

# School Finance Funding Update – Interim Committee on School Finance



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# Sources of Opportunity and Risk

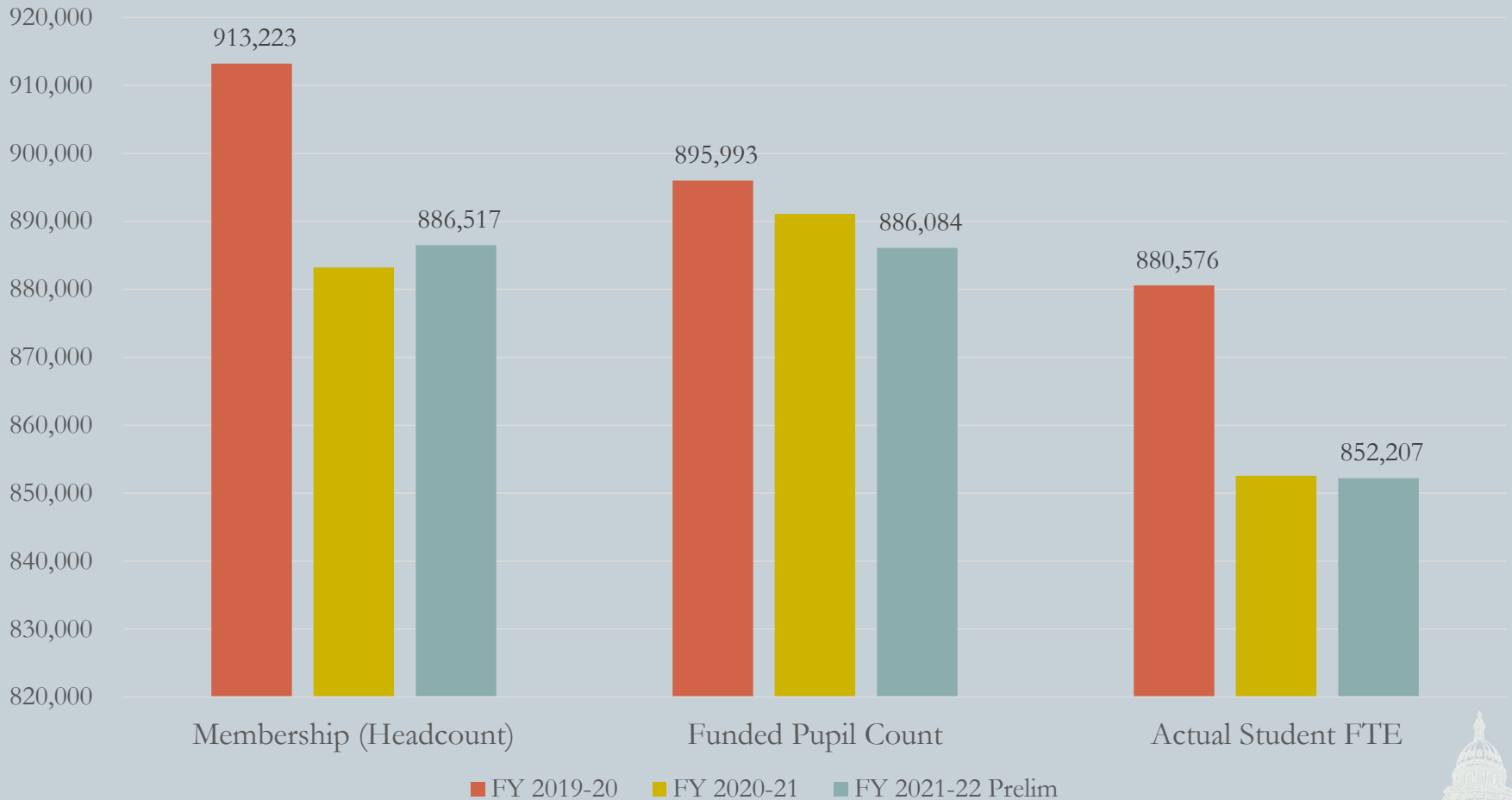
Several circumstances may offer the General Assembly opportunities to make significant changes to school finance funding in the coming years.

- Relatively flat – or gradually declining – *enrollment* would reduce the growth in school finance costs.
- Continued increases in the *local share* would reduce pressure on the state budget at any given level of funding.
- Projected fund balances in the State Education Fund and the General Fund may facilitate change – reducing the BSF and/or changing the formula.
- However, *forecasts* of enrollment, inflation, and revenues are inherently uncertain – and one-time funds raise potential concerns about sustainability.



# Enrollment – Flat and Expected to Decline

Statewide funded pupil count is relatively flat but declining. Averaging has smoothed out dramatic changes in headcount as well as actual student FTE.



## Fund Balances May Offer Flexibility – and Risk

Current and anticipated fund balances in the General Fund and the State Education Fund *may* create some flexibility for the General Assembly to consider changes.

- Revenues to both the General Fund and State Education Fund have continued to come in higher than anticipated in previous forecasts (especially the forecasts going into the pandemic).
- As a result, both funds have accumulated larger balances that may provide flexibility to increase funding and/or change the formula.
- However, competing priorities and the one-time nature of much of the funding both increase risk that changes may be hard to sustain.



# Questions?



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