



Members Brief

An informational brief prepared by the LSC staff for members and staff of the Ohio General Assembly

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Categorical Add-On Aid to Ohio Schools

Since different school districts have different needs and challenges, Ohio’s foundation aid formula includes a number of categorical components. These components distribute additional funds to districts with greater populations of students who are more expensive to educate, such as students in special education and students identified as English learners. In FY 2019, the most recent year the funding formula was in effect, categorical add-on aid accounted for about \$1.6 billion of total foundation aid payments.

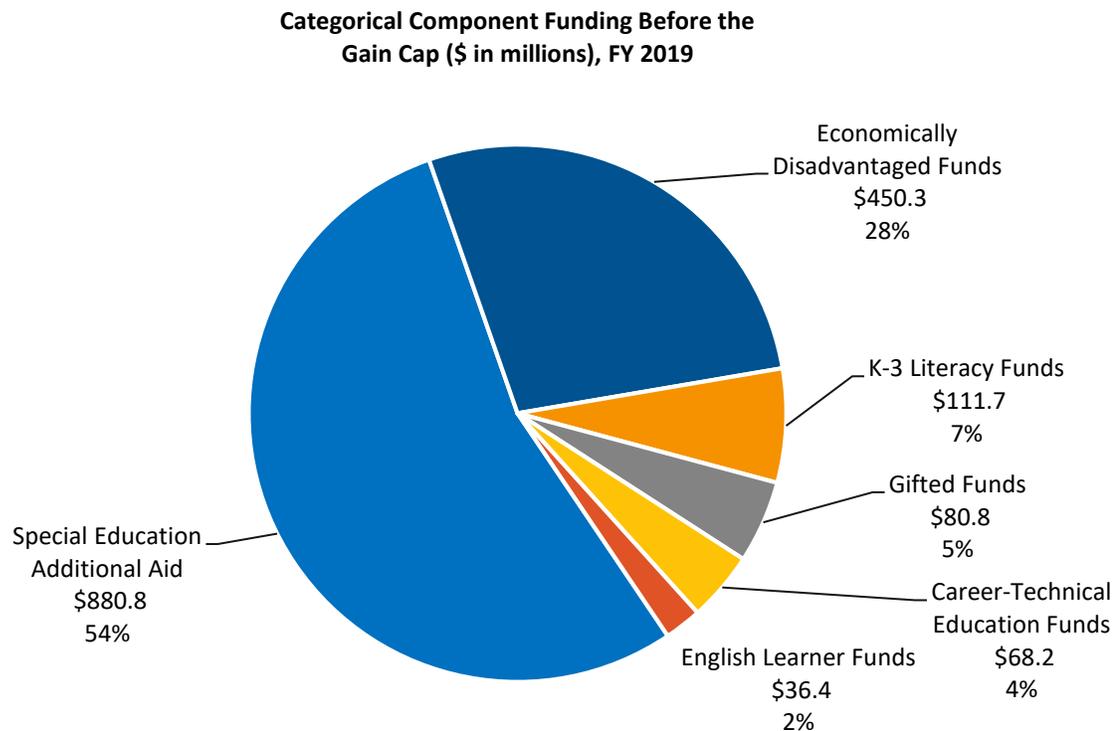
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Purpose of categorical add-on aid

While the opportunity grant is the cornerstone of the foundation funding formula, the flat per-pupil amount does not ensure a similar education for all students since students have different needs and districts face different challenges. To compensate for these differences, the funding formula includes a number of categorical components that provide additional funding to districts based on characteristics of their students. These components account for students receiving special education and related services, economically disadvantaged students, gifted students, students in grades K-3, students receiving career-technical education services, and English learners. H.B. 166 of the 133rd General Assembly suspended the foundation formula for FY 2020 and FY 2021 and, instead, provided generally the same amount of funding in these years as in FY 2019. While the funding levels are largely the same, the student counts for the categorical

components have continued to change. The chart below shows how much of the \$1.6 billion in funding each component contributed in FY 2019.



Special education additional aid

In accordance with federal and state laws requiring children with disabilities between the ages of three and 21 be provided a free, appropriate public education, school districts must develop individualized education programs for each such child. The foundation aid formula groups special education students into six categories based on their disabilities and assigns an additional per-pupil aid amount for each category. The categories and per-pupil amounts are listed below, along with the aid amounts for FY 2019 and average daily membership (ADM) for FY 2020.

Special Education Categories and Aid Amounts, FY 2019			
Category	Amount Per Pupil FY 2019	Total Aid (millions) FY 2019	ADM FY 2020
1. Speech only	\$1,578	\$21.2	26,702
2. Specific learning disabled, developmentally disabled, other health – minor	\$4,005	\$329.5	157,956

Special Education Categories and Aid Amounts, FY 2019			
Category	Amount Per Pupil FY 2019	Total Aid (millions) FY 2019	ADM FY 2020
3. Hearing impaired, severe behavior disabled	\$9,622	\$88.9	16,748
4. Vision impaired, other health – major	\$12,841	\$8.8	1,261
5. Orthopedically disabled, multi-disabled	\$17,390	\$108.2	11,628
6. Autism, traumatic brain injury, both visually and hearing impaired	\$25,637	\$324.3	26,576
Total		\$880.8	240,870

Each special education student is counted in the district's ADM for the purposes of calculating the district's opportunity grant. These students are also counted in each district's special education ADM, which is broken out by each special education category. Across all six categories, special education ADM amounted to 240,870 in FY 2020. Category two contains the most students, representing about 158,000 (66%) of the overall special education ADM.

In order to determine special education additional aid, the formula calculates the sum of the amounts obtained by multiplying the special education ADM for each category by the per-pupil amount for that category and, to equalize this funding based on school district capacity to raise local revenues, by the state share index. The total amount calculated for special education additional aid statewide was \$880.8 million in FY 2019.

Special Education Additional Aid

Special education additional aid =
 (category 1 ADM x per-pupil amount + category 2 ADM x per-pupil amount + category 3 ADM x per-pupil amount + category 4 ADM x per-pupil amount + category 5 ADM x per-pupil amount + category 6 ADM x per-pupil amount) x state share index

Economically disadvantaged funds

Another categorical cost is that incurred by districts for disadvantaged students, who may not have access to the same resources and opportunities outside of school as other students. In order to provide these students with an education similar to that provided to more advantaged students, schools may need to provide additional resources and opportunities. The foundation aid formula provides additional funding to school districts based on the number and concentration of economically disadvantaged students in a district. The state uses students from low-income families (i.e., families eligible for free and reduced price school lunch) as a proxy for disadvantaged students. In order to provide more funding to districts with higher concentrations

of economically disadvantaged students, the formula calculates an economically disadvantaged index. A district's index value is equal to the percentage of students in the district who are economically disadvantaged divided by the percentage of students in the state who are economically disadvantaged, with the result squared to target funding to districts with higher concentrations of poverty. Across all districts, this index ranged from zero to 4.1 in FY 2019.

Economically Disadvantaged Index

$$\% \text{ Economically disadvantaged} = \text{economically disadvantaged ADM} / \text{total ADM}$$

$$\text{Economically disadvantaged index} = (\text{District \% economically disadvantaged} / \text{state \% economically disadvantaged})^2$$

The formula provides a per-pupil amount of \$272, which is multiplied by the district's economically disadvantaged index and then by the number of students in the district's ADM who are identified as economically disadvantaged (except for students attending an e-school, since e-schools are ineligible for this funding component). This calculation is summarized below. In FY 2020, there were 799,500 students identified as economically disadvantaged. The economically disadvantaged percentage for the state was 47.2%. The total amount calculated for economically disadvantaged aid statewide was \$450.3 million in FY 2019.

Economically Disadvantaged Funds

$$\text{Economically disadvantaged per-pupil amount} = \$272$$

$$\text{Economically disadvantaged funds} = \text{economically disadvantaged per-pupil amount} \times \text{economically disadvantaged index} \times \text{economically disadvantaged ADM}$$

Gifted funds

Identification funds

Current law requires school districts to identify gifted students in grades K-12. School districts identify such students through the use of certain screening tools and assessments approved by the Ohio Department of Education (ODE). The foundation aid formula assists districts with the costs of identification at a rate of \$5.05 per student in the district's formula ADM. In FY 2019, the total amount calculated for gifted identification funds statewide was \$8.4 million.

Unit funding

While school districts are required to identify gifted students, they are not required to offer gifted services. Even so, the formula provides unit funding for gifted education services based upon certain prescribed ratios of gifted coordinators and gifted intervention specialists. The formula allocates one gifted coordinator unit for every 3,300 students in a district's gifted unit ADM, which is calculated as the district's formula ADM minus the ADM of resident students from the district attending a community or STEM school. No district may have fewer than 0.5 or

more than eight such units allocated under the formula. One gifted intervention specialist unit is allocated for every 1,100 gifted unit ADM, with a minimum of 0.3 units allocated to each district. There is no cap on the number of gifted intervention specialist units. The total number of units is then multiplied by the specified unit cost to determine the district's unit funding. The formula specifies that the unit cost for each gifted coordinator and gifted intervention specialist unit is \$37,370. In FY 2019, the statewide number of gifted coordinator and gifted intervention specialist units calculated by the formula was 524 and 1,413, respectively. The total amount calculated for gifted unit funding statewide in FY 2019 was \$72.4 million.

Gifted Unit Funding

Gifted unit ADM = formula ADM - community and STEM school ADM

Gifted coordinator units = gifted unit ADM / 3,300
(minimum of 0.5 units and maximum of 8 units)

Gifted intervention specialist units = gifted unit ADM / 1,100
(minimum of 0.3 units)

Gifted unit funds = gifted unit cost x (gifted coordinator units + gifted intervention specialist units)

Gifted unit cost = \$37,370

K-3 literacy funds

Under a policy known as the Third Grade Reading Guarantee, each district and community school must annually assess the reading skills of each student in grades K-3 to identify students reading below grade level. The district or school must provide intervention services to identified students to help them improve their reading skills. School districts and community schools are generally prohibited from promoting to fourth grade a student who is not reading at grade level by the end of third grade. The foundation aid formula provides additional funding to school districts in support of the Third Grade Reading Guarantee. This funding is based on a district's K-3 ADM, with the exception of such resident students attending an e-school (e-schools are ineligible for this component of funding), and is provided through two tiers, one equalized and the other unequalized. The equalized portion of a school district's K-3 literacy funds, which depends on the district's state share index, uses a per-pupil amount of \$193, while the unequalized portion is calculated using a per-pupil amount of \$127. The total amount calculated for K-3 literacy funds statewide in FY 2019 was \$111.7 million.

K-3 Literacy Funds

K-3 literacy funds = (K-3 ADM x equalized per-pupil amount x state share index) +
(K-3 ADM x unequalized per-pupil amount)

Equalized per-pupil amount = \$193
Unequalized per-pupil amount = \$127

Career-technical education funds

Current law generally requires school districts to provide students in grades 7-12 with the opportunity of career-technical education (CTE) that adequately prepares them for an occupation.¹ School districts can meet this requirement by establishing their own State Board of Education-approved CTE programs, being a member of a joint vocational school district (JVSD), or by contracting with a JVSD or another school district for CTE services. The foundation aid formula provides additional funding to school districts to cover the higher costs of CTE services. The formula for calculating this funding separates career-technical students into five categories and funds a per-pupil amount for each category.

Career-Technical Education Categories and Aid Amounts, FY 2019			
Category	Amount Per Pupil FY 2019	Total Aid (millions) FY 2019	Full-Time Equivalent (FTE) FY 2020
1. Workforce development programs in agricultural and environmental systems, construction technologies, engineering and science technologies, finance, health science, information technology, and manufacturing technologies	\$5,192	\$40.6	14,457
2. Workforce development programs in business and administration, hospitality and tourism, human services, law and public safety, arts and communications, and transportation systems	\$4,921	\$10.8	4,688
3. Career-based intervention programs	\$1,795	\$6.3	6,248
4. Workforce development programs in education and training, marketing, workforce development academics, public administration, and career development	\$1,525	\$3.0	3,921
5. Family and consumer science programs	\$1,308	\$3.0	4,642
	Total	\$63.8	33,955

Across all five categories, career-technical FTE amounted to 33,955 in FY 2020. The formula multiplies the FTE in each category by the dollar amounts in the table above and by the state share index. The amounts for each category are then summed. Statewide, CTE additional funds for all five categories were calculated at \$63.8 million in FY 2019.

¹ School districts may opt to not provide career-technical education to students in grades 7 and 8 by annually adopting a resolution and submitting it to the Ohio Department of Education.

Career-Technical Education Additional Funds

Career-technical education additional funds = (category 1 FTE x per-pupil amount + category 2 FTE x per-pupil amount + category 3 FTE x per-pupil amount + category 4 FTE x per-pupil amount + category 5 FTE x per-pupil amount) x state share index

The formula also provides CTE associated services funds based on the sum of a district's career-technical FTE in categories one through five and a per-pupil amount of \$245, as detailed in the table below. Like CTE additional funds, associated services funding is equalized based on a district's state share index. The amount calculated for CTE associated services funds statewide was \$4.4 million in FY 2019.

Career-Technical Education Associated Services Funds

Career-technical education associated services funds = (category 1 FTE + category 2 FTE + category 3 FTE + category 4 FTE + category 5 FTE) x Associated services per-pupil amount x state share index

Associated services per-pupil amount = \$245

Ultimately, funding for associated services is deducted and transferred to the lead district of the career-technical planning district (CTPD) with which the school district is affiliated. The lead district of a CTPD provides primary CTE leadership for the districts comprising the CTPD and is responsible for reviewing and approving or disapproving each member school district's CTE program. A district or school's CTE program must be approved by the lead district, or by ODE if initially disapproved by the lead district, before it receives career-technical education funds.

CTE funds are subject to a funding guarantee separate from the main guarantee that applies to the other categorical components. In FY 2019, districts were guaranteed at least 100% of the total CTE funds they received in FY 2017. The CTE aid guarantee is discussed in more detail in the [Formula Funding Guarantee and Gain Cap Members Brief](#).

English learner funds

"English learner" students are, in general, those who were not born in the United States or whose native language is not English, and whose difficulties in communicating in or understanding English make it difficult for the student to achieve academically or fully participate in society. To assist school districts in providing additional educational services to these students, the foundation aid formula provides additional funding based on the ADM of English learner students, similar to the funding provided for special and career-technical education students. However, the ADM excludes such resident students attending an e-school since e-schools are ineligible for this component of funding. English learner ADM is divided into three categories based on the amount of time the student has been enrolled in schools in the United States.

English Learner Categories and Aid Amounts, FY 2019			
Category	Amount Per Pupil FY 2019	Total Aid (millions) FY 2019	ADM FY 2020
1. English learner students in U.S. schools for no more than 180 school days and not previously exempted from spring English assessments	\$1,515	\$8.4	12,984
2. English learner students in U.S. schools more than 180 school days or previously exempted from spring English assessments	\$1,136	\$26.6	43,066
3. English learner students in a Trial-Mainstream period	\$758	\$1.4	4,398
	Total	\$36.4	60,449

In FY 2020, English learner ADM totaled 60,449 statewide. About 71% of these students (43,066) fell under category two, which represents students in U.S. schools more than 180 school days or previously exempted from either of the spring reading or writing English language arts assessments. The formula multiplies the ADM in each category by the applicable dollar amount. Each result is equalized based on the state share index and then summed to calculate a district's funding. In FY 2019, the amount calculated for English learner funds statewide was approximately \$36.4 million.

English Learner Funds

English learner funds = (category 1 ADM x per-pupil amount + category 2 ADM x per-pupil amount + category 3 ADM x per-pupil amount) x state share index