ADM UPDATE

A Report of the Legislative Service Commission

May 2009

Highlights of the average daily membership (ADM) movement, FY 2009:

- 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, two ADM counts are made each fiscal year – one in October and one in February. Final ADM is 75% of the October ADM plus 25% of the February ADM. The February ADM count is generally lower than the October ADM count.
- The appropriations in H.B. 119 as well as the payments in the first part of each fiscal year are based on projected ADM. Since FY 2006, the current year October ADM count has been used to compute state aid for school districts for the first time in the December #1 payment. However, this count is not finalized at that time. Generally, the final October ADM count is higher than that used in the December #1 payment.
- Although the February ADM count is generally lower than the October ADM count, the experience of FY 2007 and FY 2008 indicates that the final ADM for FY 2009 will be higher than that used in the December #1 payment (see Table 2).
- In FY 2009, the formula ADM increased by 16,457 from the December #1 payment to the May #2 payment (see Table 1). The weighted ADM increased by 8,558 during the same period.[1]
- The formula ADM used in the May #2 payment is 33,216 lower and the weighted ADM is 255 higher than the estimates used to make appropriations in H.B. 119.
- Increasing or decreasing the formula ADM by one student generally increases or decreases state base cost funding by the full base cost formula amount ($5,732 in FY 2009). Increasing or decreasing the weighted ADM by one student increases or decreases weighted funding, on average, by 50% of the base cost formula amount. The net effect of the ADM change on state aid, however, is decreased by transitional aid (also known as the guarantee).[2]

Highlights of historical ADM movement trends, FY 2006-FY 2008:

- In FY 2008, the formula ADM increased by 17,832 from the December #1 payment to the last regular payment made in June (June #2) and by 18,200 from the December #1 payment to the final year-end adjustment made in April 2009. The weighted ADM increased by 21,372 and 21,487, respectively.
- In FY 2007, the formula ADM increased by 14,957 from the December #1 payment to the last regular payment made in June (June #2) and by 15,392 from the December #1 payment to the final payment. The weighted ADM increased by 10,448 and 10,884, respectively.
- In FY 2006, the formula ADM increased by 17,989 from the December #1 payment 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.

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 school funding resources: "Complete School Funding Resource" and "Illustrations of School Funding," which can be accessed at www.lsc.state.oh.us under Publications → Periodicals → School Funding Resources.

Table 1: Update on the Average Daily Membership (ADM) Movement, FY 2009

	ADM Used for Computing Payment			Change in ADM		
FY 2009	H.B. 119 Conference Committee Estimates	First Payment Current Year ADM is Used[1]	May #2 Payment	H.B. 119 Estimates to First Payment	H.B. 119 Estimates to May #2 Payment	First Payment to May #2 Payment
Formula ADM	1,751,616	1,701,943	1,718,400	(49,673)	(33,216)	16,457
Weighted ADM[2]						
Special Education Weights	185,675	181,033	188,268	(4,643)	2,593	7,235
Career-Technical Education Weights	38,055	34,395	35,717	(3,660)	(2,338)	1,323
Total Weighted ADM	223,730	215,428	223,985	(8,303)	255	8,558
Total Weighted ADM @ 50%[3]	111,865	107,714	111,993	(4,151)	127	4,279
Formula ADM plus Total Weighted ADM @ 50%	**1,863,481**	**1,809,657**	**1,830,393**	**(53,824)**	**(33,089)**	**20,736**
Base Cost Charge-off (Local Contribution)[4]						
Charge-off Valuation	$ 253,266,838,848	$ 251,457,185,303	$ 251,457,185,303	$ (1,809,653,545)	$ (1,809,653,545)	$ -
Charge-off Amount @ 23 Mills	$ 5,825,137,294	$ 5,783,515,262	$ 5,783,515,262	$ (41,622,032)	$ (41,622,032)	$ -

Notes:
1. FY 2009 October ADM is used for the first time in the December #1 payment to compute FY 2009 state aid for school districts.
2. With the combination of state aid and the required local contribution (which is set at a uniform 23-mills of property value), the school funding formula provides a uniform base cost formula amount ($5,732 in FY 2009) 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 ($5,732 in FY 2009), 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 decreased by transitional aid.
4. The variance in the actual base cost local contribution and the estimated base cost local contribution is about $41.6 million (0.7%) in FY 2009.

Table 2: Historical Trends of the Average Daily Membership (ADM) Movement, FY 2006-FY 2008

	ADM Used for Computing Payment			Change in ADM		
	December #1[1]	June #2[2]	Final[3]	First Payment to June #2	First Payment to Final	June #2 to Final
FY 2008						
Formula ADM	1,708,663	1,726,496	1,726,863	17,832	18,200	367
Weighted ADM						
Special Education Weights	169,161	181,321	181,506	12,161	12,345	184
Career-Technical Education Weights	27,022	36,234	36,164	9,211	9,142	(69)
Total Weighted ADM	196,183	217,555	217,670	21,372	21,487	115
Total Weighted ADM @ 50%	98,092	108,777	108,835	10,686	10,743	57
FY 2008 Formula ADM plus Total Weighted ADM @ 50%	**1,806,755**	**1,835,273**	**1,835,698**	**28,518**	**28,943**	**425**
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)**

Notes:
1. The current year October ADM count was used for the first time in the December #1 payment.
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 FY2008 in July, August, and November 2008 and in April 2009.