

# 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

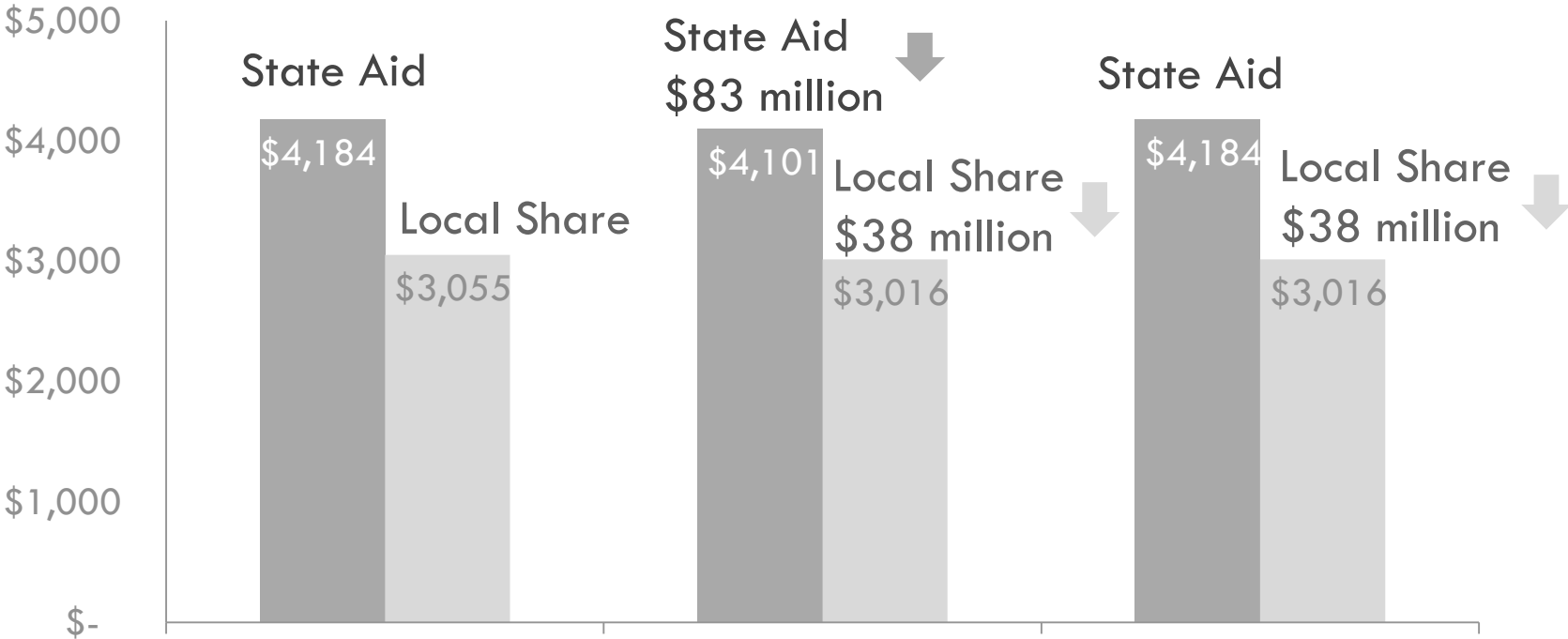
**Current Law  
Appropriation\***

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

BS Factor: \$1,173 million

Hold at \$1,173 million

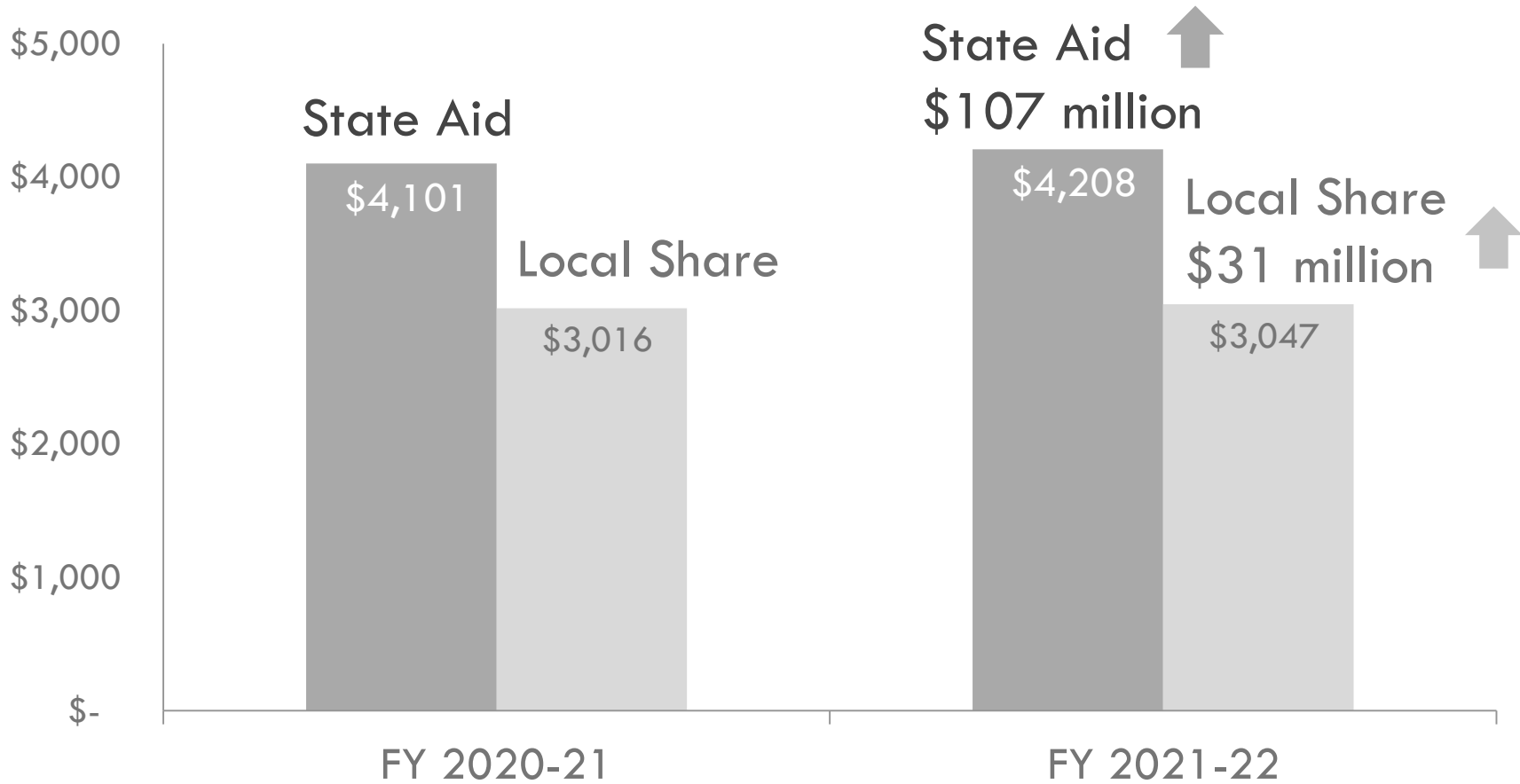
Reduce to \$1,090 million



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



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.