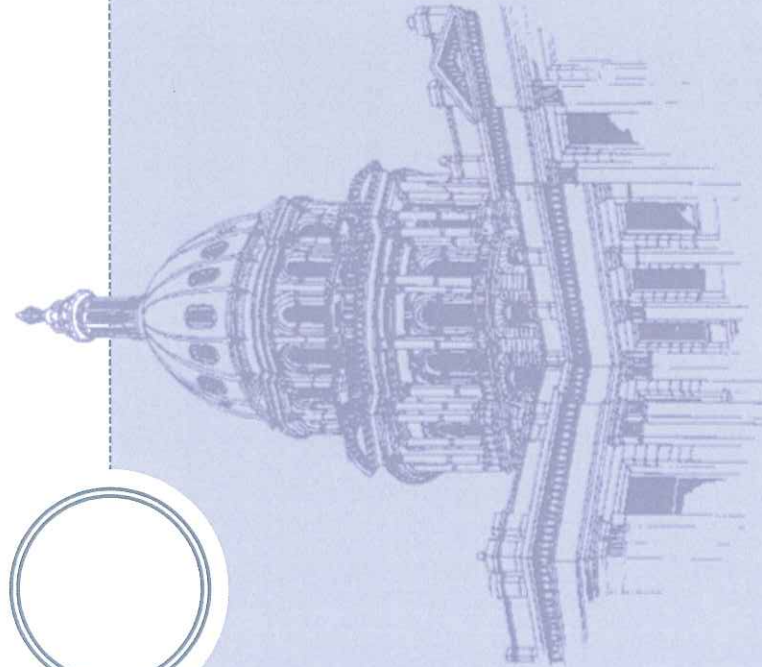


Overview of the State Education Fund and K-12 Public School Funding



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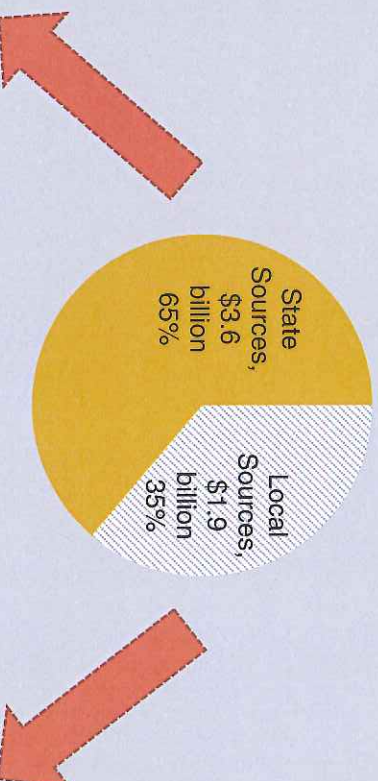
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Overview of K-12 Public School Funding

Sources of Funding for K-12 School Finance

(\$5.5 billion in FY 2013-14; assuming supplemental school finance bill is approved)



State Sources: \$3.6 billion (65%)

Local Sources: \$1.9 billion (35%)

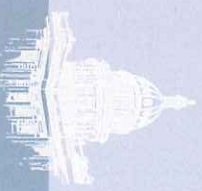
General Fund: \$3.0 billion (83%)

State Education Fund: \$524 million (15%)

State Public School Fund: \$75 million (2%)

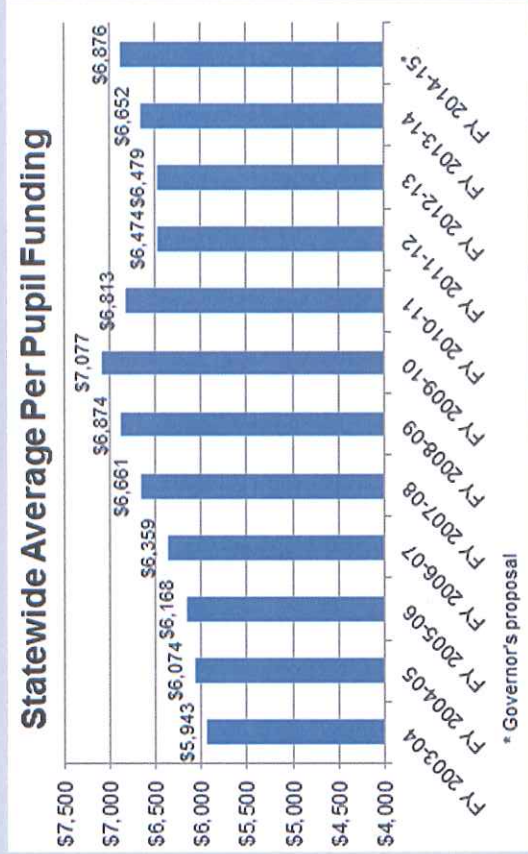
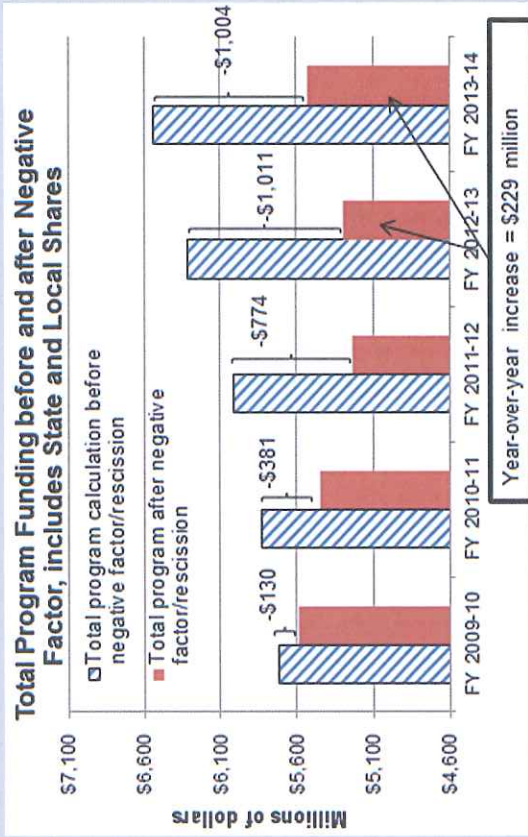
Property Taxes: \$1.8 billion (93%)

Spec. Ownership Taxes: \$131 million (7%)



Overview of K-12 School Finance

K-12 Funding Trends and the Negative Factor

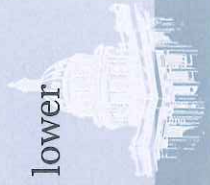


• Negative factor is currently 15.4% of total program, totaling \$1.004 billion in FY 2013-14

• Per pupil funding peaked at 7,077 in FY 2009-10; stands at \$6,652 now, assuming supplemental school finance bill is approved

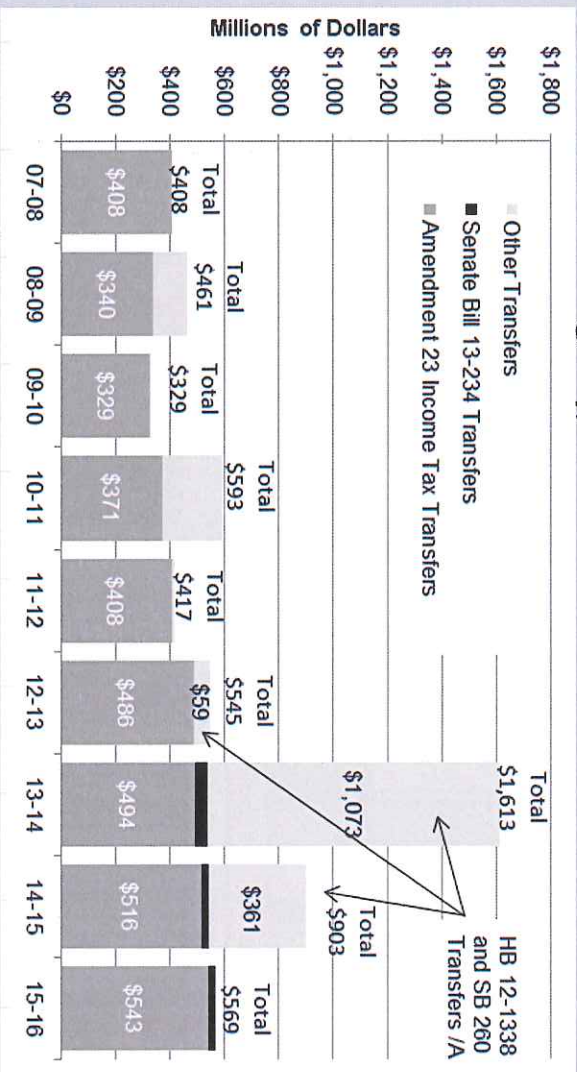
• Funding in FY 2013-14 will increase by \$229 million (over FY 2012-13), if supplemental is approved

• Governor's proposal for FY 2014-15 is to increase per pupil funding by \$223 to \$6,876, and lower the negative factor to \$1.002 billion.



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 **\$494 million** in FY 2013-14, and other transfers from the General Fund



- **Money must be used for education-related purposes, as specified** in the constitution; amounting to **\$738 million** in FY 2013-14

- A fund balance of about **\$1.1 billion** is estimated at the end of FY 2013-14



Overview of the State Education Fund

Estimated State Education Fund Balance based on Current Law (millions of dollars)

	FY 2013-14	FY 2014-15
Beginning Balance	\$170.4	\$1,061.5
SEF Deposits*	\$1,629.4	\$943.4
Total Available Revenue	\$1,799.9	\$2,004.9
SEF Expenditures	\$738.4	\$846.4
School Finance	\$523.6	\$618.6
Categorical Programs	\$127.1	\$134.9
Other SEF Expenditures		
Charter school capital construction	\$7.0	\$7.0
CSAP	\$26.4	\$28.2
Counselor Corp	\$5.0	\$5.0
Facility schools	\$17.0	\$17.5
Full-day K hold harmless	\$7.1	\$7.3
Quality teacher recruitment	\$3.0	\$3.0
Early literacy	\$16.0	\$16.0
BOCES assistance	\$1.3	\$1.3
Other education programs	\$4.8	\$7.6
Subtotal	\$87.6	\$92.9
Ending Balance	\$1,061.5	\$1,158.5

*Includes one-time transfers of \$1.1 billion in FY 2013-14 and \$386 million in FY 2014-15

•FY 2013-14 revenue includes projected income tax revenue and a \$1.1 billion transfer of FY 2012-13 revenues from the General Fund

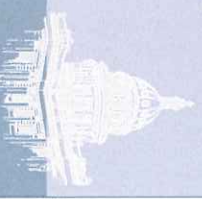
•FY 2014-15 expenditures are subject to approval by the General Assembly; the Long Bill typically funds *current law* requirements for school finance, categorical programs, and other programs, while the school finance bill may change those amounts.



Possible School Finance Funding Options in FY 2014-15 (with planning through FY 2017-18)

Assuming the State Education Fund balance at the end of FY 2017-18 is \$400 million, the legislature could choose any number of school finance funding options in FY 2014-15, ranging from:

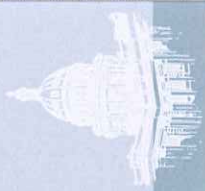
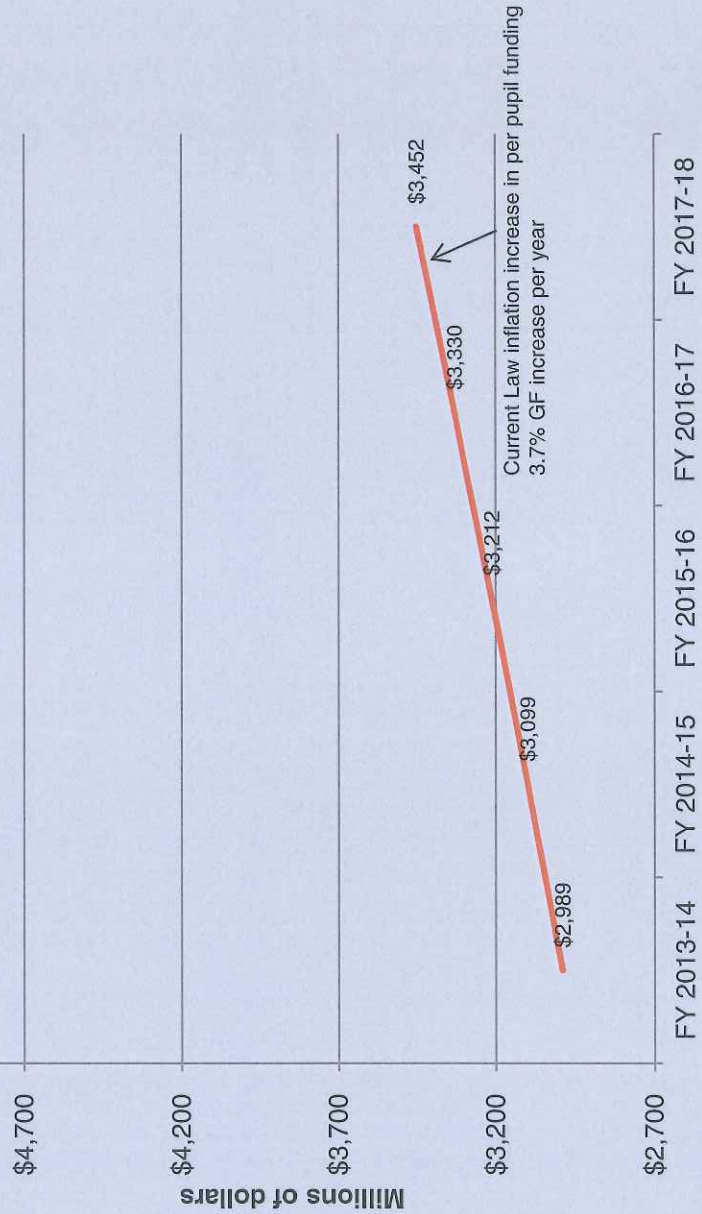
1. Current law: Increase statewide average per pupil funding by inflation (to \$6,845), with 3.7% General Fund growth each year (negative factor = \$1.048 billion)
2. Maintain flat negative factor at \$1.004 billion, with 5% General Fund growth each year, raising per pupil funding to \$6,897
3. Reduce negative factor by \$50 million annually (\$954 million in FY 2014-15), with 6.5% General Fund growth each year, raising per pupil funding to \$6,956
4. Reduce negative factor by \$100 million annually (\$904 million in FY 2014-15), with 8.0% General Fund growth each year, raising per pupil funding to \$7,015
5. Eliminate the negative factor in FY 2014-15 and thereafter, raising per pupil funding to \$8,089



Possible School Finance Funding Options in FY 2014-15 (with planning through FY 2017-18)

Scenario 1 – Current Law, Per Pupil Funding increases by inflation in FY 2014-15 (\$6,845) and each subsequent year, with 3.7% General Fund growth each year to result in \$400 million ending balance for the State Education Fund

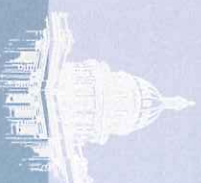
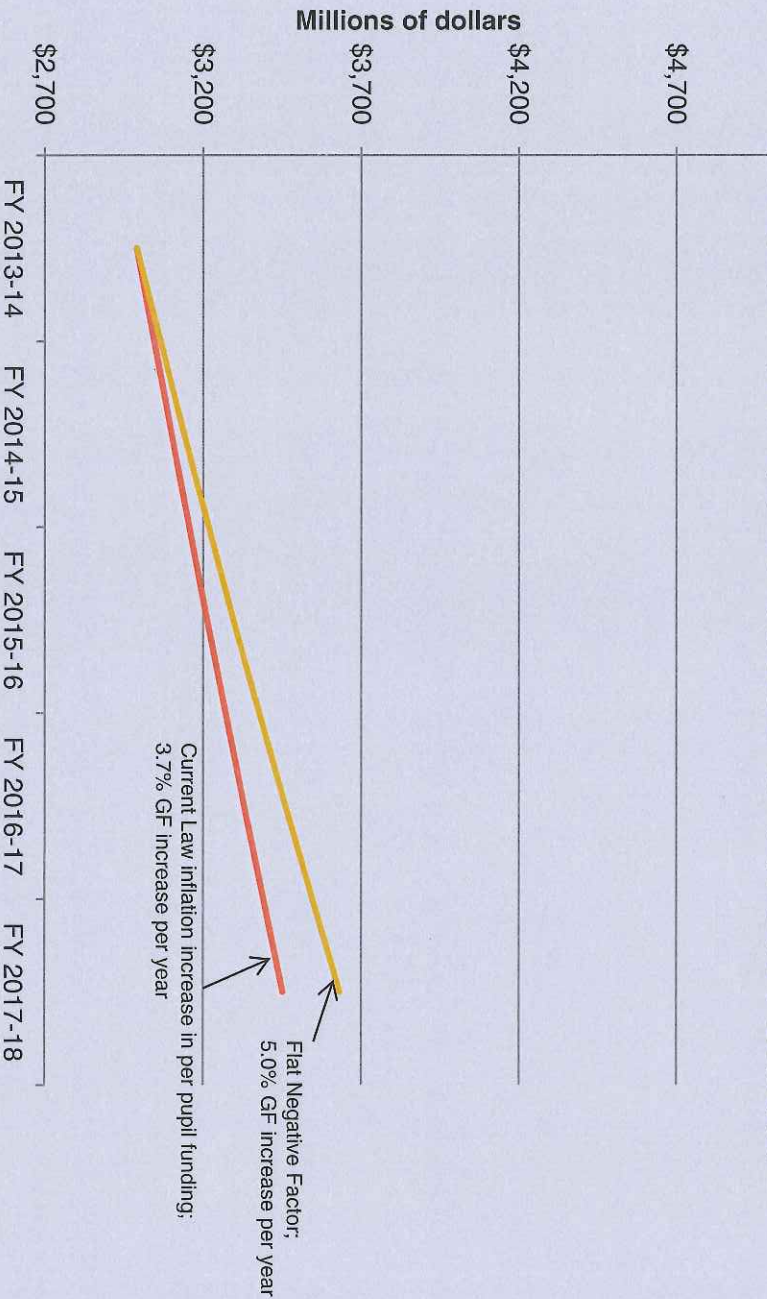
General Fund Contribution to School Finance



Possible School Finance Funding Options in FY 2014-15 (with planning through FY 2017-18)

Scenario 2 – Maintain flat negative factor at \$1.004 billion each subsequent year, with 5.0% General Fund growth each year resulting in \$400 million ending balance for the State Education Fund

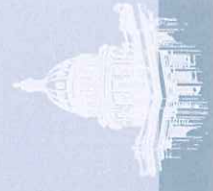
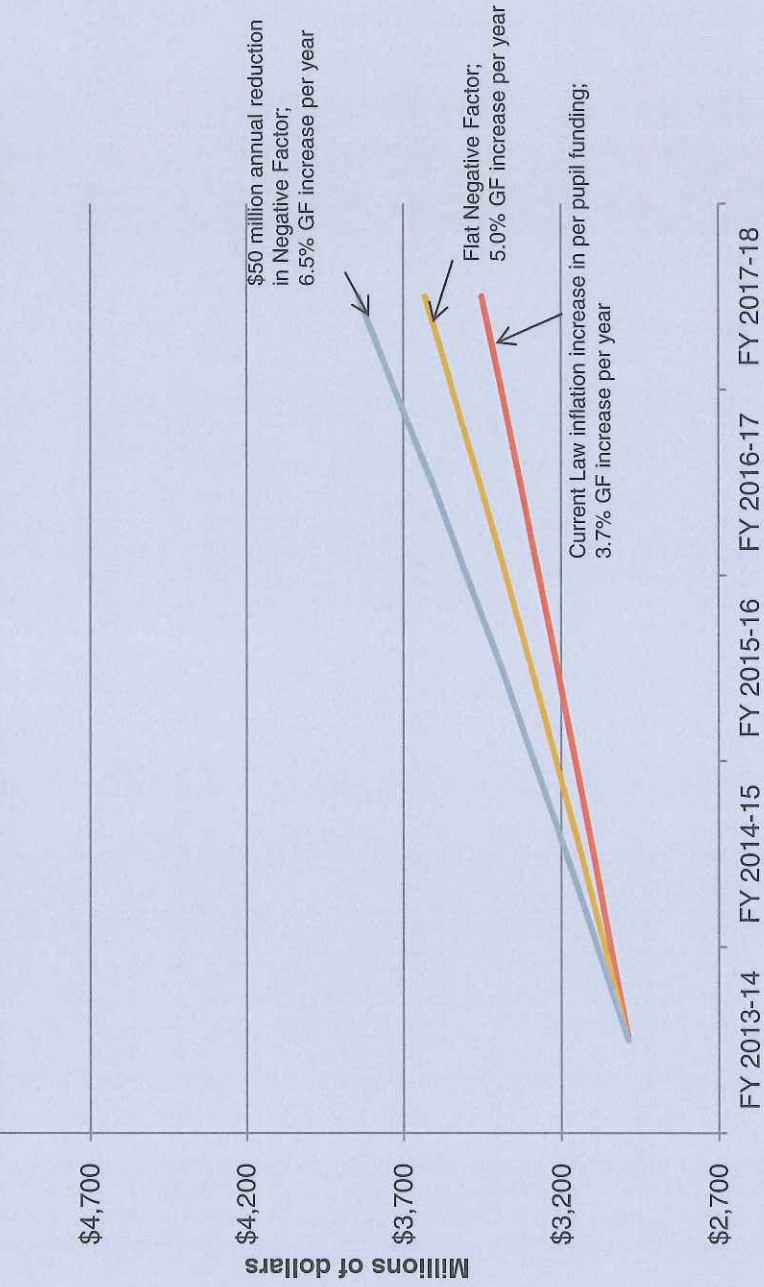
General Fund Contribution to School Finance



Possible School Finance Funding Options in FY 2014-15 (with planning through FY 2017-18)

Scenario 3 – Reduce negative factor by \$50 million annually (\$954 million in FY 2014-15), with 6.5% General Fund growth each year resulting in \$400 million ending balance for the State Education Fund

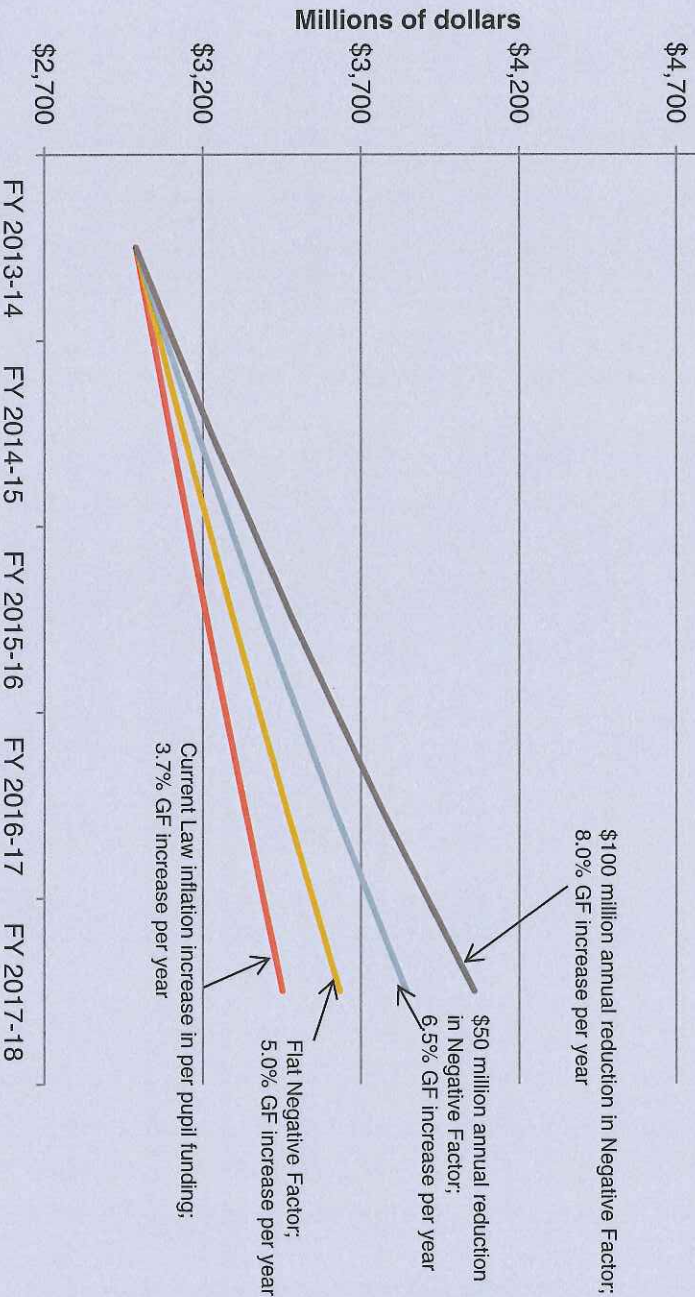
General Fund Contribution to School Finance



Possible School Finance Funding Options in FY 2014-15 (with planning through FY 2017-18)

Scenario 4 – Reduce negative factor by \$100 million annually (\$904 million in FY 2014-15), with 8.0% General Fund growth each year resulting in \$400 million ending balance for the State Education Fund

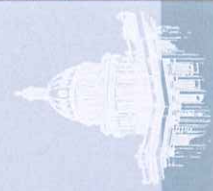
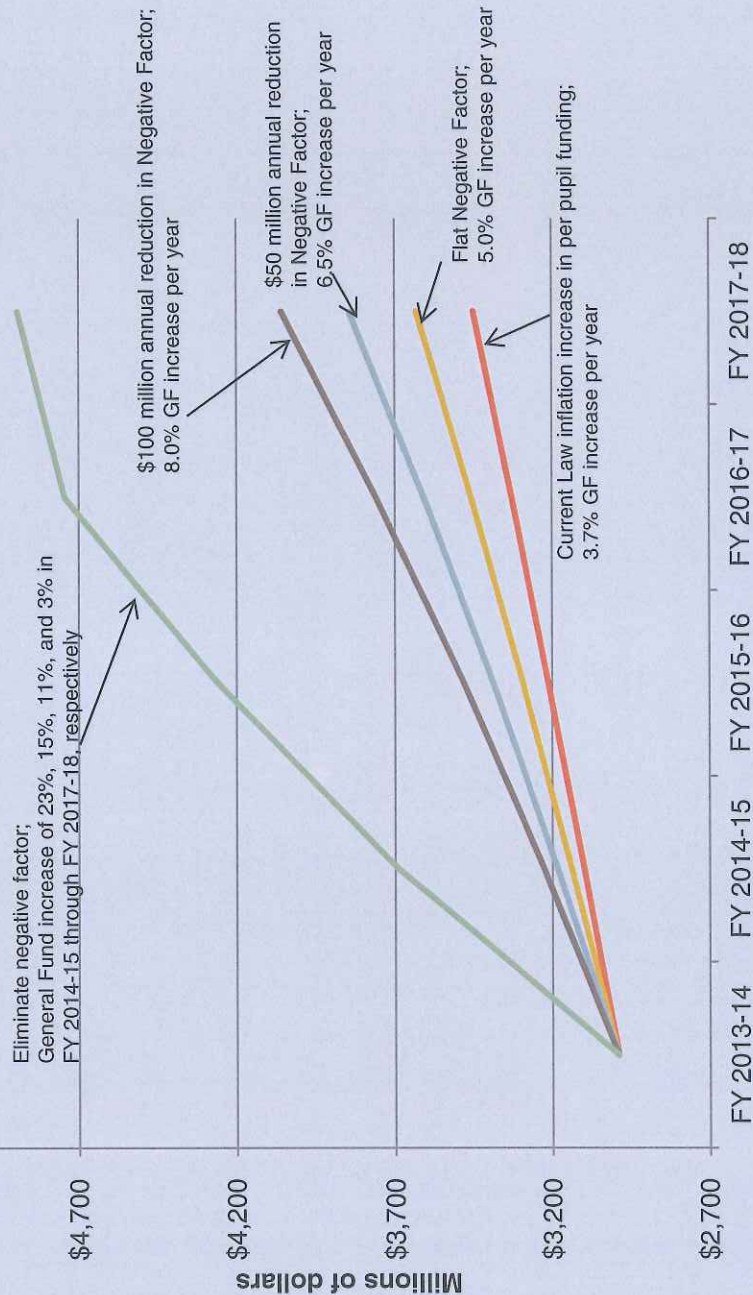
General Fund Contribution to School Finance



Possible School Finance Funding Options in FY 2014-15 (with planning through FY 2017-18)

Scenario 5— Eliminate negative factor in FY 2014-15, with General Fund growth resulting in \$700 million State Education Fund balance in FY 2014-15 and \$400 million each year thereafter

General Fund Contribution to School Finance



Possible School Finance Funding Options in FY 2014-15 (with planning through FY 2017-18)

FY 2014-15 General Fund Increase for School Finance under Possible Scenarios

