

028 Adjustment – FY08 and Beyond

To lessen the effect of sharp changes in tangible personal property values on school district aid, and to more closely align the charge off used in state aid calculations with actual changes in assessed valuation and tax collections, RC 3317.028 provides for certain adjustments to school foundation payments. These adjustments do not appear on the SF-3 but are on the statement of settlement.

This adjustment only applies to changes in personal property (including public utility personal) that meet certain thresholds. Therefore, the Department of Taxation on or before May 15, certifies to the Ohio Department of Education (ODE) changes in taxable value of tangible personal property from the second preceding tax year to the preceding tax year if either of the following conditions are met in a school district:

- If the value decrease exceeds 5% of the district's tangible personal property value for the second preceding tax year
- If the value increase exceeds 5% of the district's total taxable value for the second preceding tax year

(Note that beginning in May of 2007 the Department of Taxation will certify changes in public utility tangible personal property only and these changes will be used in the calculations for the 028 adjustment just as the changes in total tangible personal property have been used.) This is due to the fact that the decreases in general tangible personal property pursuant to its phase out are being reimbursed through another mechanism. Also note that the portion of the SF-3 that was used to make this calculation as described below was changed beginning in FY08 from “SF-3 Payment” which is essentially the bottom line of the SF-3 to “State Education Aid” which is the sum of all calculations through the line 19 Transitional Aid Guarantee.

ODE makes the 028 adjustment as follows:

- 1) All “state education aid” as defined in ORC 5751.20(A) based on current fiscal year valuations and revenue is calculated using originally certified valuations and revenue. These calculations include:

3317.022

- A. Basecost Aid (includes building blocks, Poverty Based Assistance (3317.029) and ParityAid (3317.0217))
- C(1) Special Ed. Weighted Aid
- C.(4) Speech Allowance
- D. Transportation (see note below)
- E. Career Tech Weighted Aid
- F. Excess Cost Supplement

3317.023

- B. Pupil/Teacher Adjustment
- C. Teacher Training & Experience Adjustment
- D. Pupil/ESP Adjustment

3317.024

- (L) Gifted Aid
- (N) GRADS

3317.0216 Charge-off Supplement Aid

3317.053 Supplemental Unit Allowance for Gifted Units

Section 269.30.80 of HB 119 Transitional Aid Guarantee

Note: Transportation is calculated according to Section 269.20.80 of HB 119 of the 127th General Assembly

All of the above calculations translate into the sum of the lines through line19 (Transitional Aid) of the FY08 SF-3.

- 2) All calculations in #1 are summed
- 3) State education aid under 5751.20 that was calculated in #1 above is recalculated using a valuation that has been reduced/increased by the amount of valuation certified as the valuation reduction/increase and the tax revenue reduction/increase associated with these valuation changes is used in the gap aid calculation.
- 4) The results of the recalculations in #3 are summed.
- 5) The sum from #2 is subtracted from the sum in #4 and is multiplied by .5 because this adjustment only applies to half a year's payment.
- 6) If the result in #5 is a positive number, this amount is paid to the district as the 028 adjustment on or before July 31st following the current fiscal year. If the result in #5 is a negative number, this amount will be subtracted from the district's payment on or before July 31st or if the amount is greater than \$10,000, it will be spread out over several payments in the following fiscal year.
- 7) Any payment will be reduced by the amount of any catastrophic grant received under 3316.20 if such grant was received on the basis of the same circumstances for which the 028 adjustment was calculated.