School Finance Outlook
School Finance Basics

• **Funded Pupil Count** is the statutory student count metric used to allocate funding.

• **State Aid** = **Total Program** - **Local Share**.

• General Assembly sets the **Budget Stabilization Factor** to establish Total Program and State Aid.

• General Assembly balances contributions to State Aid from **General Fund** and **State Education Fund**.
Change in Expectations for FY 2020-21 School Finance Funding
Dollars in Millions

BS Factor: $1,173 million

Current Law Appropriation*

$1,173 million

December 2020 Expectations
The General Assembly's Choices Range From:

- Hold at $1,173 million
- Reduce to $1,090 million

<table>
<thead>
<tr>
<th>State Aid</th>
<th>Local Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,184</td>
<td>$3,055</td>
</tr>
<tr>
<td>$4,101</td>
<td>$3,016</td>
</tr>
<tr>
<td>$4,184</td>
<td>$3,016</td>
</tr>
</tbody>
</table>

Source: Legislative Council Staff December 2020 forecast
* Current Law appropriation uses December 2019 forecast..
Year-over-Year Change in School Finance Funding
FY 2020-21 to FY 2021-22
Dollars in Millions

State Aid
- FY 2020-21: $4,101
- FY 2021-22: $4,208

Local Share
- FY 2020-21: $3,016
- FY 2021-22: $3,047

Source: Legislative Council Staff December 2020 forecast.
*Assumes a constant Budget Stabilization Factor.
Implications for Balancing General Fund (GF) and State Education Fund (SEF) Contributions in 2021-22

• $83M reduced obligation in 2020-21; $107M increase in state aid requirement in 2021-22 year-over-year.

• In 2020-21, could decrease GF or SEF spending by $83M or reduce BS Factor or some combination.

• In 2021-22, Governor’s request reduces BS Factor to $572.4 million and requires SEF ending balance of $140 million.

• Request implies one-time spending increase of $522 million from SEF; $139 million increase in GF appropriation.

• SEF expenditure can’t be sustained. GF appropriation will increase by $512 million in 2022-23 in this scenario to maintain the BS Factor at current levels.