

# ADM Update

## A Report of the Legislative Service Commission June 2007

### Highlights of the average daily membership (ADM) movement, FY 2007:

- 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.
- Beginning in FY 2007, H.B. 66 requires two ADM counts each fiscal year, one in October and one in February. Final ADM will be 75% of the October ADM plus 25% of the February ADM.
- FY 2007 October ADM and February ADM were used for the first time in the December #1 and April #1 payments, respectively, to compute FY 2007 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 2007 will be higher than that used in the December #1 payment (See Table 2).
- The formula ADM increased by 14,957 from the December #1 payment to the most current payment (June #2). The weighted ADM increased by 10,448 during the same period.<sup>1</sup>
- The formula ADM and the weighted ADM used in the June #2 payment are 40,144 lower, and 2,463 higher, respectively, 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 (\$5,403 in FY 2007) 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.<sup>2</sup>

### Highlights of historical ADM movement trends, FY 2004-FY 2006:

- In FY 2006, the formula ADM increased by 17,989 from the first payment in which the current year ADM was used (December #1) to the last regular payment made in June (June #2) and by 17,690 from the December #1 payment to the final year-end adjustment made in April 2007. The weighted ADM increased by 18,680 and 18,469, respectively.
- 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 4,369 from the January #1 payment to the final payment. The weighted ADM increased by 13,558 and 14,472, 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.

**For questions concerning ADM, contact:  
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<sup>1</sup> 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.

<sup>2</sup> For further details of the school funding formula, please see the LSC School Funding Resources, which can be accessed at [www.lsc.state.oh.us](http://www.lsc.state.oh.us) under Publications – Periodicals.

**Table 1: Update on the Average Daily Membership (ADM) Movement, FY 2007**

FY 2007	ADM Used for Computing Payment			Change in ADM		
	H.B. 66 Conference Committee Estimates	First Payment Current Year ADM is Used <sup>1</sup>	June #2 Payment	H.B. 66 Estimates to First Payment	H.B. 66 Estimates to June #2 Payment	First Payment to June #2 Payment
Formula ADM	1,773,140	1,718,039	1,732,996	(55,102)	(40,144)	14,957
Weighted ADM <sup>2</sup>						
Special Education Weights	167,537	166,237	175,010	(1,300)	7,473	8,773
Career-Technical Education Weights	41,273	34,588	36,263	(6,685)	(5,010)	1,675
Total Weighted ADM	208,811	200,826	211,274	(7,985)	2,463	10,448
Total Weighted ADM @ 50% <sup>3</sup>	104,405	100,413	105,637	(3,992)	1,232	5,224
<b>Formula ADM plus Total Weighted ADM @ 50%</b>	<b>1,877,546</b>	<b>1,818,451</b>	<b>1,838,633</b>	<b>(59,094)</b>	<b>(38,913)</b>	<b>20,181</b>
Base Cost Charge-off (Local Contribution) <sup>4</sup>						
Charge-off Valuation	\$241,661,468,257	\$241,399,329,900	\$241,399,329,900	\$262,138,357	\$ (262,138,357)	\$ -
Charge-off Amount @ 23 Mills	\$ 5,558,213,770	\$ 5,552,184,588	\$ 5,552,184,588	\$ (6,029,182)	\$ (6,029,182)	\$ -

Notes:

1. FY 2007 October ADM is used for the first time in the December #1 payment to compute FY 2007 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 (\$5,403 in FY 2007) 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 (\$5,403 in FY 2007) 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 \$6.0 million (0.1%).

**Table 2: Historical Trends of the Average Daily Membership (ADM) Movement, FY 2004-FY 2006**

FY	ADM Used for Computing Payment			Change in ADM		
	First Payment Current Year ADM is Used <sup>1</sup>	June #2 <sup>2</sup>	Final <sup>3</sup>	First Payment to June #2	First Payment to Final	June #2 to Final
<b>FY 2006</b>						
Formula ADM	1,730,472	1,748,461	1,748,162	17,989	17,690	(299)
Weighted ADM						
Special Education Weights	156,434	167,878	167,812	11,444	11,378	(66)
Career-Technical Education Weights	30,841	38,078	37,933	7,237	7,092	(145)
Total Weighted ADM	187,275	205,956	205,745	18,680	18,469	(211)
Total Weighted ADM @ 50%	93,638	102,978	102,872	9,340	9,235	(105)
<b>FY 2006 Formula ADM plus Total Weighted ADM @ 50%</b>	<b>1,824,109</b>	<b>1,851,439</b>	<b>1,851,034</b>	<b>27,329</b>	<b>26,925</b>	<b>(405)</b>
<b>FY 2005</b>						
Formula ADM	1,747,660	1,754,557	1,752,030	6,897	4,369	(2,528)
Weighted ADM						
Special Education Weights	153,522	157,770	158,987	4,248	5,465	1,217
Career-Technical Education Weights	29,594	38,904	38,601	9,310	9,007	(303)
Total Weighted ADM	183,117	196,674	197,588	13,558	14,472	914
Total Weighted ADM @ 50%	91,558	98,337	98,794	6,779	7,236	457
<b>FY 2005 Formula ADM plus Total Weighted ADM @ 50%</b>	<b>1,839,219</b>	<b>1,852,894</b>	<b>1,850,824</b>	<b>13,676</b>	<b>11,605</b>	<b>(2,071)</b>
<b>FY 2004</b>						
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
<b>FY 2004 Formula ADM plus Total Weighted ADM @ 50%</b>	<b>1,824,191</b>	<b>1,846,603</b>	<b>1,848,609</b>	<b>22,412</b>	<b>24,417</b>	<b>2,006</b>

Notes:

1. The current year ADM was used for the first time in the December #1 payment for FY 2006, the January #1 payment for FY 2005, and the January #2 payment for FY 2004.
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 year-end adjustments for FY 2006 in September 2006, February 2007, and April 2007.