

ADM Update

A Report of the Legislative Service Commission February 2006

Highlights of the average daily membership (ADM) movement, FY 2006:

- School districts receive two payments a month from the state for a total of 24 regular payments during a given fiscal year. A final year-end adjustment is often made sometime in the middle of the following fiscal year.
- FY 2006 ADM was used for the first time in the December #1 payment to compute FY 2006 state aid for school districts. The payments in the first months of the fiscal year were based on projected ADM. Based on the experience of prior years, final ADM for FY 2006 will be higher than that used in the December #1 payment (See Table 2).
- The formula ADM increased by 14,254 from the December #1 payment to the most current payment (February #2). The weighted ADM increased by 13,140 during the same period.¹
- The formula ADM and the weighted ADM used in the February #2 payment are 19,020, and 2,313, respectively, lower than the estimates used to make appropriations in H.B. 66.
- While increasing or decreasing the formula ADM by one student generally will increase or decrease state aid by the full base cost formula amount (\$5,283 in FY 2006) with the cost-of-doing-business-factor adjustment, increasing or decreasing the weighted ADM by one student, on average, will increase or decrease state aid by 50% of the base cost formula amount. The net effect of the ADM change on state aid, however, is affected by the various guarantee provisions in the formula.²

Highlights of historical ADM movement trends, FY 2003-FY 2005:

- In FY 2005, the formula ADM increased by 6,897 from the first payment in which the current year ADM was used (January #1) to the last regular payment made in June (June #2) and by 4,213 from the January #1 payment to the final year-end adjustment made in January 2006. The weighted ADM increased by 13,558 and 13,927, respectively.
- In FY 2004, the formula ADM increased by 13,288 from the first payment in which the current year ADM was used (January #2) to the last regular payment made in June (June #2) and by 15,191 from the January #2 payment to the final payment. The weighted ADM increased by 18,247 and 18,452, respectively.
- In FY 2003, the formula ADM increased by 11,164 from the first payment in which the current year ADM was used (January #2) to the last regular payment made in June (June #2) and by 13,768 from the January #2 payment to the final payment. The weighted ADM increased by 13,905 and 13,715, respectively.

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¹ In addition to being included in the base cost formula ADM, special and career-technical education students are assigned additional weights to account for higher costs of providing needed services to those students.

² For further details of the school funding formula, please see the LSC Final Analysis and Redbook for the Department of Education, which can be accessed at www.lsc.state.oh.us under Budget Documents.

Table 1: Update on the Average Daily Membership (ADM) Movement, FY 2006

FY 2006	ADM Used for Computing Payment			Change in ADM		
	H.B. 66 Conference Committee Estimates	First Payment Current Year ADM is Used ¹	February #2 Payment	H.B. 66 Estimates to First Payment	H.B. 66 Estimates to February #2 Payment	First Payment to February #2 Payment
Formula ADM	1,763,746	1,730,472	1,744,726	(33,274)	(19,020)	14,254
Weighted ADM ²						
Special Education Weights	162,658	156,434	165,834	(6,224)	3,176	9,400
Career-Technical Education Weights	40,071	30,841	34,582	(9,230)	(5,489)	3,741
Total Weighted ADM	202,729	187,275	200,416	(15,454)	(2,313)	13,140
Total Weighted ADM @ 50% ³	101,365	93,638	100,208	(7,727)	(1,157)	6,570
Formula ADM plus Total Weighted ADM @ 50%	1,865,110	1,824,109	1,844,934	(41,001)	(20,177)	20,824
Base Cost Charge-off (Local Contribution) ⁴						
Charge-off Valuation	\$231,063,620,744	\$231,018,917,555	\$231,018,917,555	\$ (44,703,189)	\$ (44,703,189)	\$ -
Charge-off Amount @ 23 Mills	\$ 5,314,463,277	\$ 5,313,435,104	\$ 5,313,435,104	\$ (1,028,173)	\$ (1,028,173)	\$ -

Notes:

1. FY 2006 ADM is used for the first time in the December #1 payment to compute FY 2006 state aid for school districts.
2. With the combination of state aid and the required local contribution (which is set at a uniform 23-mill property tax levy), the school funding formula provides a uniform base cost formula amount (\$5,283 in FY 2006) to all students with the cost-of-doing-business-factor adjustment. Special and career-technical education students are assigned additional weights to account for the higher costs of providing needed services to those students. The weighted ADM is derived by multiplying special and career-technical education formula ADMs by their respective weights.
3. While increasing or decreasing formula ADM by one student generally will increase or decrease state aid by the full base cost formula amount (\$5,283 in FY 2006) with the cost-of-doing-business-factor adjustment, increasing or decreasing weighted ADM by one student will, on average, increase or decrease state aid by 50% of the base cost formula amount. The net effect of an ADM change on state aid, however, is affected by various guarantee provisions in the formula.
4. The variance in the actual base cost local contribution and the estimated base cost local contribution is about \$1.0 million (0.02%).

Table 2: Historical Trends of the Average Daily Membership (ADM) Movement, FY 2003-FY 2005

FY	ADM Used for Computing Payment			Change in ADM		
	First Payment Current Year ADM is Used ¹	June #2 ²	Final ³	First Payment to June #2	First Payment to Final	June #2 to Final
FY 2005						
Formula ADM	1,747,660	1,754,557	1,751,874	6,897	4,213	(2,684)
Weighted ADM						
Special Education Weights	153,522	157,770	158,443	4,248	4,921	673
Career-Technical Education Weights	29,594	38,904	38,601	9,310	9,007	(303)
Total Weighted ADM	183,117	196,674	197,044	13,558	13,927	370
Total Weighted ADM @ 50%	91,558	98,337	98,522	6,779	6,964	185
FY 2005 Formula ADM plus Total Weighted ADM @ 50%	1,839,219	1,852,894	1,850,396	13,676	11,177	(2,499)
FY 2004						
Formula ADM	1,740,853	1,754,141	1,756,044	13,288	15,191	1,903
Weighted ADM						
Special Education Weights	139,833	147,973	148,145	8,140	8,311	172
Career-Technical Education Weights	26,844	36,951	36,985	10,107	10,141	34
Total Weighted ADM	166,677	184,924	185,130	18,247	18,452	206
Total Weighted ADM @ 50%	83,339	92,462	92,565	9,123	9,226	103
FY 2004 Formula ADM plus Total Weighted ADM @ 50%	1,824,191	1,846,603	1,848,609	22,412	24,417	2,006
FY 2003						
Formula ADM	1,737,180	1,748,344	1,750,948	11,164	13,768	2,604
Weighted ADM						
Special Education Weights	135,084	138,181	137,889	3,097	2,806	(292)
Career-Technical Education Weights	24,323	35,130	35,232	10,807	10,909	102
Total Weighted ADM	159,406	173,311	173,121	13,905	13,715	(189)
Total Weighted ADM @ 50%	79,703	86,655	86,561	6,952	6,858	(95)
FY 2003 Formula ADM plus Total Weighted ADM @ 50%	1,816,883	1,834,999	1,837,508	18,116	20,625	2,509

Notes:

1. The current year ADM was used for the first time in the January #1 payment for FY 2005 and in the January #2 payment for both FYs 2004 and 2003.
2. The June #2 payment is the last regular payment made in a given fiscal year.
3. The final payment for a given fiscal year is often made sometime in the middle of the following fiscal year. ODE made a year-end adjustment for FY 2005 in January 2006.