TWO METHODS TO CALCULATE REGULAR STATE FOUNDATION PAYMENTS

There are two approaches for determining the amount of regular state foundation payments distributed through the statement of settlement.

Percentage Method

Through this methodology, the payment amount is based on when the payment occurs in the fiscal year. There are 24 payments in each fiscal year and each payment reflects the passage of a certain portion of the fiscal year. For this methodology a ratio is calculated by dividing the payment number by 24. The percentage associated with the payment determines the payment amount.

Remaining Payments of the Year Method

Through this methodology, the payment amount is based on the remaining number of payments in the fiscal year. Whatever the payment balance is at the time of the payment, it is divided by the number of remaining payments in the fiscal year, and one installment of that is paid out.

Payment Calculation Examples

The two payment methods are used simultaneously, and usually the method selected is whichever generates the higher payment amount. Refer to the statement of settlement below.

Base Cost. The annual amount is $8,770,444.78. The year-to-date prior to payment as of the January #2 payment is $4,750,906.97. Using the percentage method, January #2 as the 14th payment of the year gives a payment ratio of 14/24 or 0.5833. So, the district should have received 58.33% of the annual amount as of that point in time, which would be $5,115,800.44. The district has already received $4,750,906.97, so considering the difference between the amount paid and the amount that should have been paid by this payment ($364,893.47), the district would be brought up to date.

Remaining Payments of the Year Method. This method generates a payment of $365,412.53 by dividing the balance by the number of remaining payments ($4,019,537.81 / 11), which is clearly more than what the Percentage Method yields. So, in this case the payment based on the Remaining Payments of the Year would be preferred.

Formula Transition Supplement. By contrast, the percentage approach generates the higher of the two amounts for the Formula Transition Supplement component. Through this methodology, the payment amount comes to $47,582.42 [($296,458.74 X 0.5833) - $125,341.96], which is more than what the Remaining Payments of the Year method would generate [$171,116.78 / 11 = $16,556.07].

Both methodologies calculate the same payment amounts at the end, but there are differences in what they yield at different points in time, making one preferable to the other depending on the point in time.

Statement of Settlement - Traditional School District
January #2 Payment

Description	Annual Amount	Year to Date Prior to Payment	Balance Prior to Payment	Bimonthly Payment
Base Cost	$8,770,444.78	$4,750,906.97	$4,019,537.81	$365,412.53
Base Cost - Student Wellness and Success	$450,749.63	$244,168.87	$206,580.76	$18,780.07
Targeted Assistance	$1,046,652.22	$864,222.35	$182,429.87	$16,584.53
Special Education	$966,244.50	$777,001.86	$189,242.64	$17,203.88
Disadvantaged Pupil Impact Aid (DPIA)	$156,084.63	$307,719.90	-$151,635.27	-$13,785.02
English Learners	$11,985.52	$27,798.12	-$15,812.60	-$1,437.51
Gifted	$164,349.93	$93,689.24	$70,660.69	$6,423.70
Career Technical Education	$30,108.75	$56,094.02	-$25,985.27	-$2,362.30
Temporary Transitional Aid Guarantee	$0.00	$0.00	$0.00	$0.00
Supplemental Targeted Assistance	$0.00	$0.00	$0.00	$0.00
Transportation	$744,584.56	$419,960.79	$324,623.77	$29,511.25
Formula Transition Supplement	$296,458.74	$125,341.96	$171,116.78	$47,582.42
Preschool Special Education	$297,544.30	$150,617.52	$146,926.78	$22,949.99
Special Education Transportation	$83,789.33	$26,028.54	$57,760.79	$22,848.57
Total State Support	**$13,018,996.89**	**$7,843,550.14**	**$5,175,446.75**	**$529,732.00**