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
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)

<table>
<thead>
<tr>
<th></th>
<th>FY 2012-13</th>
<th>FY 2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$133.8</td>
<td>$117.6</td>
</tr>
<tr>
<td>Income tax and other deposits</td>
<td>$487.0</td>
<td>$1,248.8</td>
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<tr>
<td><strong>Total available revenue</strong></td>
<td><strong>$620.8</strong></td>
<td><strong>$1,366.4</strong></td>
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<tr>
<td>Total Expenditures from SEF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Finance</td>
<td>$503.2</td>
<td>??</td>
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<tr>
<td>Categorical Programs</td>
<td>$337.5</td>
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<tr>
<td><strong>Other education programs</strong></td>
<td><strong>$102.5</strong></td>
<td><strong>$106.6</strong></td>
</tr>
<tr>
<td>Charter school capital construction</td>
<td>$6.0</td>
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<tr>
<td>Counselor Corps</td>
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<tr>
<td>CSAP</td>
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<tr>
<td>Facility Schools</td>
<td>$14.5</td>
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<tr>
<td>Full-Day Kindergarten Hold-Harmless</td>
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<tr>
<td>Early Literacy Assessment</td>
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<tr>
<td>Basic Skills Assessment</td>
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<td>Educator Effectiveness</td>
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<td>BOCES Assistance</td>
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<tr>
<td>Reduced-price lunch</td>
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<td>$0.9</td>
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<tr>
<td>Other programs</td>
<td>$1.8</td>
<td>$1.8</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$63.3</strong></td>
<td><strong>$56.6</strong></td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$117.6</td>
<td>??</td>
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</tbody>
</table>

• 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

- Total Program Increase: $148
- GF increase: $93
- SEF increase: $111

State Education Fund Balance

- FY 2012-13: $148
- FY 2013-14: $754.3
- FY 2014-15: $583.9
- FY 2015-16: $382.1
- FY 2016-17: $100.0

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

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)
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

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)