

FISCAL YEAR 2019-2020 BUDGET CONFERENCE REVENUE ALLOCATIONS

The leaders of the Senate and the House of Representatives have arrived at an agreement with respect to the allocations of revenue for the budget conference committees to use to resolve the differences between SB 2500 and HB 5001. It is important to remember the following with regard to the allocations displayed above and discussion of the allocations below. These are allocations of General Revenue to the various budget silos in the General Appropriations Act. General Revenue is not the only source of revenues used in the total budget. The majority of the funds in the budget are from state and federal trust funds. Trust funds provide about \$56.329 billion of revenue in addition to General Revenue. Local funds for the FEFP, while incorporated in the General Appropriations Act, are not in the total revenue reported as appropriated.

It is instructive to remember that the most recent General Revenue Estimating Conference, which was held on March 1, 2019, projected \$33.4472 billion in recurring General Revenue and \$1.8197 billion in non-recurring General Revenue for a total of \$35.2669 billion in available General Revenue. The General Revenue Allocation consumes \$33.6827 billion of the projected General Revenue. This leaves about \$1.5842 billion in unallocated, projected General Revenue. This revenue represents state reserves. Historically the Legislature keeps at least \$1 billion of projected General Revenue for reserves. The current unallocated reserves may also be consumed by the moving bills that propose tax reductions. Even after the projected impact of the tax reductions that are under consideration, there will be at least \$1 billion of General Revenue in reserves. Funds from vetoes by the Governor will add to the reserves.

Pre-K-12 education receives funds in addition to the General Revenue included in to the \$12,806,200,000 provided in the Conference Allocation. The official chart of allocations to all of the budget silos is attached with this report. The chart below displays comparisons of greatest interest for Pre-K-12 Education and particularly for the FEFP. In addition to these revenues. There are funds from the Principal State School Trust Fund (PSSTF), the Lottery (EETF), and local ad valorem property tax revenues that are used in the FEFP in addition to General Revenue.

Item	Allocation	HB 5001	Difference Allocation vs. HB 5001	SB 2500	Difference Allocation vs. SB 2500
Total General Revenue	\$33.6827 Billion	\$33.4581 Billion	+\$224.6 million	\$33.6898 Billion	-\$7.1 million
Pre-K-12 Allocation	\$12.8062 Billion	\$12.4578 Billion	+\$348.4 million	\$12.9238 Billion	-\$117.6 million
					Difference Senate vs. House
FEFP PSSTF	NA	\$176,000,000	NA	\$169,500,000	-\$6,500,000
FEFP EETF	NA	\$585,720,241	NA	\$586,196,525	+\$476,284
FEFP Local Revenue	NA	\$9,399,159,719	NA	\$9,399,143,789	-\$15,930
FEFP Total State Funds	NA	\$12,239,486,268	NA	\$12,758,513,038	+\$519,026,770
Early Childhood VPK	NA	\$557,811,626	NA	\$558,463,065	+\$651,439
Non-FEFP K-12	NA	\$429,084,961 ¹	NA	\$369,335,833 ¹	-\$59,749,128

¹ The House Non-FEFP Projects included \$140 million for Schools of Hope and \$98,962,286 for School Hardening Projects. The Senate Non-FEFP Projects did not fund the Schools of Hope and includes only \$50 million for School Hardening Projects. These are key differences that will have to be addressed. General Revenue was used for this item in both the House and the Senate.

From the allocations some of the shape of the most prominent elements of the K-12 public education budget can be inferred. Below are some of the key elements.

1. The Pre-K-12 Education General Revenue Allocation does provide \$348.4 million more than the General Revenue Allocation used in HB 5001, and about \$117.6 million less than the General Revenue Allocation used in SB 2500. **Therefore, it is reasonable the total Pre-K-12 appropriation will be higher than the House budget and lower than the Senate Budget.**
2. The Early Learning, VPK appropriations in HB 5001 and SB 2500 were less than \$500,000 apart. It is reasonable to assume that those differences will be resolved easily. If we split the difference, the Pre-K portion of the public schools allocation will consume about \$558,137,346.
3. That would leave about \$12,248,062,654 of the allocation for the K-12 funding.
4. Since provisions for Schools of Hope continue to be addressed in the Senate, it is reasonable to assume that the House position on the Schools of Hope will be adopted, and that \$140,000,000 will be provided.
5. Given the concerns for school safety, and the desire to avoid recurring costs, it is reasonable that the House position on hardening projects for schools is likely to be adopted, and that about \$99,000,000 will be used.
6. After adjusting the Non-FEFP projects to account for the separate treatment of the Schools of Hope and School Hardening projects, it is estimated that about \$289,000,000 will be used for other Non-FEFP K-12 projects in the final budget.
7. If the estimates in items 4, 5, and 6 are correct, the total cost to General Revenue of Non-FEFP projects would be about \$528 million.
8. After adjusting for the estimated agreements for Pre-K and non-FEFP projects the Pre-K12 Education General Revenue Allocation is projected to be \$11,720,062,654.
9. When the total Local Revenue of \$9,399,143,789, Lottery Revenue of \$586,196,525, and PSSTF revenue of \$176,000,000 are added to the estimated agreement for General Revenue for the FEFP, the total FEFP funding is suggested to be settled at about \$21,881,402,969. That would be a change of about +\$822,094,625 in total potential FEFP funding compared to the FY 2018-2019 FEFP Third Calculation. However, that includes a transfer of \$233.950,000 for Best and Brightest from non-FEFP to FEFP funding.
10. After reducing the change for the impact of the transfer-in for Best and Brightest from non-FEFP General Revenue projects where it was appropriated in 2018-2019, the real increase in total potential FEFP funds is estimated to be \$588,144,625 compared to the FY 2018-2019 Third Calculation.
11. HB 5001 provided \$21,638,645,987 of total FEFP funds including the Best and Brightest transfer-in. Using the House budget for comparison, the projected total FEFP revenue of \$21,881,402,969 is about \$242,275,982 higher than HB 5001.
12. Based on the actions taken on various bills, and the positions of the leaders in both chambers, in addition to the FEFP categorical increases in HB 5001, there is expected to be agreement for an increase in the Mental Health Allocation of about \$31 million. It is expected that there will be an agreement to add the Turnaround Allocation to the FEFP, and that will cost about \$45.7 million. There is an expectation at the current time that the Senate will achieve its position to continue the Total Compression Allocation using \$53.7 million. It is expected that the apparent consensus position supporting the Guardian program as a school safety program will prevail, and the Legislature will not add funds for more School Resource Officers this fiscal year.
13. The priorities projected above will consume about \$130.4 million of the increase over the FEFP proposed in HB 5001. That would leave about \$111,875,982 of new funds to increase Base FEFP Funding. That sum would support an additional increase in the BSA of about \$35.82 per Weighted FTE student. When added to the BSA increase proposed in HB 5001, the total increase in the BSA would be about \$74.16 per WFTE.