

## Key Information for K12 Education

November 2015

***State Budget***

## FY16-17 Total Requests

- Total Funds = \$27.0 billion (0.4% reduction from FY15-16)
- General Fund = \$10.4 billion (0.9% reduction from FY15-16)

## FY16-17 General Fund Reserve Shortfall

- Estimating the state General Fund Reserve to be between \$28.7 and \$215.4 below the 6.5% reserve requirement

## Primary Cost Drivers for FY16-17

1. \$301 million to keep the negative factor from exceeding the FY 2015-16 amount of \$855 million
2. \$289 million for TABOR rebates
3. \$160 million to restore the 6.5% General Fund Reserve requirement
4. \$80 million for new Medicaid clients

***K12 Education Funding***

## FY15-16 Local Assessed Valuation Revenue Increases

- Estimating an additional \$72.1 million in local property taxes to flow into the K12 school finance formula (split between FY15-16 and FY16-17)
- Despite assurances included in SB15-267, the FY15-16 School Finance Act, it is not likely that the current per pupil funding amount will change, meaning the state will reduce its share of payments accordingly

## FY16-17 K12 Total Requests

- State Funds = \$4.2 billion (4.5% increase from FY15-16) & Local Share = \$2.2 billion

## FY16-17 Per Pupil Funding

- 1.8% increase in inflation & 1.2% increase in enrollment growth
- Average per pupil funding = \$7,397.52 (1.4% increase from FY15-16)

## FY16-17 State Education Fund (SEF) Reserve

- General Fund appropriations will increase by 6.3%
- State Education Fund reserve balance will fall to \$102.8 million in FY16-17, compared with a balance of \$342.7 million in FY15-16
- Restoring the SEF reserve amount remains a top priority for the Governor's office

## FY 16-17 Negative Factor

- Estimated at \$905.2 million (12.4% of K12 total program funding)
- Increase of \$50 million above FY15-16
- Holding the negative factor constant at the current \$855 million level allows for a \$50 increase in per pupil funding, as compared to the proposed per pupil funding increase of \$103.12

## ***Additional Budget Constraints & Balancing Proposals***

- SB09-228 required General Fund transfers to the Highway Users Tax Fund
  - o LCS: FY15-16 \$201.9 million & FY16-17 \$107.4 million
  - o OSPB: FY15-16 \$101.8 million & FY16-17 none
  
- SB09-228 required General Fund transfers to Capital Construction
  - o LCS: FY15-16 \$26.5 & FY16-17 none
  - o OSPB: FY15-16 \$86.7 & FY16-17 none
  
- If available revenue increases, the Governor recommends that the triggers for transfers to the Highway Users Tax Fund and Capital Construction Fund under SB09-228 remain unchanged and the additional funds are prioritized as follows (13 total priorities):
  - o Priority #1 - Restore \$50 million in funding to K-12 Education and reduce growth to the negative factor
  - o Priority #8 - Restore the balance in the State Education Fund to approximately 2 percent of total program expenditures, or \$130 million
  
- Reduce expected Hospital Provider Fee collections in FY16-17 by \$100 million

## ***Important Dates - Upcoming JBC / State Department Hearings & 2016 Legislative Session***

- o Mon. November 2, 2015 - Budget request documents released to public
  
- o Thu. November 12, 2015 @ 10:00am - Governor's FY16-17 presentation to the JBC  
Live Stream Audio - <http://www.leg.state.co.us/clics/cslFrontPages.nsf/Audio?OpenPage>  
Click the following – Year Round Committees & Joint Budget Committee  
Audio will begin when the hearing commences
  
- o Thu. December 17, 2015 @ 11:00am – Public Employees Retirement Association (PERA) hearing  
@ 1:30pm – Department of Education briefing
  
- o Mon. December 21, 2015 @9:00am - December State Revenue Forecast with Legislative Council Staff & the Office of State Planning and Budgeting Staff
  
- o Tue. January 5, 2016 @1:30pm - Department of Education hearing
  
- o Wed. January 13, 2016 – Colorado 70<sup>th</sup> General Assembly Convenes
  
- o Wed. May 11, 2016 – Legislature Adjourns Sine Die