



Initial Understanding of Governor's School Funding Budget Proposal

February 2, 2017

The following information is based upon testimony provided by Ohio Budget Director Tim Keen to the Ohio House Finance Committee.

1. Framework of current formula remains unchanged, with the exception of:
2. Guarantee – could drop up to 5% over the biennium depending on your district's enrollment trend from 2011-2016
 - a. If your district enrollment dropped by more than 5% from 2011 to 2016, your guarantee percentage could drop (on a sliding scale) up to 5%, but the guarantee would be no less than 95% of 2017's funding level.
 - b. Examples:
 - i. District A: lost 8% in enrollment from 2011 to 2016 and would have a guarantee level of 97% (8% less 5%) of 2017 funding amount.
 - ii. District B: lost 22% of enrollment from 2011 to 2016, and would have their guarantee level of 95% of 2017 funding amount.
 - iii. District C: gained in enrollment from 2011 to 2016, and would have a guarantee level of 100% of 2017 funding amount.
3. Growth cap is 5% for both 2018 and 2019
4. Per pupil funding amount would remain \$6,000 in both 2018 and 2019
5. Base Transportation calculation reduces the minimum state share percentage from 50% to 37.5% in 2018, and 25% in 2019. This change would only affect districts that have a state share percentage less than 50%. This would also reduce supplemental transportation funding for impacted districts.
6. TPP phase-out schedule remains the same as current legislation.
7. Graduation and Third Grade Proficiency bonuses would remain funded outside the Cap, but would be moved outside the Guarantee calculation. This means if your Graduation or Third Grade Proficiency rates decline, you would experience the incremental loss in calculated revenue.
8. Career Tech Supplemental funding would remain outside the Cap and Guarantee calculations.
9. Capacity Aid and Supplemental Transportation funding elements would be moved inside the Cap calculation. Both elements would remain inside the Guarantee calculations. This means that the current funding for these two items become part of the Cap base. Therefore, any incremental increases in either funding element would be subject to the gain Cap.

Please keep in mind, the Governor's budget proposal is the first step in a 4-step process that will take place over the next 5 months. It is unlikely this will be the final legislative product. However, it is extremely important you remain informed so you can have informed conversations with your individual legislators. PFR will keep you updated as the budget process continues and more specific information is available. Once PFR obtains more specific information, we plan to hold a webinar to describe how to model the impact of these changes in your forecast software. Please monitor the PFR website www.pfrcfo.com regarding the webinar date and time.