The last two years, schools began to see funding restored after years of operating off tight budgets. It appears that the good times did not last very long as we are entering into an apparent recession due to the economic effects of the COVID-19 pandemic and a drastic drop in gross production of oil and natural gas accelerated by the pandemic. Some are predicting that this recession could last for two years.
**FY20**

**Estimates:**
Gross Prod. estimates based on $55/barrel. Currently at $23/barrel for last Qtr. Loss- (45% less revenue)

Casinos closing resulting in loss to HB1017 Fund Loss- ($15 million/month)

Delay in Income and Corporate tax until July 1. Delayed-($200 million)

$416 million Revenue Failure

Rainy Day/Stabilization Gain- ($416 million)

Federal CARE/ESSER Stimulus Gain- ($160 million)

**Assumptions:**
Optimistic: No Cuts

**Guidance:**
No cuts this year. Gather information and begin FY21 Budget Projections considering federal stimulus $ and current fund balance.

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**FY21**

**Estimates:**
Gross Production stays at $20/barrel. 45% of FY20 Estimate Loss- $481.7 million

Income/Corp Tax loss due to Gross Prod and COVID, offset in part from delayed FY20 collections Net loss - $756.7 million

Sales Tax loss due to Gross Prod and COVID Loss- $302 million

Casino revenue deposit is delayed 2-3 months, so affect from FY20 closings may be felt in FY21

Loss- ($15 mil/month)

**Assumptions:**
Current estimate: Overall education cut = 2.55%

FBA increase, fully funded. 4.59% cut to Formula = $110.8 M

Factor loss est. at 4.59% = $94 per WADM

Cuts could be offset by state rainy day funds, stabilization funds, or federal stimulus funds.

**Guidance:**
Prepare for FY22 cuts use CCOSA Budget Cut Tool to get estimates for your district.

Gross Prod. Schools should use March-June FY20 GP collections to estimate FY21 losses.

Limit new hires, consider replacing current salaries with stimulus $ as allowed.

Utilize fund balance.

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**FY22**

**Estimates:**
Continued loss of Gross Production at same rate as FY21.

Schools that lost Gross Prod in FY21 will now draw on formula causing a loss for all schools.

Income/Corp Tax loss due to Gross Prod and COVID Loss

Sales Tax loss due to Gross Prod and COVID Loss

**Assumptions:**
Optimistic: 0-2% Cuts

Factor Loss est. at 2%-$34 per WADM.

If rainy day, stabilization and other funds are used in FY21, they may be depleted.

Governor’s Estimate: 8.2%, not likely. Factor loss est. at 8.2% = $138 per WADM

**Guidance:**
Prepare for FY22 cuts use CCOSA Budget Cut Tool to get estimates for your district.

Gross Prod. Schools should use March-June FY20 GP collections to estimate FY21 losses.

Limit new hires, consider CCOSA budget cutting checklist & Energy Plan.

Utilize fund balance.

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