



# Members Brief

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

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Volume 134 Issue 73  
January 26, 2023

## 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 populations of students who are more expensive to educate, such as students in special education and students identified as economically disadvantaged. In FY 2022, categorical add-on aid totaled about \$1.6 billion.

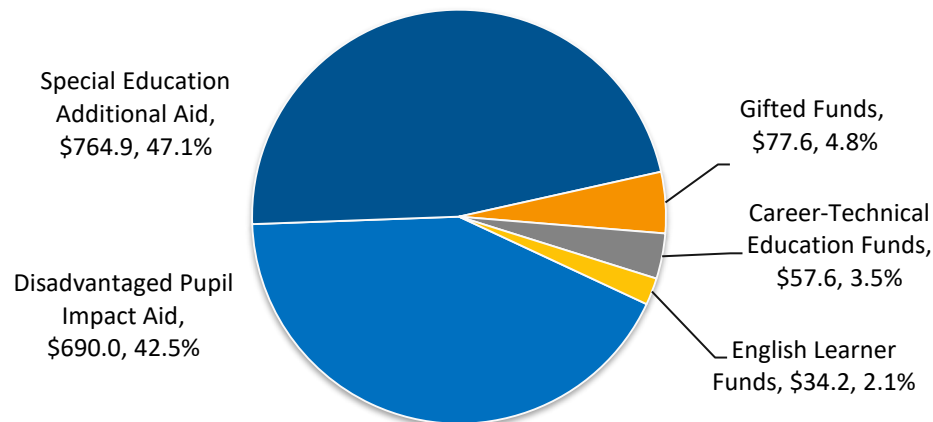
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### Purpose of categorical add-on aid

The base cost, the cornerstone of the foundation funding formula, is seen as the cost of regular education services for typically developing students. The base cost does not ensure a similar education for all students because 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 based on student characteristics. These components support the unique needs of students receiving special education and related services, economically disadvantaged students, gifted students, students receiving career-technical education services, and English learners. Before the formula’s phase-in mechanism is applied, state categorical funding totaled \$1.62 billion in FY 2022 for traditional districts. The chart below shows the shares of this categorical funding by component.

Categorical Component Funding, FY 2022 (\$ in millions)



## 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 (IEPs) for each such child. Each special education student is counted in the district’s enrolled average daily membership (ADM) for the purposes of calculating the district’s base cost. These students are also counted in each district’s special education ADM for categorical funding purposes. The foundation aid formula groups special education students into six categories based on their disabilities and assigns an additional “multiple” or weight for each category that is multiplied by the statewide average base cost per pupil to reflect the higher costs associated with special education services. The categories, weights, and weighted per-pupil amounts are listed in the table below, along with the aid amounts and ADM for FY 2022.

Across all six categories, special education ADM for traditional districts amounted to 209,798 in FY 2022. Category two contains the most students, representing about 137,600 (66%) of the overall special education ADM. However, the special education additional aid for those students makes up 38% of the total special education additional aid. Conversely, the students with the most severe disabilities (category six) represent 11% of all special education ADM but drive 38% of the additional aid to school districts.

Special Education Categories and Aid Amounts, Traditional School Districts, FY 2022

Category	Weight	Weighted Per-Pupil Amount	ADM	Total Aid (millions)
1. Speech only	0.2435	\$1,790	25,095	\$20.8
2. Specific learning disabled, developmentally disabled, other health – minor	0.6179	\$4,543	137,623	\$287.4

Special Education Categories and Aid Amounts, Traditional School Districts, FY 2022				
Category	Weight	Weighted Per-Pupil Amount	ADM	Total Aid (millions)
3. Hearing impaired, severe behavior disabled	1.4845	\$10,914	12,754	\$65.9
4. Vision impaired, other health – major	1.9812	\$14,565	1,131	\$7.7
5. Orthopedically disabled, multi-disabled	2.6830	\$19,725	10,345	\$94.4
6. Autism, traumatic brain injury, both visually and hearing impaired	3.9954	\$29,079	22,851	\$288.7
<b>Total</b>			<b>209,798</b>	<b>\$764.9</b>

For each of the six special education categories, the formula calculates each district's special education funds as equal to the product of the category's weight, the statewide average base cost per pupil (\$7,352 in FY 2022 and FY 2023), the number of students in the district's enrolled ADM in the category and, to equalize this funding based on school district capacity to raise local revenues, the district's state share percentage. This calculation is summarized below. Special education additional aid totaled \$764.9 million for traditional districts in FY 2022.

#### Calculation of Special Education Additional Aid

Category 1 special education additional aid = District's category 1 special education enrolled ADM x Statewide average base cost per pupil x 0.2435 x District's state share percentage

Category 2 special education additional aid = District's category 2 special education enrolled ADM x Statewide average base cost per pupil x 0.6179 x District's state share percentage

Category 3 special education additional aid = District's category 3 special education enrolled ADM x Statewide average base cost per pupil x 1.4845 x District's state share percentage

Category 4 special education additional aid = District's category 4 special education enrolled ADM x Statewide average base cost per pupil x 1.9812 x District's state share percentage

Category 5 special education additional aid = District's category 5 special education enrolled ADM x Statewide average base cost per pupil x 2.6830 x District's state share percentage

Category 6 special education additional aid = District's category 6 special education enrolled ADM x Statewide average base cost per pupil x 3.9554 x District's state share percentage

District's special education additional aid = Sum of categories 1 through 6 special education aid

## Disadvantaged pupil impact aid

Economically disadvantaged students may not have access to the same resources and opportunities outside of school as other students, and as such, may require additional support from the district. The formula provides additional funding to school districts based on the number

and concentration of economically disadvantaged students in a district through disadvantaged pupil impact aid (DPIA). The state uses students from low-income families (i.e., families eligible for free and reduced price school lunch under federal guidelines) as a proxy measure for economic disadvantage. To provide more funding to districts with higher concentrations of economically disadvantaged students, the formula calculates an economically disadvantaged index. A district's index is equal to the percentage of a district's students 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. In FY 2022, the statewide economically disadvantaged percentage was 46.6%, with the index ranging from 0 to 4.6. Note that the statewide percentage takes into account students enrolled in traditional districts, community schools, and STEM schools.

### Economically Disadvantaged Index

$$\text{District's economically disadvantaged percentage} = \frac{\text{District's economically disadvantaged enrolled ADM}}{\text{District's enrolled ADM}}$$

$$\text{Statewide economically disadvantaged percentage} = \frac{\text{The sum of economically disadvantaged enrolled ADM for traditional districts, community schools, and STEM schools}}{\text{The sum of enrolled ADM for traditional districts, community schools, and STEM schools}}$$

$$\text{District's economically disadvantaged index} = \left( \frac{\text{District's economically disadvantaged percentage}}{\text{Statewide economically disadvantaged percentage}} \right)^2$$

DPIA provides a base per-pupil amount of \$422, which is multiplied by the district's economically disadvantaged index. Thus, the amount per economically disadvantaged pupil, in effect, ranged from \$0 to \$1,939 (\$422 x 4.6) in FY 2022. That year, 646,400 traditional district students were identified as economically disadvantaged. A district's DPIA equals the number of students identified as economically disadvantaged times \$422 times the district's economically disadvantaged index. DPIA for traditional districts totaled \$690.0 million in FY 2022.

### Disadvantaged Pupil Impact Aid

$$\text{District's DPIA} = \text{District's economically disadvantaged enrolled ADM} \times \text{District's economically disadvantaged index} \times \$422$$

## Gifted student funding

A student identified as gifted performs or shows potential for performing at remarkably high levels of accomplishment when compared to others of their age, experience, or environment. The state provides funding for the additional costs associated with gifted education as well as costs associated with identifying gifted students, referral screenings requested by parents and others, and professional development for teachers. The formula for determining these costs is based on the findings of the Ohio Department of Education's May 2018 gifted

education cost study required by H.B. 49 of the 132<sup>nd</sup> General Assembly. In FY 2022, over 130,300 students in grades K-8 and nearly 89,500 students in grades 9-12 were identified as gifted.

### **Identification funds**

School districts must identify gifted students in grades K-12 through certain screening tools approved by the Ohio Department of Education (ODE). The formula assists districts with the costs of identification for students in grades K-6 to coincide with Ohio's operating standards for identifying and serving gifted students, which require all students to be screened at least twice in those grades. The formula provides \$24 per student in the district's grades K-6 enrolled ADM, which is equalized based on the state share percentage. In FY 2022, grades K-6 enrolled ADM totaled 776,300 students, with gifted identification funds amounting to \$8.1 million statewide.

#### **Gifted Identification Funds**

Gifted identification funds = District's enrolled K-6 ADM x \$24 x District's state share percentage

### **Gifted referral funds**

In addition to school district routine screening, any student in grades K-12 may be referred for gifted services by a parent, teacher, or peer. A student may also refer themselves. Upon receiving a referral, a school district must screen the student for gifted identification. The formula provides \$2.50 for each student in grades K-12 for this purpose, equalized based on the state share percentage. In FY 2022, gifted referral funds totaled \$1.6 million statewide.

#### **Gifted Referral Funds**

Gifted referral funds = District's enrolled ADM x \$2.50 x District's state share percentage

### **Gifted professional development funds**

Ohio's gifted education standards require general education teachers who provide gifted services to earn certain amounts of clock hours of professional development in gifted education. The formula provides funding to assist school districts with providing gifted professional development opportunities for teachers. The formula calculates these funds by multiplying per-pupil amounts of \$7 for FY 2022 and \$14 for FY 2023 by the greater of a district's enrolled gifted students or 10% of a district's enrolled ADM and then by the district's state share percentage. FY 2022 gifted professional development funds totaled about \$602,000.

#### **Gifted Professional Development Funds**

Gifted professional development funds = (Greater of district's enrolled gifted students or 10% of district's enrolled ADM) x \$7 in FY 2022 or \$14 in FY 2023 x District's state share percentage

## 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 on 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 enrolled ADM. No district may have fewer than 0.5 or more than eight such units allocated under the formula. The formula allocates gifted intervention specialist units separately for grades K-8 and grades 9-12 at a ratio of one gifted intervention specialist unit for every 140 gifted students in enrolled ADM for those grade bands, with a minimum of 0.3 units allocated to each district for each grade band. There is no cap on the number of gifted intervention specialist units. The formula then multiplies the total number of units by the specified unit cost and by the state share percentage to determine unit funding.

The formula specifies the unit costs as \$85,776 for each gifted coordinator, \$89,378 for each grades K-8 gifted intervention specialist, and \$80,974 for each grades 9-12 gifted intervention specialist. The unit costs are based on average salary and benefits for those positions identified in the gifted cost study. The unit cost for grades 9-12 gifted intervention specialists is lower than that for grades K-8 because it is based on the average salary and benefits of high school general education teachers, who typically deliver gifted services for such students. In FY 2022, the statewide number of gifted coordinator units amounted to 504 while the number of grades K-8 and 9-12 gifted intervention specialist units totaled 943 and 662, respectively. Statewide gifted unit funding totaled \$67.4 million in FY 2022.

### Gifted Unit Funding

District's gifted coordinator units = Lesser of 8 or [Greater of 0.5 or (District's enrolled ADM / 3,300)]

District's grades K-8 gifted intervention specialist units = Greater of 0.3 or  
(District's enrolled K-8 gifted students / 140)

District's grades 9-12 gifted intervention specialist units = Greater of 0.3 or  
(District's enrolled 9-12 gifted students / 140)

District's gifted unit funding = [(District's gifted coordinator units x \$85,776) + (District's grades K-8 gifted intervention specialist units x \$89,378) + (District's grades 9-12 gifted intervention specialist units x \$80,974)] x District's state share percentage

A district's total gifted funds is the sum of its gifted identification funds, gifted referral funds, gifted professional development funds, and gifted unit funds. Statewide, gifted funds totaled \$77.6 million in FY 2022.

### Total Gifted Funds

Total gifted funds = Gifted identification funds + Gifted referral funds + Gifted professional development funds + Gifted unit funds

## Career-technical education and associated services 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.<sup>1</sup> 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 formula provides additional funding to school districts to cover the higher costs of CTE services. The formula for calculating this funding separates CTE students into five categories based on CTE program type and funds a weighted amount for each category.

Career-Technical Education Categories and Aid Amounts, Traditional School Districts, FY 2022				
Category	Weight	Weighted Per-Pupil Amount	Full-Time Equivalent (FTE)	Total Aid (millions)
1. Workforce development programs in agricultural and environmental systems, construction technologies, engineering and science technologies, finance, health science, information technology, and manufacturing technologies	0.6230	\$5,539	12,039	\$34.0
2. Workforce development programs in business and administration, hospitality and tourism, human services, law and public safety, arts and communications, and transportation systems	0.5905	\$5,250	4,974	\$13.7
3. Career-based intervention programs	0.2154	\$1,915	988	\$1.0
4. Workforce development programs in education and training, marketing, workforce development academics, public administration, and career development	0.1830	\$1,627	3,650	\$3.0
5. Family and consumer science programs	0.1570	\$1,396	4,042	\$2.5
<b>Total</b>			<b>25,694</b>	<b>\$54.2</b>

Across all five categories, career-technical FTE amounted to 25,694 in FY 2022. The formula multiplies the number of students in each of the five CTE categories by the applicable category weight and then by the statewide average career-technical base cost per pupil (equal to the statewide average base cost per pupil calculated for JVSDs, which equals \$8,891 in FY 2022

<sup>1</sup> 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 ODE.

and FY 2023; see the [Joint Vocational School District Funding Members Brief](#) for more details). The formula equalizes this amount with the state share percentage. The amounts for each category are then summed. This calculation is summarized below. FY 2022 CTE funds for traditional districts totaled \$54.2 million.

#### Career-Technical Education Funds

Category 1 CTE funds = District's category 1 career-technical FTE x Statewide average career-technical base cost per pupil x 0.6230 x District's state share percentage

Category 2 CTE funds = District's category 2 career-technical FTE x Statewide average career-technical base cost per pupil x 0.5905 x District's state share percentage

Category 3 CTE funds = District's category 3 career-technical FTE x Statewide average career-technical base cost per pupil x 0.2154 x District's state share percentage

Category 4 CTE funds = District's category 4 career-technical FTE x Statewide average career-technical base cost per pupil x 0.1830 x District's state share percentage

Category 5 CTE funds = District's category 5 career-technical FTE x Statewide average career-technical base cost per pupil x 0.1570 x District's state share percentage

District's CTE funds = Sum of categories 1 through 5 CTE funds

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 weight of 0.0294 applied to statewide average career-technical base cost per pupil (equivalent to a per-pupil amount of \$261), as detailed in the table below. Like CTE funds, associated services funding is equalized based on a district's state share percentage. The amount calculated for CTE associated services funds statewide was \$3.4 million in FY 2022.

#### Career-Technical Education Associated Services Funds

Career-technical education associated services funds = District's career-technical FTE x Statewide average career-technical base cost per pupil x 0.0294 x District's state share percentage

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 CTE funds.

### 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 weighted funding based on the ADM of English learner students, similar to the funding provided for students receiving special or career-technical education. English learner ADM is divided into three categories based on the amount of time a student has been enrolled in school following identification as an English learner and performance on the Ohio English Language Proficiency Assessment (OELPA). Districts and schools annually administer OELPA to a student identified as an English learner to assess the student's proficiency and to determine if the student qualifies to exit English learner status.

English Learner Categories and Aid Amounts, Traditional School Districts, FY 2022				
Category	Weight	Weighted Per-Pupil Amount	ADM	Total Aid (millions)
1. Students enrolled for 180 school days or less following English learner identification	0.2104	\$1,547	11,497	\$7.7
2. Students enrolled for more than 180 school days following English learner identification until achieving proficiency on OELPA	0.1577	\$1,159	42,063	\$22.2
3. Students who achieve proficiency on OELPA and maintain it for two successive years	0.1053	\$774	14,987	\$4.3
<b>Total</b>			<b>68,547</b>	<b>\$34.2</b>

In FY 2022, English learner ADM totaled 68,547 statewide. About 61% of these students (42,063) fell under category two, which represents students who have been enrolled in school for, essentially, more than one school year following identification as an English learner and who have not yet achieved a proficient score on the spring administration of OELPA. The formula multiplies the district's ADM in each category by the applicable weight and the statewide average base cost per pupil. Each result is equalized based on the state share percentage and then summed to calculate a district's funding. This calculation is summarized below. English learner funds for traditional districts totaled \$34.2 million in FY 2022.

#### English Learner Funds

Category 1 English learner funds = District's category 1 English learner enrolled ADM x Statewide average base cost per pupil x 0.2104 x District's state share percentage

Category 2 English learner funds = District's category 2 English learner enrolled ADM x Statewide average base cost per pupil x 0.1577 x District's state share percentage

Category 3 English learner funds = District's category 3 English learner enrolled ADM x Statewide average base cost per pupil x 0.1053 x District's state share percentage

District's English learner funds = Sum of categories 1 through 3 English learner aid

## Spending requirements

While the state share of the base cost is generally unrestricted in its use, state law requires school districts to adhere to certain spending requirements associated with categorical funds. Notably, school districts must spend:

- An amount equal to the total (state and local) amount calculated for a district's special education additional aid for certain approved special education and related services expenses;
- DPIA on one or more of 17 specified initiatives in coordination with at least one community partner;
- The state share of gifted funds only for gifted student identification, gifted coordinator services, gifted intervention specialist services, other approved service providers, and gifted professional development. ODE must reduce foundation funding payments to districts by any amounts not spent in accordance with the requirement;
- The state share of CTE weighted funds only for approved CTE expenses. Further, at least 75% of CTE weighted funds must be spent on programmatic expenses such as curriculum, instructional resources and supplies, curriculum-specific equipment, program development and certification, professional development, and so on. Up to 25% of the funds may be used for personnel expenditures. Likewise, a CTPD may use the CTE associated services funds it receives only for certain approved expenses;
- The state share of English learner funds only for services for English learners.