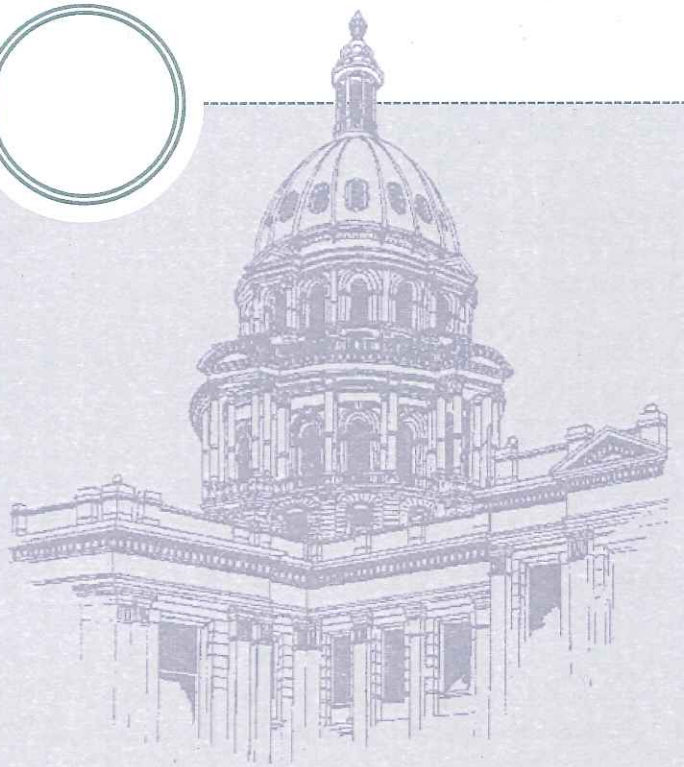
State Education Fund and K-12 Public School Funding



HOUSE AND SENATE EDUCATION COMMITTEES

TODD HERREID
FISCAL DIRECTOR
LEGISLATIVE COUNCIL STAFF
JANUARY 23, 2013

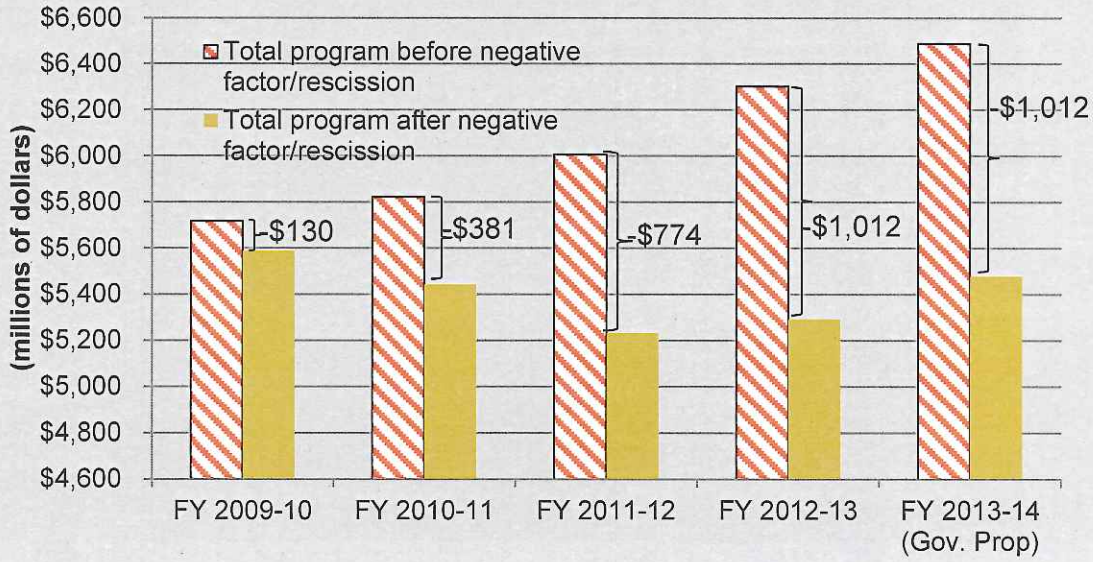
TODD.HERREID@STATE.CO.US
303-866-2633

WWW.COLORADO.GOV/LCS

Attachment B

Overview of K-12 School Finance

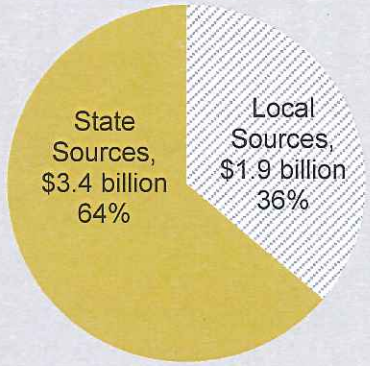
K-12 Funding Trends and the Negative Factor



- 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%)

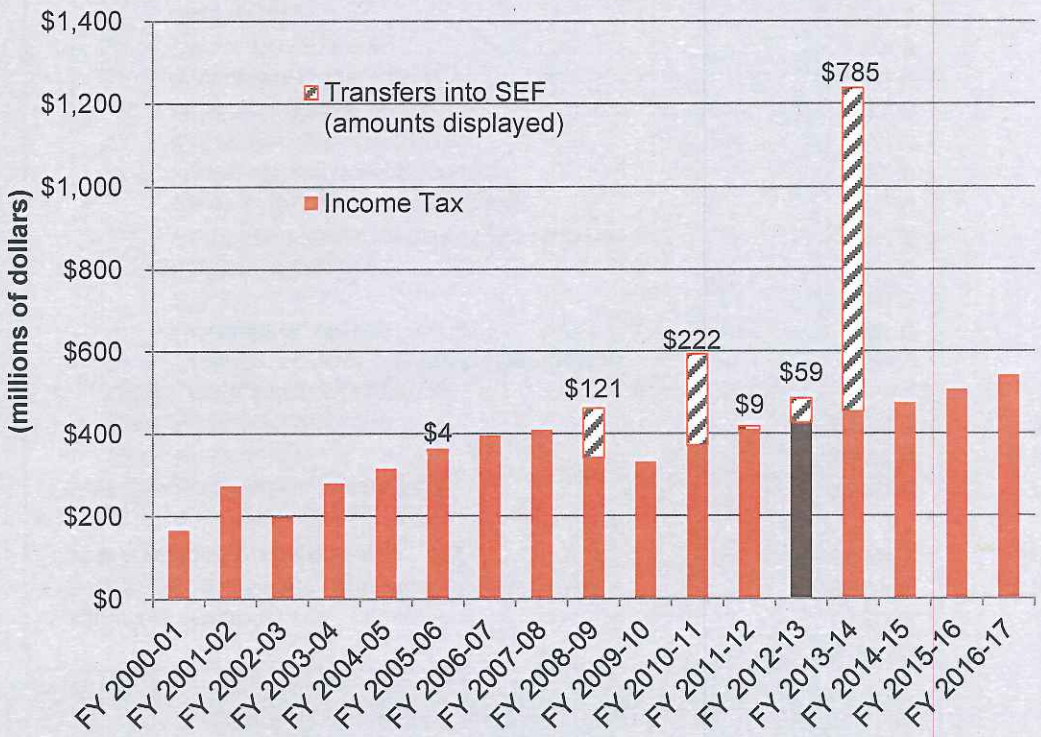
Overview of the State Education Fund

- 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

Overview of the State Education Fund

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

	FY 2012-13	FY 2013-14
Beginning Balance	$133.8	$117.6
Income tax and other deposits	$487.0	$1,248.8
Total available revenue	**$620.8**	**$1,366.4**
Total Expenditures from SEF	**$503.2**	**??**
School Finance	**$337.5**	**??**
Categorical Programs	**$102.5**	**$106.6**
Other education programs		
Charter school capital construction	$6.0	$6.0
Counselor Corps	$5.0	$5.0
CSAP	$15.9	$15.9
Facility Schools	$14.5	$14.8
Full-Day Kindergarten Hold-Harmless	$6.9	$6.9
Early Literacy Assessment	$3.0	$3.0
Basic Skills Assessment	$1.0	$0.3
Educator Effectiveness	$7.0	$0.7
BOCES Assistance	$1.3	$1.3
Reduced-price lunch	$0.9	$0.9
Other programs	$1.8	$1.8
Subtotal	**$63.3**	**$56.6**
Ending Balance	**$117.6**	**??**

- 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

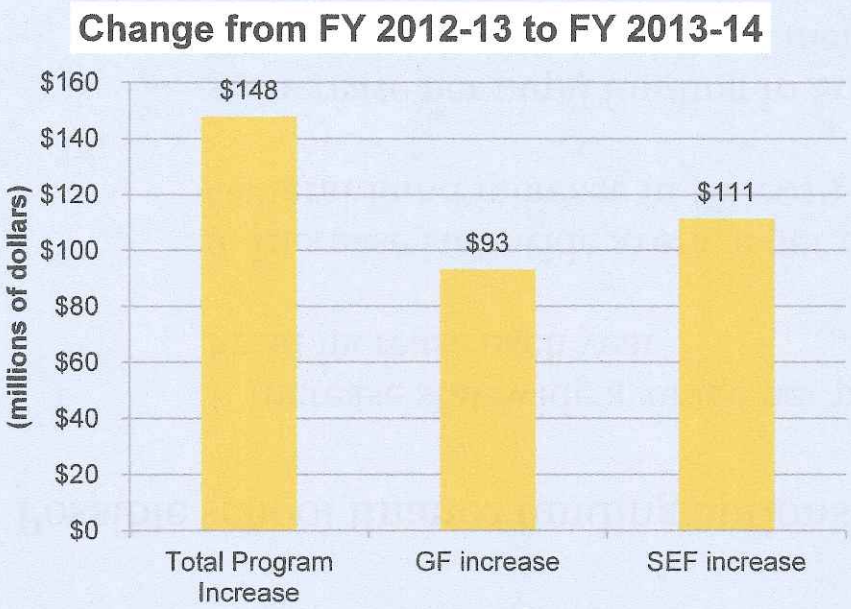
3. Increase per pupil funding to $6,659, with no General Fund increase in FY 2013-14, but General Fund increases thereafter

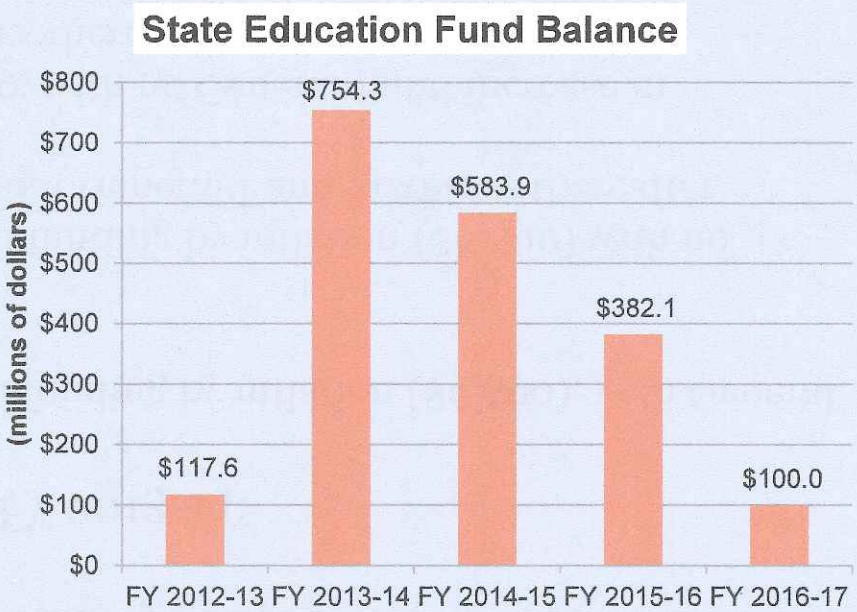
Options assume that the State Education Fund balance will be reduced to $100 million by the end of FY 2016-17 with the General Fund contribution set at a fixed annual growth rate to achieve the ending balance

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

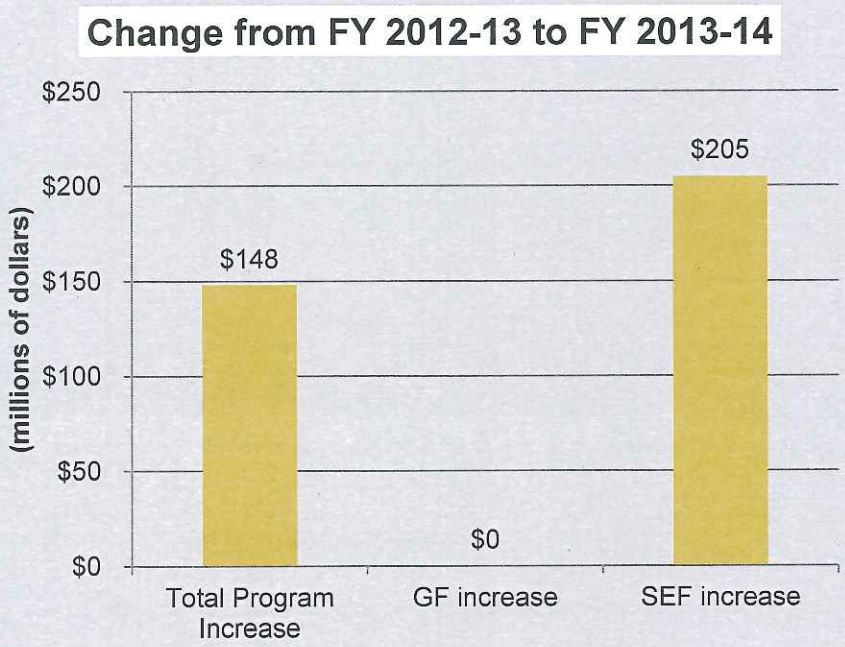


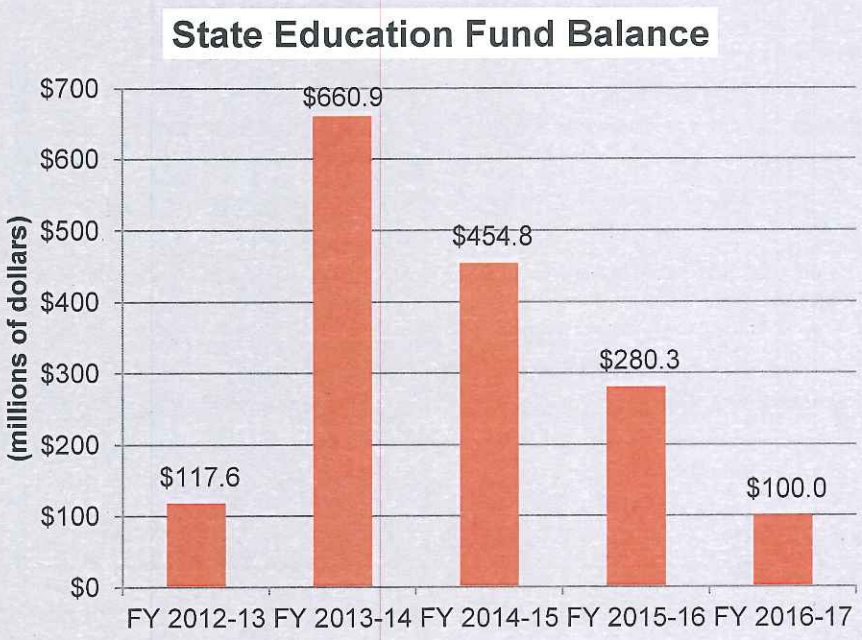


Note: Requires 3.3% growth in General Fund contribution for the next four fiscal years ($93 million increase in FY 2013-14)

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

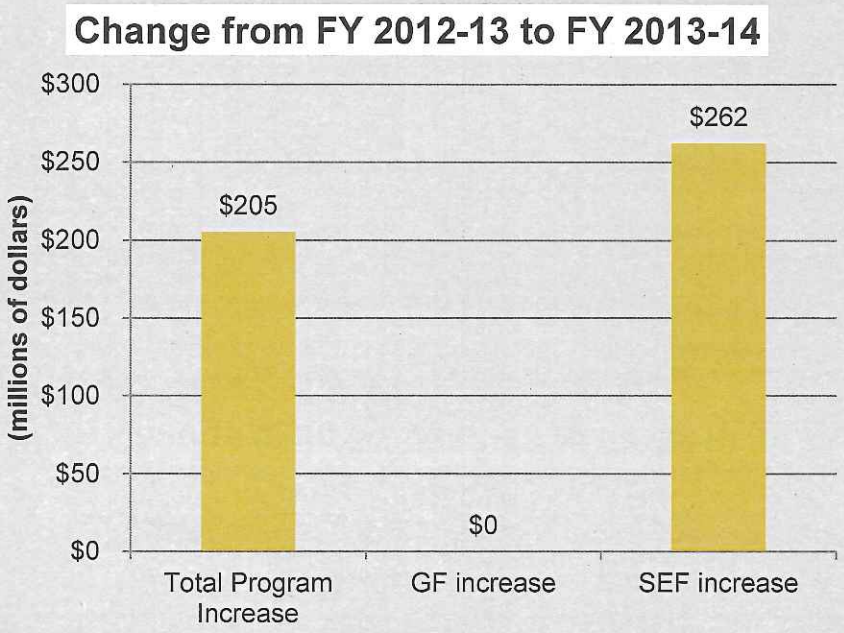


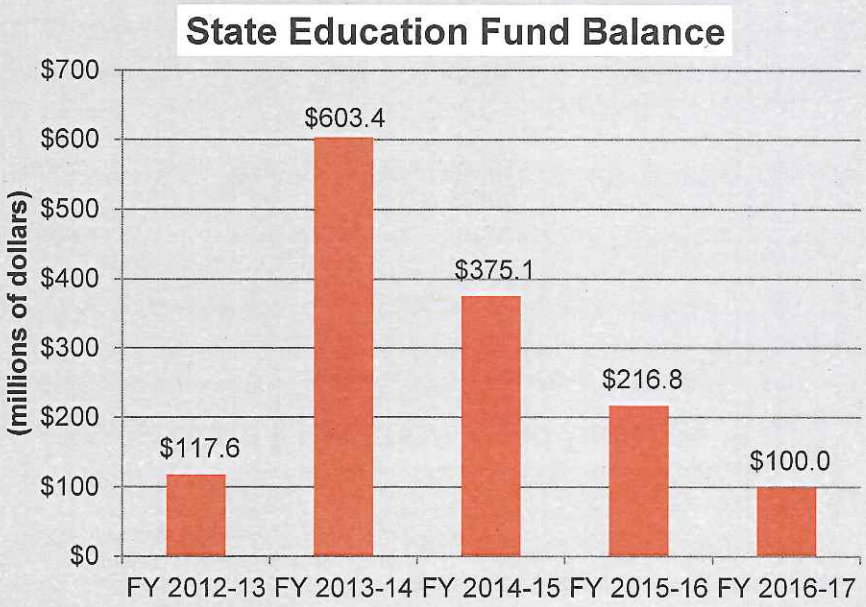


Note: Requires 5.5% growth in General Fund contribution to K-12 in FY 2014-15, FY 2015-16, and FY 2016-17; ($157 million increase in FY 2014-15)

Possible School Finance Funding Options in FY 2013-14 (with planning through FY 2016-17)

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)