

Appendix C: Gain Cap

Section 3306.19 of Am. Sub. H.B. 1 provides for the application of a gain cap to the funding of school districts to prevent them from realizing funding increases in excess of three-quarters of one percent in either year of the biennium. The gain cap affects school districts that are formula (as opposed to guarantee) districts and its application involves the following steps:

- A. Determine the total funding amount subject to the gain cap.
- B. Establish the gain cap base.
- C. Calculate the gain cap as 100.75% of the base amount (B).
- D. Calculate the gain cap reduction percentage to stay within the confines of the cap.

Determination of State Funding Amount Subject to the Gain Cap

State funding subject to the gain cap includes the state share of all of the following components of the EBM: *Evidence Base Model*

Core Teachers	Principals
Specialist Teachers	Secretaries
Lead Teachers	Building Managers
Special Education Teachers	Non-Instructional Aides
Special Education Aides	Operations & Maintenance
LEP Teachers	Gifted Education Components
Supplemental Teachers	Enrichment
Family and Community Liaison	Librarian and Media Specialists
Counselors	Technology Equipment Support
Summer Remediation	Professional Development
School Nurse Wellness Coordinator	Instructional Material
District Health Professional	Prorated Transportation
Administrators	

Gain Cap Base

FY2010: The gain cap base for FY2010 is the total SF-3 funding the district received in FY2009, excluding pre-school handicapped funding, special education transportation funding, and CTE weighted funding but prior to adjustments and transfers times 1.0075. In other words, the calculation of this base equals the amount shown on Line 21 of the FY2009 SF-3 less the amounts shown on Lines 12, 20A, 20B plus the amount of GRADS funding included in Line 12 times 1.0075.

FY2011: The gain cap base for FY2011 is the sum of the FY2010 EBM components listed above after application of the gain cap or including any FY2010 transitional aid times 1.0075. (Note: career-technical funding is included for transitional aid calculations but excluded from gain cap calculations.)

Gain Cap Funding Percentage

If the gain cap base is greater than the amount of funding subject to the gain cap, the reduction ratio is set to 100 percent. If the gain cap base is less than the amount of funding subject to the gain cap, the difference between the gain cap base and the amount of funding subject to the gain cap is divided by the state funding subject to the gain cap to determine the reduction percentage.

Calculation Details

- A. Funding subject to gain cap: total EBM components listed
- B. Gain cap base
- C. Reduced funding amount: if $A > B$, then B, else A
- D. Reduction ratio: $(C \div A)$

Application to State Funding

After calculation of the gain cap reduction percentage, the state share of each of the EBM components listed is multiplied by the reduction percentage to determine the final state funding amount.