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

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
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.

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.
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

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)
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

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
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.

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
Questions: Now & Later

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