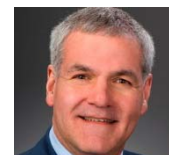


Wealth-based School Funding Components

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The concept of wealth-based revenue distribution is a common theme in the executive budget school funding formula and specifically the Targeted Resource Funding. Two measurements of wealth are in the form of per pupil valuation and per pupil income (from the district's Federal Adjusted Gross Income compiled from state income tax returns). The following table demonstrates the concept of using both local property valuation and local federal adjusted income.



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All Numbers are Estimates, not Actual, for Concept Purposes, Final Data not Available					
Column A	Column B	Column C	Column D	Column E	
3 Year Avg. Property Valuation Per Pupil	3 Year Avg. Federal Adjusted Gross Income Per Pupil	3 Year Avg. Income Adjusted Valuation Per Pupil (Col A + Col B)/2	Approximate State-wide Income Adjusted Valuation Per Pupil (For Targeted Funding)	District Valuation (Below) State Target	
Trimble Local SD	\$ 48,659	\$ 70,825	\$ 59,742	\$ 176,323	\$ 116,581
Garfield Heights City SD	\$ 101,221	\$ 110,284	\$ 105,753	\$ 176,323	\$ 70,570
Mogadore Local SD	\$ 123,740	\$ 128,133	\$ 125,936	\$ 176,323	\$ 50,387
Cincinnati City SD	\$ 147,774	\$ 170,796	\$ 159,285	\$ 176,323	\$ 17,038

In column A, the district's total property valuation for 2009, 2010, and 2011, is divided by the number of 2014 funded students to develop a three-year average. Using this single focused measurement the Trimble district is a distant fourth in terms of local property wealth per pupil and the other districts are considered wealthier.

In column B, the districts' respective total reported 2008, 2009, and 2010 federal adjusted gross income (FAGI) is divided by the number of 2014 funded students. Using this measurement, again Trimble is a distant fourth, but in this case Cincinnati separates itself from the other districts. Using FAGI, the Cincinnati district reflects more reported income divided by the number of students and this measurement indicates Cincinnati as the wealthier district.

In column C, each district's adjusted wealth per pupil is determined with equal weights on the Property and FAGI per pupil ratios. Cincinnati emerges as the wealthiest district and each of the districts gain in adjusted valuation relative to property valuation (Column A) alone as a result of their FAGI factor.



How is the adjusted wealth per pupil used? This ratio will determine the number of state equalized mills above the executive budget's 20-mill core basis. The executive budget provides for the poorest schools to receive up to 15 targeted resource mills and the wealthiest districts to receive just five targeted resource mills (those districts above the 80th percentile in terms of adjusted per pupil wealth will not receive any extra funding from this provision).

In Column D, for illustration purposes only, PFR has calculated this Adjusted Per Pupil Valuation to be \$176,323 per pupil. If a district's adjusted per pupil valuation is less than \$176,323 then the district will receive additional funding from the Targeted Resource Component. The district's adjusted per pupil valuation for funding calculation is presented in column E.

An example of the allocation of Targeted Resource Funding is demonstrated in the table below:

All Data Estimated Not Actual		
	Column F	Column G
	Approximate Millage from District's State-wide Ranking of Adjusted Valuation Per Pupil	Targeted Resource Funding Per Pupil (Column E x Column F Millage Tax Rate)
Trimble Local SD	14.40	\$ 1,679
Garfield Heights City SD	8.14	\$ 574
Mogadore Local SD	6.54	\$ 330
Cincinnati City SD	5.44	\$ 93

In this example, the Trimble district is expected to receive the most Targeted Resource Funding per pupil because it is the lowest wealth of the four districts presented. The above data is intended only to explain the concept and is not being represented as the final basis used for calculations in the executive budget. Concepts such as three-year averaging of the wealth based calculations and the actual datasets used in the executive budget have not yet been presented.

As the process unfolds there will be many questions asked about the consequences of the executive budget funding formula. In addition to the targeting of resources by way of add-on millage, the executive budget also relies upon student economic disadvantage as an indicator for additional funds. The concept of poverty assistance will be discussed in a subsequent article.



If you have questions about the concepts explained in this article please don't hesitate to contact me.

PFR's goal is to be a resource to and will keep you apprised as more details become available on the executive budget become available. If you have any questions about these concepts, please feel free to contact us at:

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