

**TO: Indiana State Board of Education**

**FROM: Melissa Ambre, Director of School Finance**

**DATE: May 25, 2017**

**RE: Recommendation for IPS Funding – TSO withholding**

Pursuant to I.C. 20-31-9.5-3(c) and 511 IAC 6.2-9-4(b), the State Board of Education (“Board”) is charged with determining the amounts of tuition support and federal funds that are necessary to fund each turnaround academy. However, the timing of tuition support payments and withholdings are controlled by statute, and with respect to withholdings, by contract. Pursuant to I.C. 20-43-2-1, the Department must make state tuition support payments every 40 days. In furtherance of I.C. 20-43-2-1, the State Budget Director, each year, publishes a tuition support payment schedule. For the month of July, the schedule requires state tuition support be paid on July 14, 2017. With respect to withholdings, the contract to which Indiana Department of Education (“Department”) and turnaround school operator (“TSO”) as parties requires payment to the TSO be made in accordance with the schedule established by the State Budget Director.

Below is the methodology for payments made to the TSO. The Department respectfully asks the Board to adopt the Department’s recommendations based on the methodology below.

### **Recommendation for State Tuition Support Withholding – Indianapolis Public Schools (IPS)**

Pursuant to I.C. 20-31-9.5-3(c) and 511 IAC 6.2-9-4(b), the Department recommends the following estimated amounts be withheld from the State Tuition Support grant to be distributed to IPS from July 1 through December 31, 2017, and the same estimated amounts for the period of January 1, 2018, through June 30, 2018, to be used for operation of the turnaround academies:

Thomas Howe	\$1,939,857.95
Emmerich Manual	\$2,570,420.55
Emman Donnan	\$1,502,584.98

The recommended amounts are based on the following estimated counts for the turnaround academy: December 1, 2016, special education child count multiplied by the applicable categorical amount for special education funding; April 2017 average daily membership (ADM) count multiplied by the applicable amount for complexity grant and basic tuition support funding; the October 2016 graduation report counts

multiplied by the applicable amount for honors funding; and the September 2016 career and technical education counts multiplied by the applicable amounts for career and technical education funding.

**Reconciliation:** For the State Tuition Support grants, the Department will use the following counts to finalize all grant payments:

- September 2017 ADM count to determine funding for the Basic and Complexity grants;
- December 1, 2017 special education counts to determine funding for the Special Education grant;
- October 2017 Graduate Report counts to determine funding for the Honors grant; and
- September 2017 career and technical education counts to determine funding for the Career and Technical Education grant.

All grant totals will be added together to determine state fiscal year funding to the turnaround operator. The Department will reconcile any over or underpayments in withholding and payments when actual counts are available for each grant type within the state fiscal year.

The Department will reconcile the Basic and Complexity grants in November; the Honors grant and Career and Technical Education grant in December 2017, Complexity grant in January 2018, and the Special Education grant in February 2018. During each reconciliation period, the Department will recalculate and update grant amounts to reflect actual counts and adjust distributions to account for any over or under payment of the State Tuition Support funds. When changes occur, the Department will notify the turnaround academy operator and the IPS Superintendent.

The estimated FY2018 state tuition support and the July through December 2017 and January through June 2018 estimated amounts to be withheld from Indianapolis Public Schools are as follows:

School	Est ADM	Estimated FY2018 Basic Tuition Support Grant	Estimated FY2018 Complexity Grant	Estimated FY2018 Honors Grant	Estimated FY2018 Special Ed Grant	Estimated FY2018 CTE Grant	Estimated FY2018 State Tuition Support	6 month estimate for each period-fall and spring
Howe	505	\$2,662,865.00	\$858,388.90	\$5,600.00	\$304,312.00	\$48,550.00	\$3,879,715.90	\$1,939,857.95
Manual	645	\$3,401,085.00	\$1,096,358.10	\$10,000.00	\$504,548.00	\$128,850.00	\$5,140,841.10	\$2,570,420.55
Donnan	382	\$2,014,286.00	\$649,315.96	\$0.00	\$341,568.00	\$0.00	\$3,005,169.96	\$1,502,584.98
<b>Total</b>	<b>1532</b>	<b>\$8,078,236.00</b>	<b>\$2,604,062.96</b>	<b>\$15,600.00</b>	<b>\$1,150,428.00</b>	<b>\$177,400.00</b>	<b>\$12,025,726.96</b>	<b>\$6,012,863.48</b>