

ADM Update

A Report of the Legislative Service Commission January 2008

Highlights of the average daily membership (ADM) movement, FY 2008:

- 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 is 75% of the October ADM plus 25% of the February ADM.
- FY 2008 October ADM was used for the first time in the December #1 payment to compute FY 2008 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 2008 will be higher than that used in the December #1 payment (See Table 2).
- The formula ADM increased by 18,047 from the December #1 payment to the most current payment (January #2). The weighted ADM increased by 13,139 during the same period.¹
- The formula ADM and the weighted ADM used in the January #2 payment are 21,165 and 10,017, respectively, lower than the estimates used to make appropriations in H.B. 119.
- While increasing or decreasing the formula ADM by one student generally will increase or decrease state aid by the full base cost formula amount (\$5,565 in FY 2008), 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 transitional aid (more commonly known as the guarantee).²

Highlights of historical ADM movement trends, FY 2005-FY 2007:

- In FY 2007, the formula ADM increased by 14,957 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 15,392 from the December #1 payment to the final year-end adjustment made in November 2007. The weighted ADM increased by 10,448 and 10,884, respectively.
- 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 payment. 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.

**For questions concerning ADM, contact:
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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 2008

FY 2008	ADM Used for Computing Payment			Change in ADM		
	H.B. 119 Conference Committee Estimates	First Payment Current Year ADM is Used ¹	January #2 Payment	H.B. 119 Estimates to First Payment	H.B. 119 Estimates to January #2 Payment	First Payment to January #2 Payment
Formula ADM	1,747,875	1,708,663	1,726,710	(39,212)	(21,165)	18,047
Weighted ADM ²						
Special Education Weights	180,267	169,161	177,000	(11,107)	(3,267)	7,839
Career-Technical Education Weights	39,071	27,022	32,322	(12,049)	(6,749)	5,299
Total Weighted ADM	219,339	196,183	209,322	(23,155)	(10,017)	13,139
Total Weighted ADM @ 50% ³	109,669	98,092	104,661	(11,578)	(5,008)	6,569
Formula ADM plus Total Weighted ADM @ 50%	1,857,544	1,806,755	1,831,371	(50,789)	(26,173)	24,616
Base Cost Charge-off (Local Contribution) ⁴						
Charge-off Valuation	\$247,262,903,849	\$247,292,376,882	\$247,292,376,882	\$29,473,033	\$29,473,033	\$ -
Charge-off Amount @ 23 Mills	\$ 5,687,046,789	\$ 5,687,724,668	\$ 5,687,724,668	\$ 677,880	\$ 677,880	\$ -

Notes:

1. FY 2008 October ADM is used for the first time in the December #1 payment to compute FY 2008 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 (\$5,565 in FY 2008) to all students. 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 (\$5,565 in FY 2008), 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 transitional aid.
4. The variance in the actual base cost local contribution and the estimated base cost local contribution is about \$0.7 million (0.01%).

Table 2: Historical Trends of the Average Daily Membership (ADM) Movement, FY 2005-FY 2007

	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 2007						
Formula ADM	1,718,039	1,732,996	1,733,431	14,957	15,392	435
Weighted ADM						
Special Education Weights	166,237	175,010	175,550	8,773	9,313	540
Career-Technical Education Weights	34,588	36,263	36,160	1,675	1,572	(104)
Total Weighted ADM	200,826	211,274	211,710	10,448	10,884	436
Total Weighted ADM @ 50%	100,413	105,637	105,855	5,224	5,442	218
FY 2007 Formula ADM plus Total Weighted ADM @ 50%	1,818,451	1,838,633	1,839,286	20,181	20,834	653
FY 2006						
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)
FY 2006 Formula ADM plus Total Weighted ADM @ 50%	1,824,109	1,851,439	1,851,034	27,329	26,925	(405)
FY 2005						
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
FY 2005 Formula ADM plus Total Weighted ADM @ 50%	1,839,219	1,852,894	1,850,824	13,676	11,605	(2,071)

Notes:

1. The current year ADM was used for the first time in the December #1 payment for FY 2007 and FY 2006 and the January #1 payment for FY 2005.
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 2007 in October and November 2007.