

Preliminary Education Fund Outlook
(millions of dollars)

	FY2015	FY2016	FY2017
CURRENT LAW UPDATE DEC 30 2015 --- DRAFT	Final	Preliminary	Projections
a Base Homestead Property Tax Rate	\$0.98	\$0.99	\$1.00
Average Homestead Property Tax Rate	\$1.50	\$1.525	\$1.538
b Uniform Non-Residential Property Tax Rate	\$1.515	\$1.535	\$1.541
c Base Tax Rate on Household Income	1.8%	1.8%	2.0%
d Base Education Amount Per Equalized Pupil	\$9,285	\$9,459	
Property Yield Per Equalized Pupil			\$9,870
2% Income Yield Per Equalized Pupil			\$11,065
e Total Equalized Pupil Count	89,257	89,163	88,982
f Statewide Education Grand List Growth Rate	-0.5%	0.3%	1.7%
g Statewide Education Spending Growth Rate			2.52%

Sources

1 Homestead Education Tax	573.6	588.4	602.0
1a Income Sensitivity Adjustment	(151.1)	(158.8)	(163.9)
1b Homeowner Rebate - EF share only*	Included in line 1a.	(7.5)	(7.3)
2 Non-Homestead Education Tax	603.4	616.5	623.2
3 Sales & Use Tax	127.6	133.8	138.0
4 Purchase & Use Tax	32.4	34.1	35.6
5 General Fund Transfer	295.8	303.3	303.6
5a Transfer from Rainy Day Reserve			2.3
5b Property Tax Relief Fund Transfer	1.8		
6 Lottery Transfer	22.8	23.2	23.5
7 Medicaid Transfer	7.6	6.0	6.0
8 Other Sources (Wind & Solar Property Tax, Other)	1.1	1.1	1.1
9 Total Sources	1,515.1	1,540.1	1,564.1

Uses

10 Education Payment	1,258.5	1,289.6	1,321.3
11 Special Education	173.3	179.8	180.8
12 State-Placed Students	16.9	16.4	16.7
13 Transportation	17.2	17.7	18.2
14 Technical Education	13.7	13.3	12.5
15 Small Schools	7.7	7.6	7.7
16 Essential Early Education	6.3	6.4	6.4
17 Adult Education & Literacy	5.8	5.8	5.8
18 Community HS of Vermont (Corrections)	3.8	3.9	3.6
19 Renter Rebate (General Gov't) - EF share only**	6.6	6.5	6.5
20 Reappraisal & Listing (General Gov't)	3.3	3.7	3.4
21 Other Uses (Accounting & Auditing, Other)	1.3	1.1	1.1
22 Total Uses	1,514.3	1,551.8	1,584.0

Allocation of Revenue Surplus/(Deficit)

23 Revenue Surplus/(Deficit)	0.9	(11.7)	(19.9)
24 Prior-Year Reversions	(5.9)	(16.8)	0.0
25 Transfer to/(from) Stabilization Reserve	1.7	0.5	0.8
26 Transfer to/(from) Unreserved/Unallocated	5.1	4.6	(20.7)

Stabilization Reserve

27 Prior-Year Stabilization Reserve	30.3	32.0	32.5
28 Current-Year Stabilization Reserve	32.0	32.5	33.3
29 Percent of Prior-Year Net Appropriations	5.00%	5.00%	5.00%
30 Maximum Reserve Target @ 5.0%	32.0	32.5	33.3
31 Minimum Reserve Target @ 3.5%	22.4	22.8	23.3

Available Funds

32 Prior-Year Unreserved/Unallocated	10.0	16.1	20.7
33 Current-Year Unreserved/Unallocated	16.1	20.7	0.0

* GF share of homeowner rebate: 14.6 16.9 16.2

** GF share of renter rebate: 2.8 2.9 2.9

Estimated number of districts over threshold: 127

Updated EF Outlook for FY2017

- The EF Outlook for FY2017 has been updated – estimated education taxes are now somewhat higher than in the December 1st EF Outlook.
- However, the change in statewide education taxes is still relatively small:

	<u>FY2016</u>	<u>FY2017</u>	<u>Change</u>
Net Homestead Property	\$422.1	\$430.8	2.1%
Nonresidential Property	\$616.5	\$623.2	1.1%

- Changes in the average education tax rates are also relatively small:

	<u>FY2016</u>	<u>FY2017</u>	<u>Change</u>
Homestead Property	\$1.525	\$1.538	\$0.013
Household Income	2.74%	2.72%	-.002%
Nonresidential Property	\$1.535	\$1.541	\$0.006

- At these tax rates, the education tax bill for the median taxpayer in each class will increase by a little more than 1.3% in FY2017.
- For comparison purposes, a \$1.00 homestead property tax rate supported spending at \$9,554 per pupil in FY2016 and at \$9,870 in FY2017 or a 3.3% increase.

- **Caveats:**

- The statewide education spending estimate at 2.5% growth may be low – board-approved school budgets will be unavailable until February.
- Uses \$20.7M in one-time money in FY2017:
 - FY2017 reversion of \$16.8M
 - FY2016 revenue update
 - FY2015 closeout

- **Other issues:**

- Potential accelerated mergers – tax incentive at \$1.9M (tax shift, not new money)
- Spending thresholds under current law:
 - Estimated 127 districts over AGP
 - \$9.5M (tax shift, not new money)

Modification or repeal of the Act 46 spending thresholds is under discussion in both the House and Senate Committees on Education.