

Impact of December 2014 Legislative Council Staff Forecast on School Finance Funding

FY 2014-15

- *Preliminary* funded pupil count is about 163 students (-0.0%) fewer than forecast and funded last year; at-risk student count is 4,560 fewer than forecast (-1.5%).
- Student count changes decrease the cost of school finance by **\$11 million** before the application of the negative factor.
- *Preliminary* local property tax and specific ownership tax (SOT) contribution to school finance is **\$3 million** (0.2%) higher than projected last year.
- Combined impacts would require no additional supplemental appropriation for school finance. However, the General Assembly could choose to lower the negative factor by about \$14 million, from \$894 million to \$880 million, if it maintains the state share at existing funding levels. This would increase the statewide average per pupil funding from \$7,021 to \$7,026 in FY 2014-15.

FY 2015-16

- Funded pupil count is projected to increase by **10,460 students**, or 1.2%, compared with *preliminary* estimates for FY 2014-15.
- Local property tax and specific ownership tax contribution to school finance will increase by about **\$143 million** (7.3%), compared with *preliminary* estimates for FY 2014-15.
- Under current law, the cost of school finance will increase by **\$271 million** to maintain the value of the negative factor at \$880 million (\$257 million with negative factor at \$894 million). State aid will need to increase by **\$128 million** compared with the appropriation set during the 2014 session to keep the negative factor at \$880 million (\$114 million with negative factor at \$894 million).

Governor's Proposal for FY 2015-16

- Reducing the negative factor by another **\$200 million** in FY 2015-16, as requested by the Governor, would require an increase in state aid of \$328 million compared with the prior year's appropriation. Assuming the Governor's General Fund contribution to school finance remains as proposed, the State Education Fund balance at the end of FY 2015-16 would be about \$156 million.