

School Finance Outlook

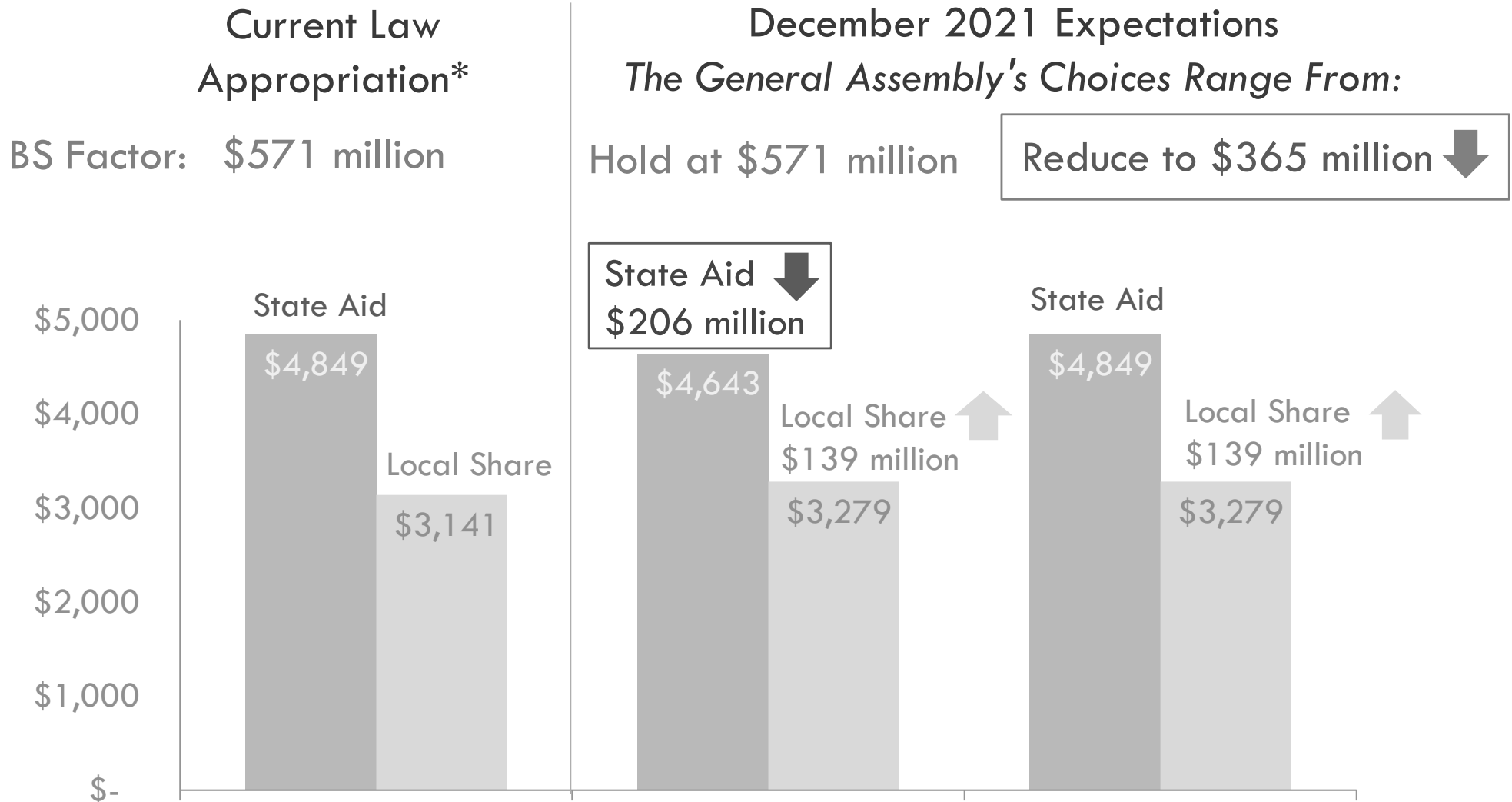


School Finance Basics

- **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 2021-22 School Finance Funding

Dollars in Millions

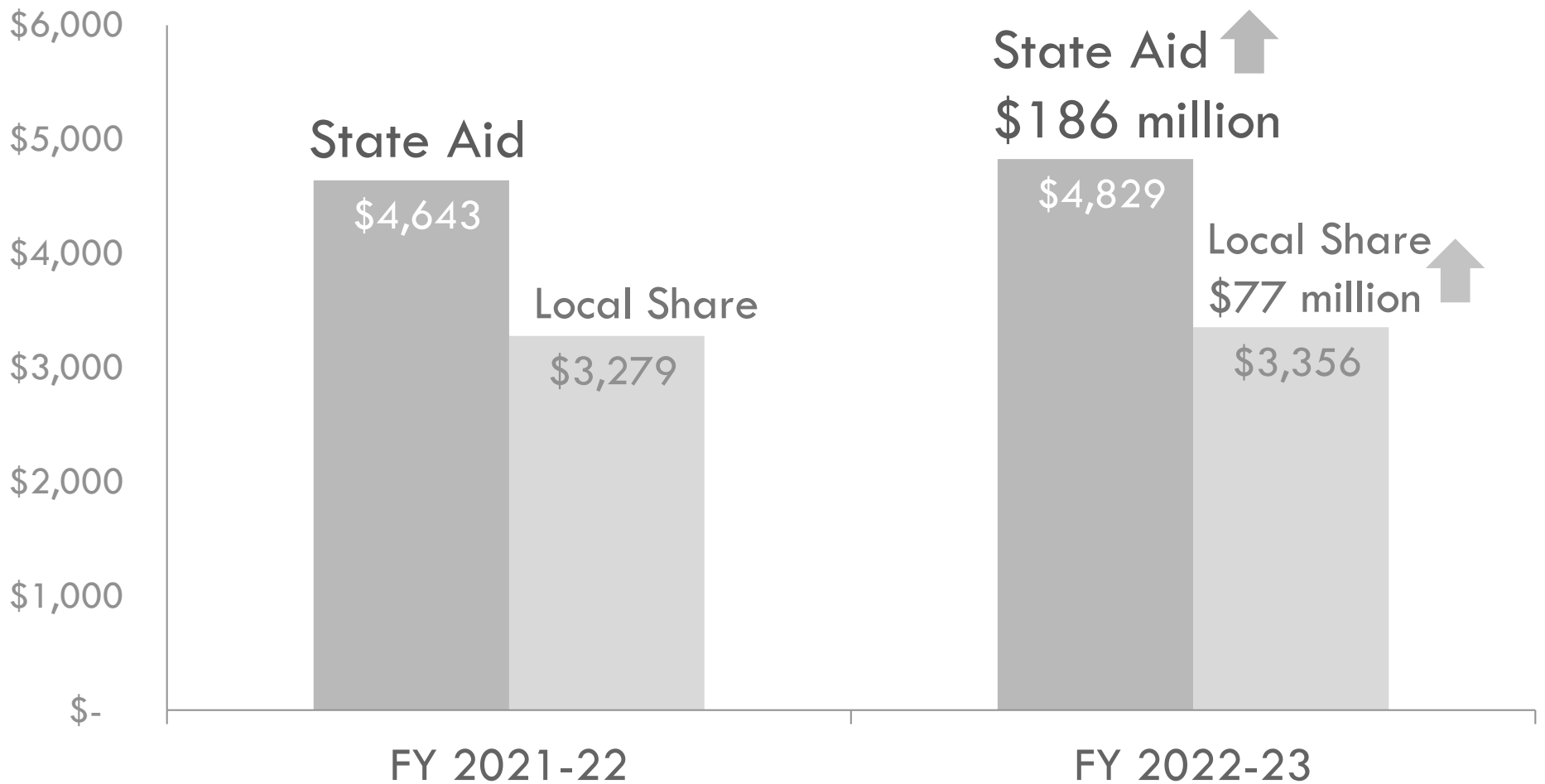


Source: Legislative Council Staff December 2021 forecast.
*Current Law appropriation uses December 2020 forecast.

Year-over-Year Change in School Finance Funding

FY 2021-22 to FY 2022-23

Dollars in Millions



Source: Legislative Council Staff December 2021 forecast.

*Assumes a constant Budget Stabilization Factor.

Implications for Balancing General Fund (GF) and State Education Fund (SEF) Contributions in 2022-23

- \$206 million reduced obligation in 2021-22; \$186 million increase in state aid requirement in 2022-23 year-over-year.
- In 2021-22, could decrease GF or SEF spending by \$206M or reduce BS Factor or some combination.
- In 2022-23, Governor's request reduces BS Factor to \$421 million. JBC scenario requires SEF ending balance of \$400 million.
- These imply one-time spending increase of \$533 million from SEF; \$303 million decrease in GF appropriation.
- GF appropriation will increase by \$263 million in 2023-24 in this scenario.