

## The bill

For FY 2020 and FY 2021 only, the bill enacts a temporary payment similar to the “028” adjustment but with some modifications. To be eligible for an adjustment in FY 2020, a traditional or joint vocational school district must have at least one power plant located within its territory and the district’s PUTPP value must have decreased by more than 10% between at least one of the following three time periods: (1) TY 2017 to TY 2019, (2) TY 2018 to TY 2019, or (3) TY 2017 to TY 2018. The eligibility criteria in FY 2021 generally is the same, except that the decrease in PUTPP value must have occurred from either (1) TY 2017 to TY 2020, or (2) TY 2019 to TY 2020.

Instead of a year-over-year comparison in local property taxes, the bill’s FY 2020 and FY 2021 payment calculations compare TY 2019 and TY 2020 local property taxes, respectively, to TY 2017. For both fiscal years, an eligible district’s FY 2019 foundation aid is recomputed using the preceding tax year’s total taxable value. For example, the bill’s FY 2020 payment calculation recomputes an eligible district’s FY 2019 foundation aid using TY 2019 total taxable value. In this case, the payment is the greater of (1) the lesser of (a) the positive difference between the district’s FY 2019 foundation funding prior to recomputation and the district’s FY 2019 recomputed foundation funding and (b) the absolute value of the change in the district’s local property taxes between TY 2017 and TY 2019 and (2) 50% of (1)(b). Essentially, (2) ensures that a district receives a payment of at least 50% of the change in local property taxes in an effort to assist a school district that is eligible but would otherwise receive little or nothing under the calculation in (1) because it was on the foundation formula’s guarantee in FY 2019.

The bill will increase GRF expenditures by \$3.5 million in FY 2020 to make recomputation payments to eight school districts, including one JVSD. Fiscal year 2021 payments will depend on PUTPP values and local property taxes for TY 2020, which are not yet known. Table 1 below lists the districts projected to receive funding under the bill’s recomputation payment and their estimated payment for FY 2020. The estimated payment amounts are based on actual TY 2019 property values and local property taxes published by the Ohio Department of Taxation.

Table 1. Estimated Recomputation Payment, FY 2020		
County	District	Estimated Payment
Adams	Manchester Local	\$1,318,835
Lake	Perry Local	\$1,055,667
Gallia	Gallia County Local	\$402,650
Clermont	New Richmond Exempted Village	\$388,487
Clermont	Felicity-Franklin Local	\$137,864
Coshocton	River View Local	\$117,665
Clermont	US Grant JVSD	\$73,976

Table 1. Estimated Recomputation Payment, FY 2020		
County	District	Estimated Payment
Meigs	Southern Local	\$623
<b>Total</b>		<b>\$3,495,765</b>

The bill also provides a payment reimbursing school districts for amounts deducted from foundation aid due to the “028” adjustment for FY 2018 (that this, due to changes in PUTPP value between TY 2016 and TY 2017). Just as districts whose PUTPP value substantially decreases are eligible for payments, former law also required the foundation aid recomputation for districts whose PUTPP values increased substantially, which may have resulted in deductions of foundation aid. As a result of provisions in H.B. 166, districts are no longer subject to deductions beginning with the “028” adjustment for FY 2019. The bill’s one-time reimbursement payment will provide three additional districts with about \$545,000. Table 2 below lists the districts slated to receive funding from this reimbursement.

Table 2. Proposed “028” Adjustment Reimbursement		
County	District	“028” Adjustment Reimbursement
Clermont	Felicity-Franklin Local	\$400,266
Trumbull	Weathersfield Local	\$144,811
Mahoning	Lowellville Local	\$189
<b>Total</b>		<b>\$545,266</b>

The bill supports the additional payments by modifying the permissible uses of an earmark of GRF line item 200550, Foundation Funding, without increasing line item 200550’s appropriations. Specifically, the bill permits the additional payments to be made from an earmark of \$7.0 million in each fiscal year currently allocated for payments to assist school districts that faced substantially lower local revenues due to nuclear power plant devaluation. In practice, this provision only affects the Benton-Carroll-Salem Local School District in Ottawa County. The Ohio Department of Education (ODE) anticipates the payments to the district to be far less than the earmarked amount, at about \$158,000 in FY 2020 and \$0 in FY 2021.<sup>1</sup> Thus, the remaining amounts earmarked appear to be sufficient to fund the payments required by the bill.

<sup>1</sup> If ODE reflects the executive-ordered reduction to the district’s foundation aid in the payment calculations, the district’s FY 2020 payment would increase to about \$518,000.