

As Introduced

**125th General Assembly
Regular Session
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H. B. No. 532

Representatives Peterson, Trakas, Grendell, Reidelbach, Wolpert

A B I L L

To amend sections 3317.015, 3317.02, 3317.021, 1
3317.022, and 3317.0216 and to enact section 2
3317.016 of the Revised Code to change the method 3
for computing the school foundation formula 4
charge-off. 5

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3317.015, 3317.02, 3317.021, 6
3317.022, and 3317.0216 be amended and section 3317.016 of the 7
Revised Code be enacted to read as follows: 8

Sec. 3317.015. (A) In addition to the information certified 9
to the department of education under division (A) of section 10
3317.021 of the Revised Code, the tax commissioner shall, at the 11
same time, certify the following information for each city, 12
exempted village, and local school district to be used for the 13
~~same purposes as described under that division~~ payment made to 14
joint vocational school districts under division (B) of section 15
3317.16 of the Revised Code: 16

(1) The school district's carryover property, as defined in 17
section 319.301 of the Revised Code, for the preceding tax year; 18

(2) The school district's increase in carryover valuation, if 19
any, between the second preceding tax year and the preceding tax 20

year as used in calculating the percentage reduction under section 21
319.301 of the Revised Code. 22

(B) In any fiscal year the department of education shall 23
calculate each school district's recognized valuation in the 24
following manner: 25

(1) For a school district located in a county in which a 26
reappraisal or triennial update occurred in the preceding tax 27
year, the recognized valuation equals the district's total taxable 28
value for the preceding tax year minus two-thirds times the 29
increase in the carryover value from the second preceding tax year 30
to the preceding tax year. 31

(2) For a school district located in a county in which a 32
reappraisal or triennial update occurred in the second preceding 33
tax year, the recognized valuation equals the district's total 34
taxable value for the preceding tax year minus one-third times the 35
increase in the carryover value from the third preceding tax year 36
to the second preceding tax year. 37

(3) For a school district located in a county in which a 38
reappraisal or triennial update occurred in the third preceding 39
tax year, the recognized valuation equals the district's total 40
taxable value for the preceding tax year. 41

Sec. 3317.016. (A) As used in this section: 42

(1) "Class I carryover property" means carryover property, as 43
defined in section 319.301 of the Revised Code, classified as 44
residential/agricultural real property under section 5713.041 of 45
the Revised Code. 46

(2) "Class II carryover property" means carryover property, 47
as defined in section 319.301 of the Revised Code, classified as 48
nonresidential/agricultural real property under section 5713.041 49
of the Revised Code. 50

(3) "Taxable value of noncarryover property" means the taxable value of all land and improvements in both classes of real property, other than carryover property as defined in section 319.301 of the Revised Code. 51
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(4) "Change in tangible personal property value" means the increase or decrease in the amount certified for a school district in the current calendar year under division (A)(2) of section 3317.021 of the Revised Code as compared to the amount so certified in the preceding calendar year. 55
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(5) "Change in Class I carryover property value" means the increase or decrease in the taxable value of Class I carryover property certified in the current calendar year under division (B)(4) of this section as compared to the taxable value of such property so certified in the preceding calendar year. 60
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(6) "Change in Class II carryover property value" means the increase or decrease in the taxable value of Class II carryover property certified in the current calendar year under division (B)(4) of this section as compared to the taxable value of such property so certified in the preceding calendar year. 65
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(7) "Charge-off rate" means the percentage assigned to a school district under division (C) of this section for the fiscal year for which the charge-off amount is computed under division (D) of this section. 70
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(8) "Effective Class I tax rate" means the quotient obtained by dividing (a) the taxes charged and payable for current expenses for the preceding tax year against property classified as residential/agricultural real property under section 5713.041 of the Revised Code by (b) the taxable value of such property for the preceding tax year. For the purposes of divisions (A)(8) and (9) of this section, taxes charged and payable for current expenses do not include taxes charged and payable under a levy imposed 74
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<u>pursuant to sections 5705.194 to 5705.197 of the Revised Code.</u>	82
<u>(9) "Effective Class II tax rate" means the quotient obtained</u>	83
<u>by dividing (a) the taxes charged and payable for current expenses</u>	84
<u>for the preceding tax year against property classified as</u>	85
<u>nonresidential/agricultural real property under section 5713.041</u>	86
<u>of the Revised Code by (b) the taxable value of such property for</u>	87
<u>the preceding tax year.</u>	88
<u>(10) "Effective tangible personal property tax rate" means</u>	89
<u>the actual millage rate levied by a school district against</u>	90
<u>tangible personal property for current operating expenses less</u>	91
<u>both of the following:</u>	92
<u>(a) Any amount of that millage attributable to a joint</u>	93
<u>vocational school district as prescribed in division (A) of</u>	94
<u>section 3317.01 of the Revised Code;</u>	95
<u>(b) Any amount of that millage levied under sections 5705.194</u>	96
<u>to 5705.197 of the Revised Code.</u>	97
<u>(11) "Preceding year's charge-off amount" means the amount</u>	98
<u>computed for a school district under this section for the</u>	99
<u>preceding fiscal year.</u>	100
<u>(B) On or before the first day of June each year, the</u>	101
<u>department of taxation shall certify to the department of</u>	102
<u>education the following information for each city, local, and</u>	103
<u>exempted village school district, in addition to the information</u>	104
<u>certified under section 3317.021 of the Revised Code:</u>	105
<u>(1) The taxable value of noncarryover property;</u>	106
<u>(2) The taxable value of Class I carryover property and,</u>	107
<u>separately, the taxable value of Class II carryover property;</u>	108
<u>(3) The total rate of taxation levied within the ten-mill</u>	109
<u>limitation upon the general tax list of real and public utility</u>	110
<u>property in the preceding tax year for all school district</u>	111

purposes;

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(4) The identity of each school district for which an
adjustment was made in the preceding tax year under division
(E)(2) of section 319.301 of the Revised Code and the effective
Class I tax rate and the effective Class II tax rate for the
district.

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(C) Each year, the department of education shall rank each
city, local, and exempted village school district on the basis of
adjusted valuation per pupil as defined in section 3317.0213 of
the Revised Code, excluding any school district having a formula
ADM of less than one hundred fifty. The department then shall
divide into sextiles the districts so ranked and the districts
with a formula ADM less than one hundred fifty, with the lowest
sextile comprising the districts with the lowest adjusted
valuation per pupil and the districts having a formula ADM less
than one hundred fifty, and successively higher sextiles
comprising districts with successively higher adjusted valuations
per pupil. If the total number of school districts is not evenly
divisible by six, one additional school district shall be assigned
to each sextile according to the district's rank, beginning with
the lowest sextile and continuing through the successively higher
sextiles, until the remainder resulting from the division is
assigned to a sextile.

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The department shall assign to each school district the
charge-off rate indicated in the following schedule:

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<u>SEXTILE</u>	<u>CHARGE-OFF RATE</u>
<u>Highest sextile</u>	<u>2.25%</u>
<u>Fifth sextile</u>	<u>2.20%</u>
<u>Fourth sextile</u>	<u>2.15%</u>
<u>Third sextile</u>	<u>2.10%</u>
<u>Second sextile</u>	<u>2.05%</u>
<u>Lowest sextile</u>	<u>2.00%</u>

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(D) The department of education annually shall compute the charge-off amount for each school district for the purposes of section 3317.022 of the Revised Code. The charge-off amount is the sum of the following: 144
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(1) The preceding year's charge-off amount; 148

(2) The product obtained by multiplying (a) the change in tangible personal property value by (b) the lesser of the charge-off rate or the effective tangible personal property tax rate. 149
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(3) The product obtained by multiplying (a) the taxable value of noncarryover property by (b) the lesser of the charge-off rate or one of the following, as applicable: 153
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(i) In the case of Class I property, the effective Class I tax rate; 156
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(ii) In the case of Class II property, the effective Class II tax rate. 158
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(4) The product obtained by multiplying (a) the change in Class I carryover property value by (b) one of the following: (i) in the case of a school district for which an adjustment was made under division (E)(2) of section 319.301 of the Revised Code in the preceding tax year, the effective Class I tax rate; or (ii) in the case of any other school district, the tax rate certified under division (B)(3) of this section. 160
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(5) The product obtained by multiplying (a) the change in Class II carryover property value by (b) one of the following: (i) in the case of a school district for which an adjustment was made under division (E)(2) of section 319.301 of the Revised Code in the preceding tax year, the effective Class II tax rate; or (ii) in the case of any other school district, the tax rate certified under division (B)(3) of this section. 167
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Sec. 3317.02. As used in this chapter:	174
(A) Unless otherwise specified, "school district" means city, local, and exempted village school districts.	175 176
(B) "Formula amount" means the base cost for the fiscal year specified in section 3317.012 of the Revised Code.	177 178
(C) "FTE basis" means a count of students based on full-time equivalency, in accordance with rules adopted by the department of education pursuant to section 3317.03 of the Revised Code. In adopting its rules under this division, the department shall provide for counting any student in category one, two, three, four, five, or six special education ADM or in category one or two vocational education ADM in the same proportion the student is counted in formula ADM.	179 180 181 182 183 184 185 186
(D)(1) "Formula ADM" means, for a city, local, or exempted village school district, the number reported pursuant to division (A) of section 3317.03 of the Revised Code, and for a joint vocational school district, the number reported pursuant to division (D) of that section.	187 188 189 190 191
(2) "Three-year average formula ADM" means the average of formula ADMs for the current and preceding two fiscal years. However, as applicable in fiscal years 1999 and 2000, the three-year average for city, local, and exempted village school districts shall be determined utilizing the FY 1997 ADM or FY 1998 ADM in lieu of formula ADM for fiscal year 1997 or 1998. In fiscal years 2000 and 2001, the three-year average for joint vocational school districts shall be determined utilizing the average daily membership reported in fiscal years 1998 and 1999 under division (D) of section 3317.03 of the Revised Code in lieu of formula ADM for fiscal years 1998 and 1999.	192 193 194 195 196 197 198 199 200 201 202
(E) "FY 1997 ADM" or "FY 1998 ADM" means the school	203

district's average daily membership reported for the applicable	204
fiscal year under the version of division (A) of section 3317.03	205
of the Revised Code in effect during that fiscal year, adjusted as	206
follows:	207
(1) Minus the average daily membership of handicapped	208
preschool children;	209
(2) Minus one-half of the average daily membership attending	210
kindergarten;	211
(3) Minus three-fourths of the average daily membership	212
attending a joint vocational school district;	213
(4) Plus the average daily membership entitled under section	214
3313.64 or 3313.65 of the Revised Code to attend school in the	215
district but receiving educational services in approved units from	216
an educational service center or another school district under a	217
compact or a cooperative education agreement, as determined by the	218
department;	219
(5) Minus the average daily membership receiving educational	220
services from the district in approved units but entitled under	221
section 3313.64 or 3313.65 of the Revised Code to attend school in	222
another school district, as determined by the department.	223
(F)(1) "Category one special education ADM" means the average	224
daily membership of handicapped children receiving special	225
education services for the handicap specified in division (A) of	226
section 3317.013 of the Revised Code and reported under division	227
(B)(5) or (D)(2)(b) of section 3317.03 of the Revised Code.	228
(2) "Category two special education ADM" means the average	229
daily membership of handicapped children receiving special	230
education services for those handicaps specified in division (B)	231
of section 3317.013 of the Revised Code and reported under	232
division (B)(6) or (D)(2)(c) of section 3317.03 of the Revised	233
Code.	234

(3) "Category three special education ADM" means the average daily membership of students receiving special education services for those handicaps specified in division (C) of section 3317.013 of the Revised Code, and reported under division (B)(7) or (D)(2)(d) of section 3317.03 of the Revised Code.

(4) "Category four special education ADM" means the average daily membership of students receiving special education services for those handicaps specified in division (D) of section 3317.013 of the Revised Code and reported under division (B)(8) or (D)(2)(e) of section 3317.03 of the Revised Code.

(5) "Category five special education ADM" means the average daily membership of students receiving special education services for the handicap specified in division (E) of section 3317.013 of the Revised Code and reported under division (B)(9) or (D)(2)(f) of section 3317.03 of the Revised Code.

(6) "Category six special education ADM" means the average daily membership of students receiving special education services for the handicap specified in division (F) of section 3317.013 of the Revised Code and reported under division (B)(10) or (D)(2)(g) of section 3317.03 of the Revised Code.

(7) "Category one vocational education ADM" means the average daily membership of students receiving vocational education services described in division (A) of section 3317.014 of the Revised Code and reported under division (B)(11) or (D)(2)(h) of section 3317.03 of the Revised Code.

(8) "Category two vocational education ADM" means the average daily membership of students receiving vocational education services described in division (B) of section 3317.014 of the Revised Code and reported under division (B)(12) or (D)(2)(i) of section 3317.03 of the Revised Code.

(G) "Handicapped preschool child" means a handicapped child,

as defined in section 3323.01 of the Revised Code, who is at least 266
age three but is not of compulsory school age, as defined in 267
section 3321.01 of the Revised Code, and who is not currently 268
enrolled in kindergarten. 269

(H) "County MR/DD board" means a county board of mental 270
retardation and developmental disabilities. 271

(I) "Recognized valuation" means the amount calculated for a 272
school district pursuant to section 3317.015 of the Revised Code. 273

(J) "Transportation ADM" means the number of children 274
reported under division (B)(13) of section 3317.03 of the Revised 275
Code. 276

(K) "Average efficient transportation use cost per student" 277
means a statistical representation of transportation costs as 278
calculated under division (D)(2) of section 3317.022 of the 279
Revised Code. 280

(L) "Taxes charged and payable" means the taxes charged and 281
payable against real and public utility property after making the 282
reduction required by section 319.301 of the Revised Code, plus 283
the taxes levied against tangible personal property. 284

(M) "Total taxable value" means the sum of the amounts 285
certified for a city, local, exempted village, or joint vocational 286
school district under divisions (A)(1) and (2) of section 3317.021 287
of the Revised Code. 288

(N) "Cost-of-doing-business factor" means the amount 289
indicated in this division for the county in which a city, local, 290
exempted village, or joint vocational school district is located. 291
If a city, local, or exempted village school district is located 292
in more than one county, the factor is the amount indicated for 293
the county to which the district is assigned by the state 294
department of education. If a joint vocational school district is 295
located in more than one county, the factor is the amount 296

indicated for the county in which the joint vocational school with		297
the greatest formula ADM operated by the district is located.		298
	COST-OF-DOING-BUSINESS	299
COUNTY	FACTOR AMOUNT	300
Adams	1.0035	301
Allen	1.0206	302
Ashland	1.0297	303
Ashtabula	1.0397	304
Athens	1.0014	305
Auglaize	1.0247	306
Belmont	1.0064	307
Brown	1.0177	308
Butler	1.0646	309
Carroll	1.0137	310
Champaign	1.0446	311
Clark	1.0447	312
Clermont	1.0541	313
Clinton	1.0329	314
Columbiana	1.0214	315
Coshocton	1.0173	316
Crawford	1.0164	317
Cuyahoga	1.0626	318
Darke	1.0338	319
Defiance	1.0146	320
Delaware	1.0528	321
Erie	1.0388	322
Fairfield	1.0366	323
Fayette	1.0319	324
Franklin	1.0608	325
Fulton	1.0330	326
Gallia	1.0000	327
Geauga	1.0501	328
Greene	1.0444	329

Guernsey	1.0066	330
Hamilton	1.0750	331
Hancock	1.0215	332
Hardin	1.0356	333
Harrison	1.0074	334
Henry	1.0318	335
Highland	1.0148	336
Hocking	1.0188	337
Holmes	1.0178	338
Huron	1.0293	339
Jackson	1.0138	340
Jefferson	1.0073	341
Knox	1.0279	342
Lake	1.0524	343
Lawrence	1.0081	344
Licking	1.0381	345
Logan	1.0385	346
Lorain	1.0515	347
Lucas	1.0390	348
Madison	1.0488	349
Mahoning	1.0346	350
Marion	1.0306	351
Medina	1.0536	352
Meigs	1.0026	353
Mercer	1.0203	354
Miami	1.0411	355
Monroe	1.0050	356
Montgomery	1.0453	357
Morgan	1.0089	358
Morrow	1.0301	359
Muskingum	1.0127	360
Noble	1.0073	361
Ottawa	1.0486	362

Paulding	1.0115	363
Perry	1.0160	364
Pickaway	1.0391	365
Pike	1.0103	366
Portage	1.0472	367
Preble	1.0442	368
Putnam	1.0216	369
Richland	1.0199	370
Ross	1.0151	371
Sandusky	1.0321	372
Scioto	1.0012	373
Seneca	1.0223	374
Shelby	1.0278	375
Stark	1.0255	376
Summit	1.0542	377
Trumbull	1.0351	378
Tuscarawas	1.0089	379
Union	1.0500	380
Van Wert	1.0133	381
Vinton	1.0095	382
Warren	1.0658	383
Washington	1.0060	384
Wayne	1.0348	385
Williams	1.0228	386
Wood	1.0360	387
Wyandot	1.0171	388

~~(O) "Tax exempt value" of a school district means the amount certified for a school district under division (A)(4) of section 3317.021 of the Revised Code.~~ 389
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~~(P) "Potential value" of a school district means the recognized valuation of a school district plus the tax exempt value of the district.~~ 392
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~~(Q)~~ "Charge-off amount" means the charge-off amount 395
determined for a school district under section 3317.016 of the 396
Revised Code. 397

(P) "District median income" means the median Ohio adjusted 398
gross income certified for a school district. On or before the 399
first day of July of each year, the tax commissioner shall certify 400
to the department of education for each city, exempted village, 401
and local school district the median Ohio adjusted gross income of 402
the residents of the school district determined on the basis of 403
tax returns filed for the second preceding tax year by the 404
residents of the district. 405

~~(R)~~(Q) "Statewide median income" means the median district 406
median income of all city, exempted village, and local school 407
districts in the state. 408

~~(S)~~(R) "Income factor" for a city, exempted village, or local 409
school district means the quotient obtained by dividing that 410
district's median income by the statewide median income. 411

~~(T)~~(S) "Medically fragile child" means a child to whom all of 412
the following apply: 413

(1) The child requires the services of a doctor of medicine 414
or osteopathic medicine at least once a week due to the 415
instability of the child's medical condition. 416

(2) The child requires the services of a registered nurse on 417
a daily basis. 418

(3) The child is at risk of institutionalization in a 419
hospital, skilled nursing facility, or intermediate care facility 420
for the mentally retarded. 421

~~(U)~~(T) A child may be identified as "other health 422
handicapped-major" if the child's condition meets the definition 423
of "other health impaired" established in rules adopted by the 424

state board of education prior to July 1, 2001, and if either of 425
the following apply: 426

(1) The child is identified as having a medical condition 427
that is among those listed by the superintendent of public 428
instruction as conditions where a substantial majority of cases 429
fall within the definition of "medically fragile child." The 430
superintendent of public instruction shall issue an initial list 431
no later than September 1, 2001. 432

(2) The child is determined by the superintendent of public 433
instruction to be a medically fragile child. A school district 434
superintendent may petition the superintendent of public 435
instruction for a determination that a child is a medically 436
fragile child. 437

~~(V)~~(U) A child may be identified as "other health 438
handicapped-minor" if the child's condition meets the definition 439
of "other health impaired" established in rules adopted by the 440
state board of education prior to July 1, 2001, but the child's 441
condition does not meet either of the conditions specified in 442
division ~~(U)~~(T)(1) or (2) of this section. 443

Sec. 3317.021. (A) On or before the first day of June of each 444
year, the tax commissioner shall certify to the department of 445
education the following information for each city, exempted 446
village, and local school district, and the information required 447
by divisions (A)(1) and (2) of this section for each joint 448
vocational school district, and it shall be used, along with the 449
information certified under division (B) of this section, in 450
making the computations for the district under sections 3317.016, 451
3317.022, and 3317.0217 or section 3317.16 of the Revised Code: 452

(1) The taxable value of real and public utility real 453
property in the school district subject to taxation in the 454
preceding tax year, by class and by county of location; 455

(2) The taxable value of tangible personal property, 456
including public utility personal property, subject to taxation by 457
the district for the preceding tax year; 458

(3)(a) The total property tax rate and total taxes charged 459
and payable for the current expenses of the school district for 460
the preceding tax year and the total property tax rate and the 461
total taxes charged and payable to a joint vocational district for 462
the preceding tax year that are limited to or to the extent 463
apportioned to current expenses; 464

(b) The portion of the amount of taxes charged and payable 465
reported for each city, local, and exempted village school 466
district under division (A)(3)(a) of this section attributable to 467
a joint vocational school district. 468

(4) The value of all real and public utility real property in 469
the school district exempted from taxation minus both of the 470
following: 471

(a) The value of real and public utility real property in the 472
district owned by the United States government and used 473
exclusively for a public purpose; 474

(b) The value of real and public utility real property in the 475
district exempted from taxation under Chapter 725. or 1728. or 476
section 3735.67, 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, 477
5709.73, or 5709.78 of the Revised Code. 478

(5) The total federal adjusted gross income of the residents 479
of the school district, based on tax returns filed by the 480
residents of the district, for the most recent year for which this 481
information is available. 482

(B) On or before the first day of May each year, the tax 483
commissioner shall certify to the department of education the 484
total taxable real property value of railroads and, separately, 485

the total taxable tangible personal property value of all public 486
utilities for the preceding tax year, by school district and by 487
county of location. 488

(C) If a public utility has properly and timely filed a 489
petition for reassessment under section 5727.47 of the Revised 490
Code with respect to an assessment issued under section 5727.23 of 491
the Revised Code affecting taxable property apportioned by the tax 492
commissioner to a school district, the taxable value of public 493
utility tangible personal property included in the certification 494
under divisions (A)(2) and (B) of this section for the school 495
district shall include only the amount of taxable value on the 496
basis of which the public utility paid tax for the preceding year 497
as provided in division (B)(1) or (2) of section 5727.47 of the 498
Revised Code. 499

(D) If on the basis of the information certified under 500
division (A) of this section, the department determines that any 501
district fails in any year to meet the qualification requirement 502
specified in division (A) of section 3317.01 of the Revised Code, 503
the department shall immediately request the tax commissioner to 504
determine the extent to which any school district income tax 505
levied by the district under Chapter 5748. of the Revised Code 506
shall be included in meeting that requirement. Within five days of 507
receiving such a request from the department, the tax commissioner 508
shall make the determination required by this division and report 509
the quotient obtained under division (D)(3) of this section to the 510
department. This quotient represents the number of mills that the 511
department shall include in determining whether the district meets 512
the qualification requirement of division (A) of section 3317.01 513
of the Revised Code. 514

The tax commissioner shall make the determination required by 515
this division as follows: 516

(1) Multiply one mill times the total taxable value of the 517

district as determined in divisions (A)(1) and (2) of this 518
section; 519

(2) Estimate the total amount of tax liability for the 520
current tax year under taxes levied by Chapter 5748. of the 521
Revised Code that are apportioned to current operating expenses of 522
the district; 523

(3) Divide the amount estimated under division (D)(2) of this 524
section by the product obtained under division (D)(1) of this 525
section. 526

Sec. 3317.022. (A)~~(1)~~ The department of education shall 527
compute and distribute state base cost funding to each school 528
district for the fiscal year in accordance with the following 529
formula, ~~making any adjustment required by division (A)(2) of this~~ 530
~~section and~~ using the information obtained under section 3317.021 531
of the Revised Code in the calendar year in which the fiscal year 532
begins. 533

Compute the following for each eligible district: 534

(cost-of-doing-business factor X 535
the formula amount X 536
formula ADM) - 537
~~(.023 X recognized valuation)~~ 538
the charge-off amount 539

If the difference obtained is a negative number, the 540
district's computation shall be zero. 541

~~(2)(a) For each school district for which the tax exempt 542
value of the district equals or exceeds twenty five per cent of 543
the potential value of the district, the department of education 544
shall calculate the difference between the district's tax exempt 545
value and twenty five per cent of the district's potential value. 546~~

~~(b) For each school district to which division (A)(2)(a) of 547~~

~~this section applies, the department shall adjust the recognized valuation used in the calculation under division (A)(1) of this section by subtracting from it the amount calculated under division (A)(2)(a) of this section.~~

(B) As used in this section:

(1) The "total special education weight" for a district means the sum of the following amounts:

(a) The district's category one special education ADM multiplied by the multiple specified in division (A) of section 3317.013 of the Revised Code;

(b) The district's category two special education ADM multiplied by the multiple specified in division (B) of section 3317.013 of the Revised Code;

(c) The district's category three special education ADM multiplied by the multiple specified in division (C) of section 3317.013 of the Revised Code;

(d) The district's category four special education ADM multiplied by the multiple specified in division (D) of section 3317.013 of the Revised Code;

(e) The district's category five special education ADM multiplied by the multiple specified in division (E) of section 3317.013 of the Revised Code;

(f) The district's category six special education ADM multiplied by the multiple specified in division (F) of section 3317.013 of the Revised Code.

(2) "State share percentage" means the percentage calculated for a district as follows:

(a) Calculate the state base cost funding amount for the district for the fiscal year under division (A) of this section. If the district would not receive any state base cost funding for

that year under that division, the district's state share 578
percentage is zero. 579

(b) If the district would receive state base cost funding 580
under that division, divide that amount by an amount equal to the 581
following: 582

Cost-of-doing-business factor X 583

the formula amount X 584

formula ADM 585

The resultant number is the district's state share 586
percentage. 587

(3) "Related services" includes: 588

(a) Child study, special education supervisors and 589
coordinators, speech and hearing services, adaptive physical 590
development services, occupational or physical therapy, teacher 591
assistants for handicapped children whose handicaps are described 592
in division (B) of section 3317.013 or division (F)(3) of section 593
3317.02 of the Revised Code, behavioral intervention, interpreter 594
services, work study, nursing services, and specialized 595
integrative services as those terms are defined by the department; 596

(b) Speech and language services provided to any student with 597
a handicap, including any student whose primary or only handicap 598
is a speech and language handicap; 599

(c) Any related service not specifically covered by other 600
state funds but specified in federal law, including but not 601
limited to, audiology and school psychological services; 602

(d) Any service included in units funded under former 603
division (O)(1) of section 3317.023 of the Revised Code; 604

(e) Any other related service needed by handicapped children 605
in accordance with their individualized education plans. 606

(4) The "total vocational education weight" for a district 607

means the sum of the following amounts: 608

(a) The district's category one vocational education ADM 609
multiplied by the multiple specified in division (A) of section 610
3317.014 of the Revised Code; 611

(b) The district's category two vocational education ADM 612
multiplied by the multiple specified in division (B) of section 613
3317.014 of the Revised Code. 614

(C)(1) The department shall compute and distribute state 615
special education and related services additional weighted costs 616
funds to each school district in accordance with the following 617
formula: 618

The district's state share percentage 619
X the formula amount for the year 620
for which the aid is calculated 621
X the district's total special education weight 622

(2) The attributed local share of special education and 623
related services additional weighted costs equals: 624

(1 - the district's state share percentage) X 625
the district's total special education weight X 626
the formula amount 627

(3)(a) The department shall compute and pay in accordance 628
with this division additional state aid to school districts for 629
students in categories two through six special education ADM. If a 630
district's costs for the fiscal year for a student in its 631
categories two through six special education ADM exceed the 632
threshold catastrophic cost for serving the student, the district 633
may submit to the superintendent of public instruction 634
documentation, as prescribed by the superintendent, of all its 635
costs for that student. Upon submission of documentation for a 636
student of the type and in the manner prescribed, the department 637
shall pay to the district an amount equal to the sum of the 638

following: 639

(i) One-half of the district's costs for the student in 640
excess of the threshold catastrophic cost; 641

(ii) The product of one-half of the district's costs for the 642
student in excess of the threshold catastrophic cost multiplied by 643
the district's state share percentage. 644

(b) For purposes of division (C)(3)(a) of this section, the 645
threshold catastrophic cost for serving a student equals: 646

(i) For a student in the school district's category two, 647
three, four, or five special education ADM, twenty-five thousand 648
dollars in fiscal year 2002 and twenty-five thousand seven hundred 649
dollars in fiscal years 2003, 2004, and 2005; 650

(ii) For a student in the district's category six special 651
education ADM, thirty thousand dollars in fiscal year 2002 and 652
thirty thousand eight hundred forty dollars in fiscal years 2003, 653
2004, and 2005. 654

(c) The district shall only report under division (C)(3)(a) 655
of this section, and the department shall only pay for, the costs 656
of educational expenses and the related services provided to the 657
student in accordance with the student's individualized education 658
program. Any legal fees, court costs, or other costs associated 659
with any cause of action relating to the student may not be 660
included in the amount. 661

(4)(a) As used in this division, the "personnel allowance" 662
means thirty thousand dollars in fiscal years 2002, 2003, 2004, 663
and 2005. 664

(b) For the provision of speech language pathology services 665
to students, including students who do not have individualized 666
education programs prepared for them under Chapter 3323. of the 667
Revised Code, and for no other purpose, the department of 668

education shall pay each school district an amount calculated 669
under the following formula: 670

(formula ADM divided by 2000) X 671

the personnel allowance X the state share percentage 672

(5) In any fiscal year, a school district shall spend for 673
purposes that the department designates as approved for special 674
education and related services expenses at least the amount 675
calculated as follows: 676

(cost-of-doing-business factor X 677

formula amount X the sum of categories 678

one through six special education ADM) + 679

(total special education weight X formula amount) 680

The purposes approved by the department for special education 681
expenses shall include, but shall not be limited to, 682
identification of handicapped children, compliance with state 683
rules governing the education of handicapped children and 684
prescribing the continuum of program options for handicapped 685
children, provision of speech language pathology services, and the 686
portion of the school district's overall administrative and 687
overhead costs that are attributable to the district's special 688
education student population. 689

The department shall require school districts to report data 690
annually to allow for monitoring compliance with division (C)(5) 691
of this section. The department shall annually report to the 692
governor and the general assembly the amount of money spent by 693
each school district for special education and related services. 694

(6) In any fiscal year, a school district shall spend for the 695
provision of speech language pathology services not less than the 696
sum of the amount calculated under division (C)(1) of this section 697
for the students in the district's category one special education 698
ADM and the amount calculated under division (C)(4) of this 699
section. 700

(D)(1) As used in this division: 701

(a) "Daily bus miles per student" equals the number of bus 702
miles traveled per day, divided by transportation base. 703

(b) "Transportation base" equals total student count as 704
defined in section 3301.011 of the Revised Code, minus the number 705
of students enrolled in preschool handicapped units, plus the 706
number of nonpublic school students included in transportation 707
ADM. 708

(c) "Transported student percentage" equals transportation 709
ADM divided by transportation base. 710

(d) "Transportation cost per student" equals total operating 711
costs for board-owned or contractor-operated school buses divided 712
by transportation base. 713

(2) Analysis of student transportation cost data has resulted 714
in a finding that an average efficient transportation use cost per 715
student can be calculated by means of a regression formula that 716
has as its two independent variables the number of daily bus miles 717
per student and the transported student percentage. For fiscal 718
year 1998 transportation cost data, the average efficient 719
transportation use cost per student is expressed as follows: 720

51.79027 + (139.62626 X daily bus miles per student) + 721
(116.25573 X transported student percentage) 722

The department of education shall annually determine the 723
average efficient transportation use cost per student in 724
accordance with the principles stated in division (D)(2) of this 725
section, updating the intercept and regression coefficients of the 726
regression formula modeled in this division, based on an annual 727
statewide analysis of each school district's daily bus miles per 728
student, transported student percentage, and transportation cost 729
per student data. The department shall conduct the annual update 730
using data, including daily bus miles per student, transported 731

student percentage, and transportation cost per student data, from 732
the prior fiscal year. The department shall notify the office of 733
budget and management of such update by the fifteenth day of 734
February of each year. 735

(3) In addition to funds paid under divisions (A), (C), and 736
(E) of this section, each district with a transported student 737
percentage greater than zero shall receive a payment equal to a 738
percentage of the product of the district's transportation base 739
from the prior fiscal year times the annually updated average 740
efficient transportation use cost per student, times an inflation 741
factor of two and eight tenths per cent to account for the 742
one-year difference between the data used in updating the formula 743
and calculating the payment and the year in which the payment is 744
made. The percentage shall be the following percentage of that 745
product specified for the corresponding fiscal year: 746

FISCAL YEAR	PERCENTAGE	
2000	52.5%	748
2001	55%	749
2002	57.5%	750
2003 and thereafter	The greater of 60% or the district's state share percentage	751

The payments made under division (D)(3) of this section each 752
year shall be calculated based on all of the same prior year's 753
data used to update the formula. 754

(4) In addition to funds paid under divisions (D)(2) and (3) 755
of this section, a school district shall receive a rough road 756
subsidy if both of the following apply: 757

(a) Its county rough road percentage is higher than the 758
statewide rough road percentage, as those terms are defined in 759
division (D)(5) of this section; 760

(b) Its district student density is lower than the statewide student density, as those terms are defined in that division. 761
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(5) The rough road subsidy paid to each district meeting the qualifications of division (D)(4) of this section shall be calculated in accordance with the following formula: 763
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(per rough mile subsidy X total rough road miles) X
density multiplier 766
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where: 768

(a) "Per rough mile subsidy" equals the amount calculated in accordance with the following formula: 769
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$0.75 - \{0.75 \times [(\text{maximum rough road percentage} - \text{county rough road percentage}) / (\text{maximum rough road percentage} - \text{statewide rough road percentage})]\}$ 771
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(i) "Maximum rough road percentage" means the highest county rough road percentage in the state. 774
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(ii) "County rough road percentage" equals the percentage of the mileage of state, municipal, county, and township roads that is rated by the department of transportation as type A, B, C, E2, or F in the county in which the school district is located or, if the district is located in more than one county, the county to which it is assigned for purposes of determining its cost-of-doing-business factor. 776
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(iii) "Statewide rough road percentage" means the percentage of the statewide total mileage of state, municipal, county, and township roads that is rated as type A, B, C, E2, or F by the department of transportation. 783
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(b) "Total rough road miles" means a school district's total bus miles traveled in one year times its county rough road percentage. 787
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(c) "Density multiplier" means a figure calculated in 790

accordance with the following formula: 791

1 - [(minimum student density - district student 792
density)/(minimum student density - 793
statewide student density)] 794

(i) "Minimum student density" means the lowest district 795
student density in the state. 796

(ii) "District student density" means a school district's 797
transportation base divided by the number of square miles in the 798
district. 799

(iii) "Statewide student density" means the sum of the 800
transportation bases for all school districts divided by the sum 801
of the square miles in all school districts. 802

(6) In addition to funds paid under divisions (D)(2) to (5) 803
of this section, each district shall receive in accordance with 804
rules adopted by the state board of education a payment for 805
students transported by means other than board-owned or 806
contractor-operated buses and whose transportation is not funded 807
under division (J) of section 3317.024 of the Revised Code. The 808
rules shall include provisions for school district reporting of 809
such students. 810

(E)(1) The department shall compute and distribute state 811
vocational education additional weighted costs funds to each 812
school district in accordance with the following formula: 813

state share percentage X 814
the formula amount X 815
total vocational education weight 816

In any fiscal year, a school district receiving funds under 817
division (E)(1) of this section shall spend those funds only for 818
the purposes that the department designates as approved for 819
vocational education expenses. Vocational educational expenses 820
approved by the department shall include only expenses connected 821

to the delivery of career-technical programming to 822
career-technical students. The department shall require the school 823
district to report data annually so that the department may 824
monitor the district's compliance with the requirements regarding 825
the manner in which funding received under division (E)(1) of this 826
section may be spent. 827

(2) The department shall compute for each school district 828
state funds for vocational education associated services in 829
accordance with the following formula: 830

state share percentage X .05 X 831

the formula amount X the sum of categories one and two 832

vocational education ADM 833

In any fiscal year, a school district receiving funds under 834
division (E)(2) of this section, or through a transfer of funds 835
pursuant to division (L) of section 3317.023 of the Revised Code, 836
shall spend those funds only for the purposes that the department 837
designates as approved for vocational education associated 838
services expenses, which may include such purposes as 839
apprenticeship coordinators, coordinators for other vocational 840
education services, vocational evaluation, and other purposes 841
designated by the department. The department may deny payment 842
under division (E)(2) of this section to any district that the 843
department determines is not operating those services or is using 844
funds paid under division (E)(2) of this section, or through a 845
transfer of funds pursuant to division (L) of section 3317.023 of 846
the Revised Code, for other purposes. 847

(F) The actual local share in any fiscal year for the 848
combination of special education and related services additional 849
weighted costs funding calculated under division (C)(1) of this 850
section, transportation funding calculated under divisions (D)(2) 851
and (3) of this section, and vocational education and associated 852
services additional weighted costs funding calculated under 853

divisions (E)(1) and (2) of this section shall not exceed for any 854
school district the product of three and three-tenths mills times 855
the district's recognized valuation. The department annually shall 856
pay each school district as an excess cost supplement any amount 857
by which the sum of the district's attributed local shares for 858
that funding exceeds that product. For purposes of calculating the 859
excess cost supplement: 860

(1) The attributed local share for special education and 861
related services additional weighted costs funding is the amount 862
specified in division (C)(2) of this section. 863

(2) The attributed local share of transportation funding 864
equals the difference of the total amount calculated for the 865
district using the formula developed under division (D)(2) of this 866
section minus the actual amount paid to the district after 867
applying the percentage specified in division (D)(3) of this 868
section. 869

(3) The attributed local share of vocational education and 870
associated services additional weighted costs funding is the 871
amount determined as follows: 872

$$(1 - \text{state share percentage}) \times 873$$
$$[(\text{total vocational education weight} \times \text{the formula amount}) + 874$$
$$\text{the payment under division (E)(2) of this section}] 875$$

Sec. 3317.0216. (A) As used in this section: 876

(1) "Total taxes charged and payable for current expenses" 877
means the sum of the taxes charged and payable as certified under 878
division (A)(3)(a) of section 3317.021 of the Revised Code less 879
any amounts reported under division (A)(3)(b) of that section, and 880
the tax distribution for the preceding year under any school 881
district income tax levied ~~by~~ in the district pursuant to Chapter 882
5748. of the Revised Code to the extent the revenue from the 883
income tax is allocated or apportioned to current expenses. 884

(2) ~~"Charge off amount" means the product obtained by multiplying two and three tenths per cent by recognized valuation.~~ 885
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~~(3)~~ Until fiscal year 2003, the "actual local share of special education, transportation, and vocational education funding" for any school district means the sum of the district's attributed local shares described in divisions (F)(1) to (3) of section 3317.022 of the Revised Code. Beginning in fiscal year 2003, the "actual local share of special education, transportation, and vocational education funding" means that sum minus the amount of any excess cost supplement payment calculated for the district under division (F) of section 3317.022 of the Revised Code. 887
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(B) Upon receiving the certifications under section 3317.021 of the Revised Code, the department of education shall determine for each city, local, and exempted village school district whether the district's charge-off amount is greater than the district's total taxes charged and payable for current expenses, and if it is, shall pay the district the amount of the difference. A payment shall not be made to any school district for which the computation under division (A) of section 3317.022 of the Revised Code equals zero. 897
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(C)(1) If a district's charge-off amount is equal to or greater than its total taxes charged and payable for current expenses, the department shall, in addition to the payment required under division (B) of this section, pay the district the amount of its actual local share of special education, transportation, and vocational education funding. 906
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(2) If a district's charge-off amount is less than its total taxes charged and payable for current expenses, the department shall pay the district any amount by which its actual local share of special education, transportation, and vocational education 912
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funding exceeds its total taxes charged and payable for current 916
expenses minus its charge-off amount. 917

Section 2. That existing sections 3317.015, 3317.02, 918
3317.021, 3317.022, and 3317.0216 of the Revised Code are hereby 919
repealed. 920

Section 3. Sections 1 and 2 of this act take effect July 1, 921
2005, except that section 3317.016 of the Revised Code takes 922
effect June 1, 2005. 923

Section 4. (A) The certifications required in 2005 by section 924
3317.016 of the Revised Code, as enacted by this act, shall be 925
made on June 1, 2005, or the earliest day thereafter permitted by 926
law. 927

(B) For the purposes of divisions (A)(5) and (6) of section 928
3317.016 of the Revised Code, as enacted by this act, "the taxable 929
value of such property so certified in the preceding calendar 930
year" means, in the case of division (A)(5) of that section, the 931
taxable value of Class I carryover property for tax year 2003, 932
and, in the case of division (A)(6) of that section, the taxable 933
value of Class II carryover for tax year 2003. The Tax 934
Commissioner shall include each such taxable value in the 935
certification required by division (B)(2) of that section in 2005. 936

(C) For the purposes of the computation of a school 937
district's charge-off amount for fiscal year 2006, the preceding 938
year's charge-off amount is the product obtained by multiplying 939
twenty-three thousandths by the recognized valuation of the 940
district for fiscal year 2005, as computed under section 3317.022 941
of the Revised Code as that section existed prior to July 1, 2005. 942