resources in school year 2010-2011.

Resources for Technology

Licensed Librarian and Media Specialist: The evidence-based model provides \$60,000 per organizational unit to employ librarians and to offer other media services to students. Funding for these resources is phased in. Districts will be provided with 20 percent of the resources in school year 2009-2010 and 30 percent of the resources in school year 2010-2011.

Technical Equipment: The evidence-based model provides \$250 per student for the purchase and support of technology that enhances the educational programs in the district. Funding for these resources is phased in. Districts will be provided with 20 percent of the resources in school year 2009-2010 and 30 percent of the resources in school year 2010-2011.

Resources for Training and Professional Development Programs

Professional development allows teachers to enhance and strengthen the quality of their instruction. The evidence-based model provides \$1,833 for each core, specialist, lead, and special education teacher.

Resources for Instructional Materials

Student learning requires books and other materials. The evidence-based model provides \$165 per pupil for instructional material and supplies. Funding for these resources is phased in. Districts will be provided with 20 percent of the resources in school year 2009-2010 and 30 percent of the resources in school year 2010-2011.

Funding in Addition to the Evidence-Based Funding Model

Support for Transportation Services: The school foundation program provides districts with support to assist with the provision of transportation services. Transportation funding is based on the number of students transported, the miles travelled to provide the transportation, and the statewide average cost to provide those services. Additional assistance is provided for districts that are more efficient in the delivery of this service, offer services in excess of the state minimum, and have a high number of students attending community, STEM, or private schools. Transportation funding provided to schools is not intended to cover 100 percent of a district's costs; rather, it provides a share of those costs. The total aggregate funding amount calculated through this process is limited by the state appropriation for transportation; therefore, all districts receive a prorated amount to remain within the appropriation during the 2009-2010 and 2010-2011 school years.

Supplemental Support for Transportation Services: Districts in rural areas of the state that have low property values and lower property tax revenues frequently face additional challenges with the cost of transporting students across sparsely populated areas. Any district below the median state wealth and median state rider density receives a supplemental transportation payment which provides an additional 30 percent of the difference between the calculated funding amount and the prorated transportation funding in school year 2009-2010, and an additional 70 percent of the difference in school year 2010-2011.

Support for Career-Technical Education Programs: Career-technical education programs frequently require the purchase of specialized equipment and materials. In prior years, funding for these additional costs was provided through a formula that increased the amount of state support based on the type of career-technical programs the district offered

and student enrollment in these programs. The budget proposal recommends additional study to determine an evidence-based model for these programs. In the meantime, funding for these programs is provided at an increase of 0.75 percent over the prior year funding.

Support Provided During Transition to Revised Funding Model: During the period when the evidence-based model is not fully funded, without a protection mechanism, some districts would experience a significant decline in state support. All districts are guaranteed to receive 99% of fiscal year 2009 funding in fiscal year 2010 and 98% of fiscal year 2010 funding in fiscal year 2011 (with the exception of Supplemental Support for Transportation Supplement.)

State Resources for the Foundation Funding Program

The total of funding provided for the evidence-based model plus the funding in addition to the evidence-based funding model outlined above are the total state resources for the foundation funding program.

Additional Aid Items

Preschool Classrooms: School districts are required to provide preschool services for prekindergarten students identified with handicapping conditions. Funding is provided for special education preschool classrooms.

Special Education Transportation: A student with disabilities may require specialized transportation services creating additional transportation expenses that are not captured in the transportation model used for determining funding for other students. Funding is provided to reimburse districts for some of the costs associated with providing these specialized transportation services.

Transfers and Adjustments:

Payments to Educational Service Centers: Educational Service Centers provide centralized support for districts. This transfer reflects money deducted from a local board of education's foundation payment for services provided by an Educational Service Center (ESC). A per-pupil amount of not less than \$6.50 plus a share of supervisory services costs are deducted. In the case of a city, exempted village, or local school district which has a contract with an ESC to provide services such as special education, health testing, etc., an additional amount is deducted depending on the terms of the contract.

Open Enrollment Adjustments: School districts may adopt policies which allow for the admittance of students who reside in other districts. Tuition of \$5,782.91 is transferred from the district of residence to the educating district for each student attending a school under an open enrollment admission policy. If the student is enrolled in a career-technical education program at the educating district, an additional amount equal to \$5,732 times the appropriate

career-technical education weight is transferred. This tuition is deducted for each pupil that leaves the district and added for each pupil that enters the district under an open enrollment agreement. Therefore, this line represents the net effect of these payments. Costs for providing special education services are billed separately.

Transfer for students educated by Community Schools: In Ohio, public charter schools are called community schools. Community schools are public, nonprofit, nonsectarian schools that operate independently of any school district under a contract with a sponsoring entity that is established in statute or approved by ODE. Community schools are public schools of choice and are state and federally funded. The students attending community schools are included in the number of funded students for the school district where the student resides. Funding for the student is then transferred to the community school from the state funds provided to the district.

Community school payments are not based on the evidence-based funding model; instead, the community school receives a per-pupil amount for basic education costs and may receive additional funds for economically disadvantaged students, special education students, students in career-technical programs, and transportation if the community school provides transportation services to the students. However, for pupils attending a computer-based school (E-school), only base funding and special education weighted funding are deducted. The amount transferred for each student is calculated as:

- Base funding of \$5,718 (school year 2009-2010) or \$5,703 (school year 2010-2011) plus base supplements of \$50.91;
- For special education pupils, \$5,732 times applicable special education weight;
- For students in career-technical education programs, \$5,732 times applicable career-technical education weight;
- For economically disadvantaged students, a per-pupil amount based on the funding the resident district received for the 2008-2009 school year. A community school receives funding for all-day kindergarten students if the resident district of the student met the eligibility requirements to receive all-day kindergarten funding in the 2008-2009 school year; and
- To provide parity between districts with high property and income wealth with districts that have lower property and income wealth, a per-pupil amount based on the wealth of the resident district.

Transfer for students educated by STEM Schools: STEM schools are created to emphasize the role of science, technology, engineering, and mathematics (STEM) in promoting innovation and economic progress. STEM schools are developed by partnerships of public and private entities such as school districts, higher education, or business

organizations, and approved by a STEM committee. These schools are funded in a manner similar to community schools as described above:

- Base funding of \$5,718 (school year 2009-2010) or \$5,703 (school year 2010-2011) plus base supplements of \$50.91;
- For special education pupils, \$5,732 times applicable special education weight;
- For students in career-technical education programs, \$5,732 times applicable career-technical education weight;
- For economically disadvantaged student, a per-pupil amount based on the funding the resident district received for the 2008-2009 school year; and
- For aid to provide parity between districts with high property and income wealth with districts that have lower property and income wealth, a per-pupil amount based on the wealth of the resident district.

Transfer for students receiving Educational Choice Scholarships: This line is for pupils in the EdChoice Scholarship Program. It also is for the deduction made from the Cleveland Metropolitan School District for the Cleveland Scholarship Program in which Cleveland students picked by lottery receive scholarships to attend participating private schools in the Cleveland area. For each student who receives an EdChoice scholarship, \$5,200 is deducted from the district where the student resides. For students participating in the Cleveland Scholarship program, the amount deducted from the Cleveland Metropolitan School District is the lesser of the tuition or \$3,400 for students in grades K-8 and \$3,450 for students in grades 9-12.

Other Adjustments: This includes adjustments for payments made from the resident district to other districts or organizations that are educating the students who live in the district. The students attending the other districts or organizations are included in the number of funded students for the school district where the student lives. The following adjustments are made to state funding:

Payment for Contract, Compact, or Co-Op Students: A district may enter into a contract with another district to provide career-technical or special education services for students residing in the district. Tuition is paid for students enrolled in programs offered through a shared education contract, compact, or cooperative education agreement. This tuition includes both the per-pupil basic education amount (\$5,732) and special education funding equal to the per-pupil amount times the state share percentage times the appropriate special education weight.

Payments to Boards of Developmental Disabilities: Special education students may receive educational services from a Board of Developmental Disabilities (BDD). Prior to FY1998, payments for these students were made directly to the boards. Since 1998, each child with a disability (other than a preschool child) over the number placed at

the BDD in FY1998 is included in the funded student count of the district where the student resides and a payment to the board is deducted from the state funds provided to the district. For school years 2009-2010 and 2010-2011, the amount paid is equal to the average per-pupil funding provided the board for the prior year increased by 0.75 percent.

VEPD Lead District Deduction: Districts may join together into a Vocational Education Planning District (VEPD) to provide vocational education programs to their students. One school district, designated as the lead district, receives payments for the associated services provided in that role from the other member districts. This adjustment reflects deductions made from the member districts and paid to the lead district. The deduction for associated services provided by member districts is calculated as 0.05 times the weighted vocational education funded amount for each student participating in a VEPD program.

Autism Scholarship Program: Parents of autistic children may apply for a scholarship for the tuition charged for attendance at an alternative education program which is implementing the child's individual education plan (IEP.) Each scholarship will be deducted from the district in which the child is entitled to attend school and is the lesser of the tuition charged for the program or \$20,000.