

**TO: Indiana State Board of Education**

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

**DATE: May 31, 2018**

**RE: Recommendation for Indianapolis Public Schools Funding – Turnaround School Operator 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 State Tuition Support and federal funds that are necessary to fund each turnaround academy. However, the timing of State 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 Indiana Department of Education (IDOE) 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 State Tuition Support payment schedule. For the month of July, the schedule requires State Tuition Support be paid on July 16, 2018. With respect to withholdings, the contract to which IDOE 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. IDOE respectfully asks the Board to adopt the IDOE recommendations based on the methodology below.

### **Recommendation for State Tuition Support Withholding – IPS**

Pursuant to I.C. 20-31-9.5-3(c) and 511 IAC 6.2-9-4(b), IDOE recommends the following estimated amounts be withheld from the State Tuition Support payment to be distributed to IPS from July 1 through December 31, 2018, and the same estimated amounts for the period of January 1, 2019, through June 30, 2019, to be used for operation of the turnaround academies:

Thomas Howe	\$1,917,960.00 (6 months)
Emmerich Manual	\$2,867,357.50 (6 months)
Emman Donnan	\$1,347,739.50 (6 months)

The recommended amounts are based on the following estimated counts for each turnaround academy: December 1, 2017, special education child count multiplied by the applicable categorical amount for special education funding; April 2018 average daily membership (ADM) estimated count multiplied by the applicable amount for Complexity Grant and Basic Tuition Support funding; the October 2017 graduation report counts multiplied by the applicable amount for Honors funding; and the

September 2017 career and technical education counts multiplied by the applicable amounts for Career and Technical Education funding.

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

- September 2018 ADM count to determine funding for the Basic and Complexity Grants;
- December 1, 2018 special education counts to determine funding for the Special Education Grant;
- October 2018 graduate counts to determine funding for the Honors Grant; and
- September 2018 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. IDOE will reconcile any over or underpayments in withholding and payments when actual counts are available for each grant type within the state fiscal year.

IDOE will reconcile the Basic and Complexity Grants in November 2018; the Honors Grant and Career and Technical Education Grant in December 2018, Complexity Grant again in January 2019, and the Special Education Grant in February 2019. During each reconciliation period, IDOE 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, IDOE will notify the turnaround academy operator and the IPS Superintendent.

The estimated FY2019 State Tuition Support and the July through December 2018 and January through June 2019 estimated amounts to be withheld from IPS are as follows:

School	Est ADM	Estimated FY2019 Basic Tuition Support Grant	Estimated FY2019 Complexity Grant	Estimated FY2019 Honors Grant	Estimated FY2019 Special Ed Grant	Estimated FY2019 CTE Grant	Estimated FY2019 State Tuition Support	6 month estimate for each period-fall and spring
Howe	500	\$2,676,000.00	\$830,780.00	\$3,700.00	\$313,160.00	\$12,280.00	\$3,835,920.00	\$1,917,960.00
Manual	725	\$3,880,200.00	\$1,204,631.00	\$15,900.00	\$506,344.00	\$127,640.00	\$5,734,715.00	\$2,867,357.50
Donnan	348	\$1,862,496.00	\$578,223.00	\$0.00	\$250,560.00	\$4,200.00	\$2,695,479.00	\$1,347,739.50
<b>Total</b>	<b>1573</b>	<b>\$8,418,696.00</b>	<b>\$2,613,634.00</b>	<b>\$19,600.00</b>	<b>\$1,070,064.00</b>	<b>\$144,120.00</b>	<b>\$12,266,114.00</b>	<b>\$6,133,057.00</b>