



Members Brief

An informational brief prepared by the LSC staff for members and staff of the Ohio General Assembly

Author: Dan Redmond, Budget Analyst
Reviewer: Jason Phillips, Division Chief

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Joint Vocational School District Funding

Joint vocational school districts (JVSDs) are legal entities that provide career-technical education programs. JVSDs partner with associate school districts that may send students to their schools. There are 49 JVSDs in Ohio, educating approximately 2.4% of total public school students. JVSDs are funded with a formula that is similar to the formula for traditional districts. For FY 2019, funding to JVSDs totaled \$306.6 million.

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All school districts are required to provide career-technical education (CTE) for their students in grades 7-12.¹ Districts may do this through one of three ways: establishing their own program (referred to as a comprehensive district), contracting for the services (referred to as a compact), or becoming a member of a joint vocational school district (JVSD). The Ohio Department of Education has organized the provision of CTE throughout the state based on career-technical planning districts (CTPD), each with a “lead district” to coordinate the

¹ R.C. 3313.90, <http://codes.ohio.gov/orc/3313.90>.

career-technical services.² There are 92 CTPDs across the state. Ohio's 49 JVSDs represent the majority (53%) of CTPDs.

Statewide, formula average daily membership (ADM), the student count used for funding purposes, for JVSDs totaled 40,043 full-time equivalent (FTE) students in FY 2019,³ about 2.4% of total public school students. JVSDs typically educate students for the last two years of their high school careers.

Funding overview

JVSDs combine the territory of their associate traditional school districts. Like a traditional school district, a JVSD has taxing authority. Levies must be approved by a majority of voters in the JVSD's territory and the same JVSD millage rate applies to all associate districts within a JVSD. A JVSD's ability to raise local revenues is also partly dependent on its property value. Since JVSDs are larger and they educate fewer students than traditional districts, their values per pupil are much higher and their average property tax rates are much lower than those of traditional districts. JVSDs receive state operating funding through a separate formula similar to that used to fund traditional school districts.⁴ Similar to the traditional district foundation formula, the current formula for JVSDs was first established for FY 2014. Under the current formula, JVSDs receive an opportunity grant, CTE funds, additional special education aid, economically disadvantaged funds, English learner funds, and the graduation bonus. There are two main differences between the formulas for traditional school districts and JVSDs: the calculation of the opportunity grant and the calculation of the percentage used to distribute the state's share of funding. Each component of the JVSD formula is described in more detail below.

Opportunity grant

The formula uses a base cost approach to calculate each JVSD's opportunity grant. This approach establishes a base cost by multiplying the same per-pupil formula amount used for traditional school districts (\$6,020 for FY 2019) by the JVSD's student count (referred to as "formula ADM." The local share of this cost is calculated by multiplying a uniform charge-off rate of ½ mill (0.0005) by the JVSD's three-year average taxable property value. The state share of the opportunity grant is the base cost minus the local share. However, the formula specifies that no JVSD's opportunity grant may be less than 5% of the formula amount times the district's student count. In effect, this provision sets a floor of 5% for the state share percentage. In FY 2019, three JVSDs had state share percentages at the 5% floor. Statewide, the opportunity grant for JVSDs totaled approximately \$158.0 million before the formula's cap and guarantee provisions, and \$150.9 million after their application.

² R.C. 3317.023(A)(1) and (2) <http://codes.ohio.gov/orc/3317.023>.

³ H.B. 166, the operating budget for the 133rd General Assembly, suspended the main foundation aid and pupil transportation formulas for FY 2020 and FY 2021 and, instead, provided each district (traditional and joint vocational) with the same allocations received in FY 2019.

⁴ For additional information on the foundation formula for traditional school districts, please refer to the series of other foundation formula *Members Briefs* on the LSC website or the LSC School Funding Complete Resource.

JVSD Opportunity Grant

Base cost = formula amount x formula ADM

Local share = three-year average value x charge-off rate

Charge-off rate = ½ mill (0.0005)

If (base cost - local share) ≥ base cost x 0.05;
Opportunity grant = base cost - local share

If (base cost - local share) < base cost x 0.05;
Opportunity grant = base cost x 0.05

State share percentage

In order to determine the state's share of the cost for career-technical education funds, special education additional aid, English learner funds, and the graduation

State share % = opportunity grant / base cost

bonus for JVSDs, the formula calculates a state share percentage for each JVSD by dividing the district's opportunity grant by its base cost. The resulting figure is multiplied by the calculated cost for each of the above components. The state share percentage is recalculated each year of the biennium. JVSD state share percentages in FY 2019 ranged from the 5% floor to 90.5%. The statewide weighted average was 65.5% and the statewide median was 69.1%.

Categorical components

Like traditional school districts, the current JVSD funding formula includes categorical add-ons that address the needs of students receiving special education services, career-technical education services, and students who are economically disadvantaged or English learners. There is also a graduation bonus. The amount for these add-ons is determined for JVSDs similar to the way it is determined for traditional school districts. For example, the same per-pupil amounts are used for each component (see the [Categorical Add-On Aid to Ohio Schools Members Brief](#) for more information). However, each JVSD's state share percentage (rather than the state share index) is used to equalize its state funding for career-technical education funds, special education additional aid, limited English proficiency (LEP) funds, and the graduation bonus. Economically disadvantaged funds are not subject to the state share percentage. These add-on components are summarized below.

In general, CTE, special education, and English learner categorical funds are each calculated as follows:

[Sum of (category student count x category per-pupil amount)] x state share percentage

Career-technical education funds

Across all five CTE categories, career-technical FTEs at JVSDs statewide amounted to 33,361 in FY 2019, with \$81.8 million in funding. The graphic above shows the calculation of this

funding, which multiplies category FTE by each category per-pupil amount. Total funding results from the sum of each categorical result multiplied by the state share percentage.

Similar to the traditional school districts formula, JVSDs receive CTE associated services funds. These are calculated in the same way, based on a per-pupil amount applied to the sum of a JVSD's career-technical education FTE in categories one through five and equalized based on the state share percentage. The amount calculated for CTE associated services funds for JVSD students was \$5.4 million in FY 2019.

Special education funds

Special education funds are calculated in a similar way to CTE funds. These funds are calculated by multiplying the ADM of each of the six special education categories by the respective per-pupil category amount, the results of which are equalized by the state share percentage and then summed. Across all special education categories, special education ADM at JVSDs statewide amounted to 8,893 in FY 2019, while funding totaled \$37.2 million.

English learner funds

As with the prior two add-on categories, English learner funds are calculated by multiplying the number of students in each of three English learner categories by the respective per-pupil category amount, the results of which are equalized by the state share percentage and then summed. Across all three categories, JVSDs educated about 170 students identified as English learners statewide in FY 2019. English learner funding for these students totaled approximately \$114,500.

Economically disadvantaged funds

Unlike the prior categorical add-ons, economically disadvantaged funds for JVSDs are not equalized by the state share percentage. In FY 2019, JVSDs educated 14,869 students identified as economically disadvantaged.

JVSD Economically Disadvantaged Funds

$$\frac{\text{Economically disadvantaged aid per pupil } (\$272) \times \text{economically disadvantaged index} \times \text{economically disadvantaged ADM}}{\text{economically disadvantaged ADM}}$$

The percentage of economically disadvantaged students ranged from 6.4% to 94.8%, with a statewide weighted average of 37.1%. The resulting economically disadvantaged index (calculated by squaring⁵ the result of a JVSD's economically disadvantaged percentage divided by the state average percentage) ranged from a low of just above zero to a high of about 6.5. Thus, the amount per economically disadvantaged pupil, in effect, ranged from \$8 (\$272 x 0.03) to \$1,771 (\$272 x 6.51). JVSD economically disadvantaged funds statewide totaled \$6.6 million in FY 2019.

⁵ Squaring the result targets more funds to JVSDs with higher concentrations of poverty.

Graduation bonus

JVSDs also receive the formula's graduation bonus. The bonus is calculated by multiplying the JVSD's graduation rate by a per-pupil amount equal to 7.5% of the formula amount (\$452 in FY 2019). The per-pupil amount is then multiplied by the number of the JVSD's students that received high school diplomas, and then by the JVSD's state share percentage. The number of graduates was 16,493 in FY 2018 and the resulting FY 2019 graduation bonus funds for JVSDs totaled \$4.5 million.

JVSD Graduation Bonus

Graduation bonus =
 graduation rate reported on most recent report card x 0.075 x formula amount x
 graduate count x state share percentage

Graduate count = number of JVSD's students who received high school diplomas as
 reported by the district to the Department of Education

Additional funding adjustments

Temporary transitional aid

JVSDs are provided temporary transitional aid like traditional school districts. In FY 2019, these funds generally guarantee a JVSD receives at least 100% of their FY 2017 state aid. However, this base is reduced for JVSDs with a 5% or higher decline in formula ADM between FY 2014 and FY 2016. The reduction is capped at 5% for districts whose formula ADM decreased 10% or higher. Nine (18.4%) JVSDs were guaranteed 95% of their FY 2017 state foundation aid because they lost 10% or more in enrollment while six (12.2%) were guaranteed a scaled amount between 95% and 100%. In FY 2019, temporary transitional aid totaling \$20.4 million was paid to 24 JVSDs.

CTE funds are outside temporary transitional aid, commonly referred to as "the guarantee."

Gain cap

Also like traditional school districts, JVSD foundation funding is generally subject to a gain cap of 3.0% in FY 2019 compared to the previous year's funding. However, additional growth is permitted for JVSDs whose formula ADM increased by more than 3.0% between FY 2014 and FY 2016. For these districts, the growth rate equals the percentage change in formula ADM between those years, up to a maximum of 6.0% in FY 2019. The maximum increase of 6.0% applies to ten (20.4%) JVSDs. An additional six (12.2%) JVSDs were eligible for increases greater than 3.0% but less than the FY 2019 maximum, respectively.

CTE additional funds, CTE associated services funds, and the graduation bonus are exempt from the cap. Special education additional aid, while included in the cap calculations, is exempt from the cap unless the calculated amounts for the other components are insufficient to fully comply with the cap limitation. In FY 2019, it was not necessary to apply the gain cap to that component. The gain cap reduced FY 2019 funding to 12 (24.5%) JVSDs by a total of \$7.3 million.

CTE funds and the graduation bonus are exempt from the cap. Special education additional aid is generally exempt.

Final foundation aid

A JVSD’s final foundation aid in each fiscal year is the lesser of the district’s foundation aid subject to the gain cap or its gain cap plus the amounts computed for the district for the components exempt from the gain cap. In FY 2019, final foundation aid for JVSDs totaled \$306.6 million. The statewide weighted average funding per pupil was \$7,656.

Final Foundation Aid

$$\text{Final foundation aid for FY 2019} = (\text{The lesser of foundation funding subject to the gain cap or the gain cap}) + \text{CTE funds} + \text{graduation bonus}$$

The chart below illustrates the share of funding that each formula component represents of final foundation aid for JVSDs in FY 2019. As the chart shows, the opportunity grant is the largest component, at over 49%. CTE funds make up over 28% of JVSD funding. Other categorical components comprise about 16%. Transitional aid makes up the remaining 7% of funding.

JVSD Final Foundation Aid by Component (\$ in millions), FY 2019

