

## **FTE True-Up Policy**

### **Background**

The School is a community school as established under ORC 3314, governed by a Board of Directors (“Board”) and receives foundation funding pursuant to ORC 3314.08. Foundation funding is determined by the annualized full-time equivalent (“FTE”) enrollment of each student at the School. Foundation funding payments are made on a monthly basis during the fiscal year based on estimates of enrollment. The School updates student FTE information in EMIS as required. However, the final FTE is determined after the fiscal year concludes and is subject to further adjustment by the Ohio Department of Education (“ODE”)

The final FTE may not reflect the monthly estimates of enrollment. Therefore, the foundation funding received may need to be reconciled with ODE.

ODE may also conduct an FTE review pursuant to ORC 3314.08 to verify the accuracy of the enrollment and attendance data report by the School into EMIS. The results of these FTE reviews may yield a receivable from or payable to ODE based upon the results.

### **True-Up**

All agreements entered into by the School in which payment is based upon a percentage of FTE or foundation funds received by the School are subject to reconciliation corresponding with the School’s ODE adjustment and reconciliation (“True Up”). Parallel to the reconciliation between the School and ODE, the results of the True-Up may yield a receivable from or payable to the School.

### **Timing for True-Up**

For accuracy, True-Up should be conducted after:

- (1) ODE has issued its final FTE adjustments for the applicable fiscal year, and
- (2) Any and all appeals involving the School’s FTE calculation are adjudicated.

### **Terms of True-Up for Overpayment Due to the School**

Unless the Applicable Agreement includes sufficient provisions for conducting a True-Up, the Board shall require from a party owing the School funds for Overpayment, written agreement with the third party specifying (1) the True-Up amount, (2) the re-payment period, (3) whether the Board is requiring collateral or other assurances for future re-payment, and (4) other applicable terms and conditions.

### **True-Up Payments Resulting in Underpayments**

Consistent with the Auditor of State’s guidance, the School shall also perform True-Up calculations and payments to the third party for final FTE adjustments from ODE that result in a positive amounts.

### **True-Up Provisions in School Contracts**

To avoid uncertainty, delay, and potential disagreement with vendors, the Board should attempt to include a True-Up provision in any agreement in which the Board enters in which payment is based upon FTE or a percentage of foundation funds. Such provision should include (1) a method by

which the true-up amount will be calculated, (2) when the true-up will be calculated, and (3) under what terms the repayment will be made.

If the Board is uncertain whether an agreement requires a True-Up, the Board shall obtain a legal opinion from legal counsel as recommended by the Auditor of State.