



September Forecast - Revenue

- Revenue Down
- Adjust budget down by \$230M - \$330M
- Adjust revenue down for 2016-17 \$61.9M
- Adjust revenue down for 2017-18 \$ 121.6M

September Forecast - Transfers

- Transfers:

-   Legal settlement for severance tax transfer up: \$17.8M
- Transportation & Capital Construction
 - Remain same for 2016-17: \$225M
 - 2017-18 amounts are different in the two forecast estimates
 - vary from \$125M to \$225M







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September Forecast – Tax Payer Refunds

- Tax Payer Refunds





-   2015-16 refunds - adjusted via income tax
- Not anticipated for 2016-17: \$209.4M away
-   Not anticipated for 2017-18: will need to budget for 2018-19 refund of \$82.3M
-   Anticipated for 2018-19

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September Forecast - Inflation

-   Inflation Up 2.9%
 - When inflation increases it is a reflection of economic growth and increased costs for delivering services.
 - When inflation is higher than budgeted for:
 -   It increases financial pressure on the state's general fund – as many calculations are based on an inflationary increase.

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September Forecast – Education Fund







- Education Fund generates revenue on a yearly basis
 - Current amount generated is \$548 million (2015-16).
 - These dollars are currently obligated for programs.
- No new revenue in Education Fund to offset reductions
 - Revenue is budgeted for \$570 million.
 - The difference does not allow for current funded programs to receive an inflationary increase.

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Student Enrollment

-   Student Enrollment continues to increase over 11,000 a year
-   At-risk students becoming a higher % of population of new students
-   Causes increased financial pressure on the state's general fund
– caseload growth

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Timing – Process – and What's Next





- October student count
- Governor's proposed budget November 1 – this will suggest how to solve for the current budget shortfall and what OSPB is putting forward for the 17-18 budget.
- December Revenue Forecast
- Department Hearings – recommendations from JBC staff (December)
- Supplemental process (January)

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Volatile Moving Parts

-  \$ Enrollment Projections higher than budgeted for
-  \$ Inflation Higher than 2.9%
-  \$ Mid-Year Budget Cuts
-  \$ Increase the Negative Factor – what is the limit?
- Legislative policy changes regarding school finance – what revenues are used for calculating districts funding
- Timing and school district impact

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Changing the Narrative

- No disagreement we have an education funding problem.
- How big a problem?
- What are the adequacy and equity issues?
- CSFP and APA are doing the research utilizing three methods to provide the information to answer the above questions.
- The knowledge gives the foundational starting point for what a new school finance act should look like

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Paying for Educational Excellence

- Adequacy – Evidence Based – Successful School districts – Professional Judgment – base amount determined – adjustments determined
- Equity –
 - Student need, special education, English Language learners, At-risk (Free and Reduced Lunch), Gifted and Talented.
 - Tax payer equity – opportunity and economies of scale.
- A school finance formula must encompass both the issues of adequate and equitable distribution of resources.

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Process and Timing

- Recommendation from NCSL to legislature – Costing Out Analysis
- Superintendent's and District Business Officials asked for the work to be completed: to educate, inform and provide the research for policy makers.
- Work began in May – to be completed by November
- Survey to Superintendents and to school board members
- Equity Analysis – student need adjusted for size
- Additional work regarding teacher recruitment, retention, compensation and demographic representation

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Questions: Now & Later

- Tracie Rainey
 - T.Rainey@cosfp.org
 - 303-860-9136
- Stay connected:
 - www.cosfp.org
 - @COSFP