

State Education Fund and K-12 Public School Funding



HOUSE AND SENATE EDUCATION COMMITTEES

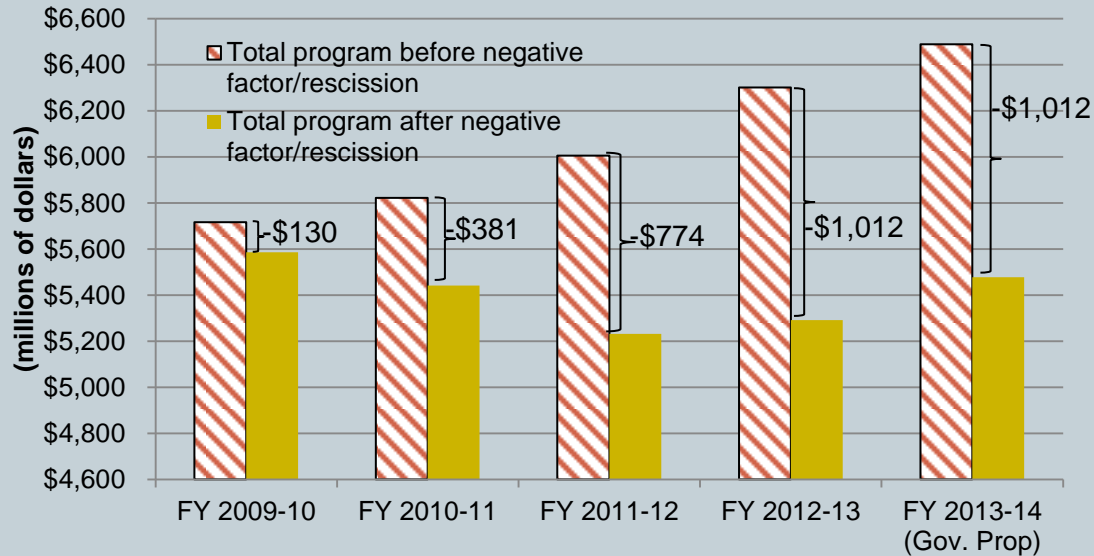
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Overview of K-12 School Finance

K-12 Funding Trends and the Negative Factor

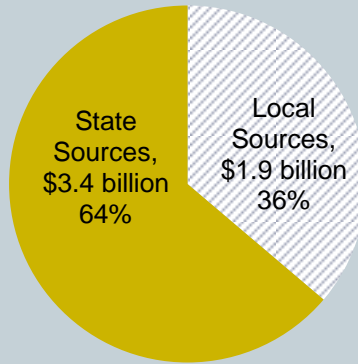


- Negative factor has increased from 6.6% to 16.1%, reaching \$1.0 billion in FY 2012-13
- Per pupil funding has dropped from 7,242 in FY 2009-10 to \$6,479 (-\$763) now
- Governor's proposal for FY 2013-14 is to increase per pupil funding by \$185 and hold the negative factor at the prior year's dollar amount of \$1.0 billion



Overview of K-12 Public School Funding

Sources of Funding for K-12 School Finance (\$5.3 billion in FY 2012-13)



State Sources: \$3.4 billion (64%)

General Fund: \$2.9 billion (84%)

State Education Fund: \$337 million (10%)

State Public School Fund: \$190 million (6%)

Local Sources: \$1.9 billion (36%)

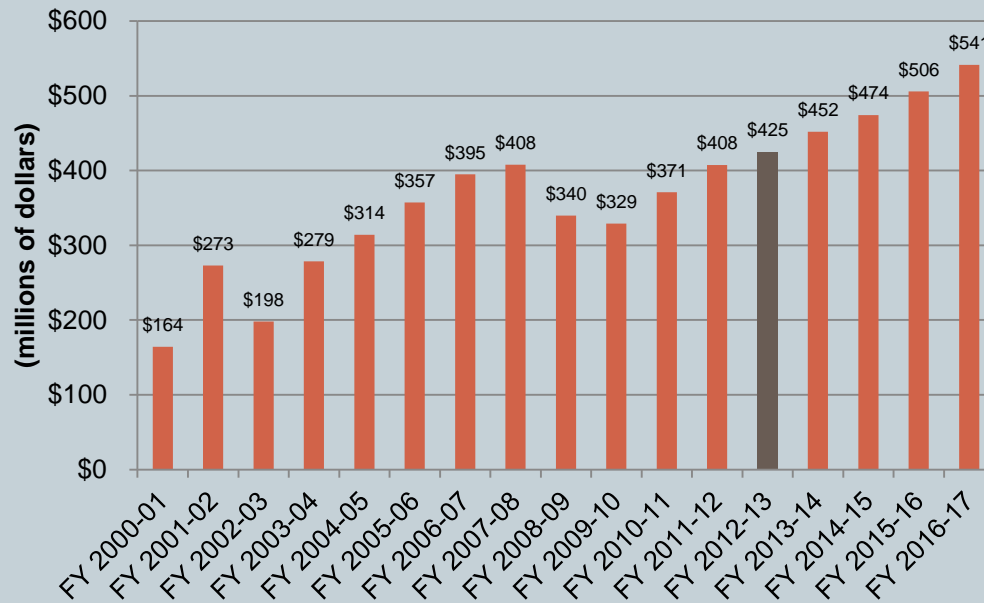
Property Taxes: \$1.8 billion (93%)

Spec. Ownership Taxes: \$128 million (7%)



Overview of the State Education Fund

- Created with passage of Amendment 23 in 2000
- Receives about 7.2% of state income tax revenue, amounting to **\$425 million** in FY 2012-13

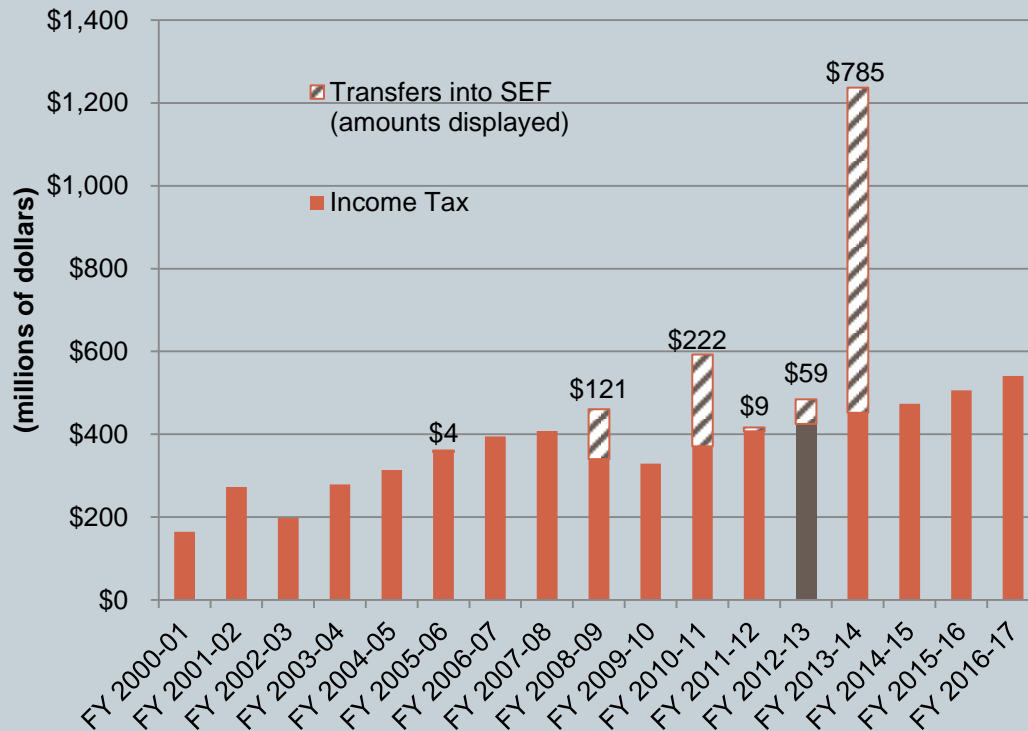


- **Money must be used for education-related purposes, as specified in the constitution; amounting to \$503 million in FY 2012-13**
- A fund balance of **\$118 million** is estimated at the end of FY 2012-13



Overview of the State Education Fund

Other transfers of money into the State Education Fund have occurred in the last several years



•During FY 2013-14, HB 12-1338 will transfer \$785 from the General Fund to the State Education Fund



Overview of the State Education Fund

Estimated State Education Fund Balance (millions of dollars)

	FY 2012-13	FY 2013-14
Beginning Balance	\$133.8	\$117.6
Income tax and other deposits	\$487.0	\$1,248.8
Total available revenue	\$620.8	\$1,366.4
Total Expenditures from SEF	\$503.2	??
School Finance	\$337.5	??
Categorical Programs	\$102.5	\$106.6
Other education programs		
Charter school capital construction	\$6.0	\$6.0
Counselor Corps	\$5.0	\$5.0
CSAP	\$15.9	\$15.9
Facility Schools	\$14.5	\$14.8
Full-Day Kindergarten Hold-Harmless	\$6.9	\$6.9
Early Literacy Assessment	\$3.0	\$3.0
Basic Skills Assessment	\$1.0	\$0.3
Educator Effectiveness	\$7.0	\$0.7
BOCES Assistance	\$1.3	\$1.3
Reduced-price lunch	\$0.9	\$0.9
Other programs	\$1.8	\$1.8
Subtotal	\$63.3	\$56.6
Ending Balance	\$117.6	??

- FY 2013-14 revenue includes projected tax revenue and a \$785 million transfer

- FY 2013-14 expenditures are subject to approval by the General Assembly; the Long Bill typically funds *current law* requirements for school finance, categorical programs, and other programs. The school finance bill may change those amounts.



Possible School Finance Funding Options in FY 2013-14 (with planning through FY 2016-17)

In FY 2013-14, local share is expected to increase by \$57 million, while the amount from the State Public School Fund will decrease by \$114 million

Possible school finance funding options in FY 2013-14:

1. Increase statewide average per pupil funding by inflation (\$6,590), with General Fund increase each year
2. Increase statewide average per pupil funding by inflation (\$6,590) with no General Fund increase in FY 2013-14, but General Fund increases thereafter
3. Increase per pupil funding to \$6,659, with no General Fund increase in FY 2013-14, but General Fund increases thereafter

Options assume that the State Education Fund balance will be reduced to \$100 million by the end of FY 2016-17 with the General Fund contribution set at a fixed annual growth rate to achieve the ending balance

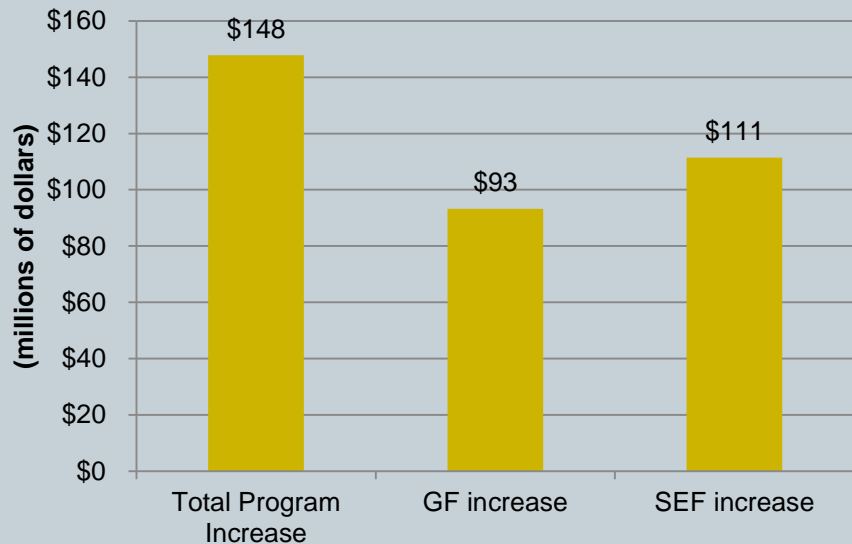
Assumes supplemental school finance bill passes, raising per pupil funding to \$6,479



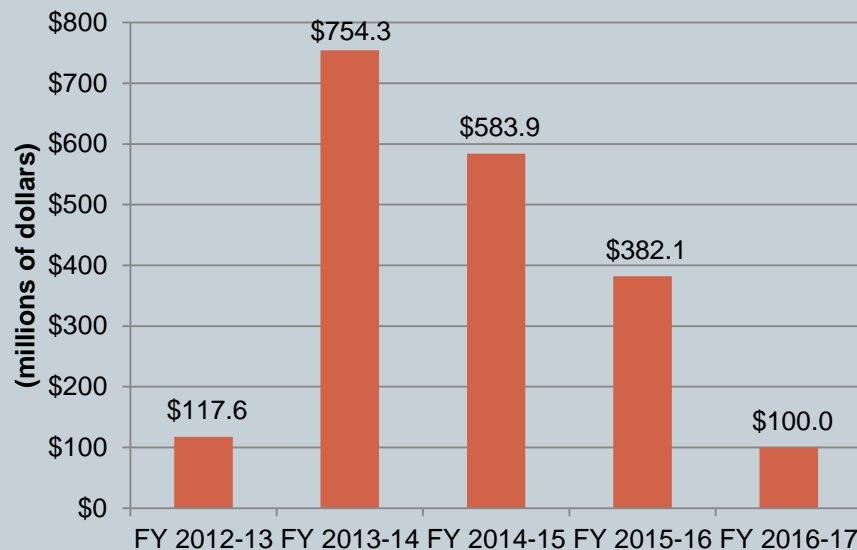
Possible School Finance Funding Options in FY 2013-14 (with planning through FY 2016-17)

Option 1 – Per Pupil Funding increases by inflation in FY 2013-14 (\$6,590) and each subsequent year, with constant General Fund growth each year

Change from FY 2012-13 to FY 2013-14



State Education Fund Balance



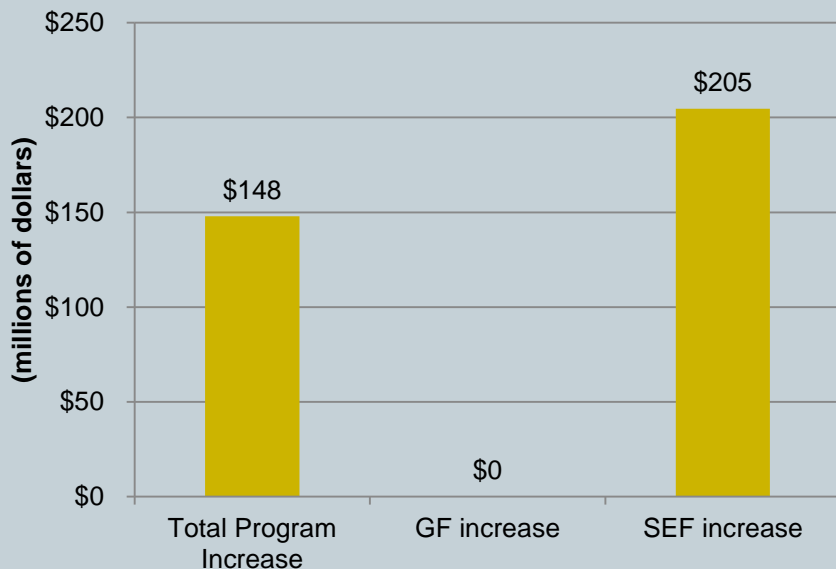
Note: Requires 3.3% growth in General Fund contribution for the next four fiscal years (\$93 million increase in FY 2013-14)



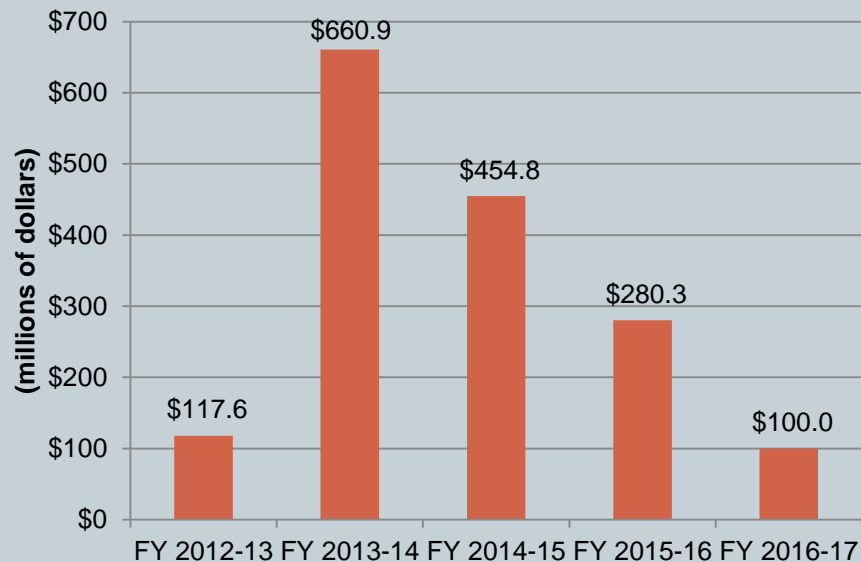
Possible School Finance Funding Options in FY 2013-14 (with planning through FY 2016-17)

Option 2 – Per Pupil Funding increases by inflation in FY (\$6,590) and each subsequent year, with no General Fund increase in FY 2013-14

Change from FY 2012-13 to FY 2013-14



State Education Fund Balance



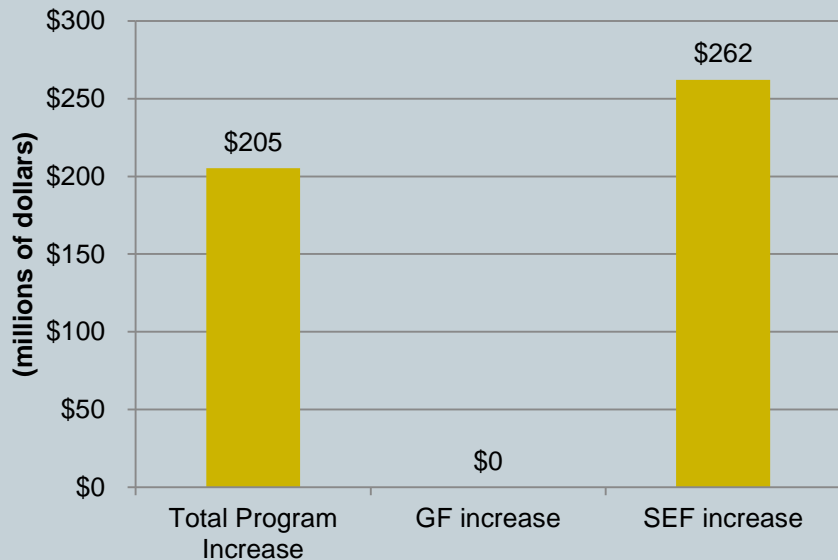
Note: Requires 5.5% growth in General Fund contribution to K-12 in FY 2014-15, FY 2015-16, and FY 2016-17; (\$157 million increase in FY 2014-15)



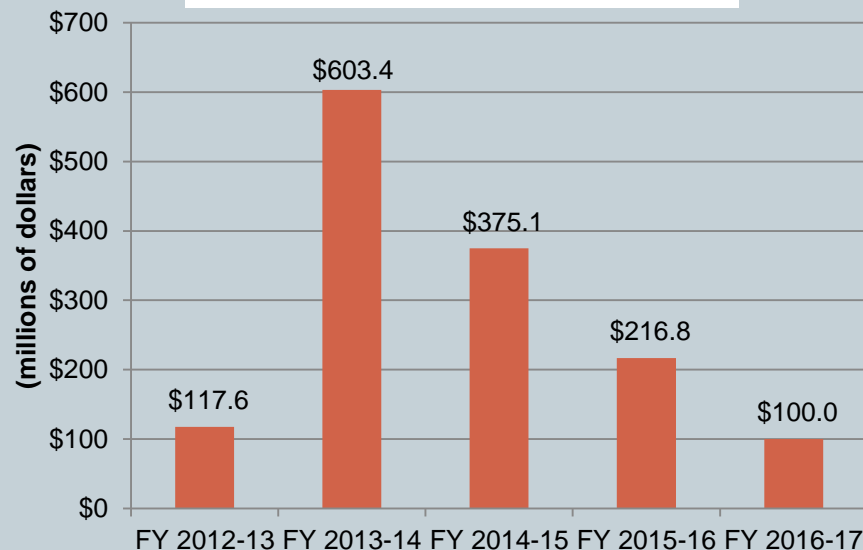
Possible School Finance Funding Options in FY 2013-14 (with planning through FY 2016-17)

Option 3 – Increase Per Pupil Funding to \$6,659 in FY 2013-14 and by inflation in subsequent years, with no General Fund increase in FY 2013-14

Change from FY 2012-13 to FY 2013-14



State Education Fund Balance



Note: Requires 6.8% growth in General Fund contribution to K-12 in FY 2014-15, FY 2015-16, and FY 2016-17; (\$195 million increase in FY 2014-15)

