

Education Fund Outlook - Current-Law Update

(millions of dollars)

This analysis, based on board-approved school budgets submitted to AOE to date, is subject to change. The Legislature has not yet set the property and income yields or the nonresidential property tax for FY2019. In addition, there are education finance proposals currently under consideration by the Legislature that could make significant changes to current law.

| | FY2017 Final | FY2018 After Budget Adjustment | FY2019 Projections |
|--|-----------------|-----------------------------------|-----------------------|
| a Average Homestead Property Tax Rate | \$1.527 | \$1.500 | \$1.554 |
| b Average Tax Rate on Household Income | 2.70% | 2.55% | 2.58% |
| c Uniform Non-Homestead Property Tax Rate | \$1.535 | \$1.535 | \$1.591 |
| d Property Yield Per Equalized Pupil | \$9,701 | \$10,160 | \$9,832 |
| Income Yield Per Equalized Pupil | \$10,870 | \$11,990 | \$11,880 |
| e Total Equalized Pupil Count | 88,982 | 87,744 | 88,359 |
| f Statewide Education Grand List Growth Rate | 1.4% | 1.4% | 1.4% |
| g Statewide Education Spending Growth Rate | 1.4% | 3.1% | 1.6% |

Sources (actual)

| | | | |
|--|----------------|----------------|----------------|
| 1 Homestead Education Tax | 586.8 | 587.5 | 619.6 |
| Property Tax Adjustment | (170.1) | (173.0) | (176.4) |
| 2 Non-Homestead Education Tax | 632.8 | 641.3 | 677.5 |
| 3 Sales & Use Tax | 131.8 | 136.9 | 144.3 |
| 4 Purchase & Use Tax | 34.4 | 35.8 | 37.3 |
| 5 General Fund Transfer | 303.6 | 314.7 | 322.9 |
| One-Time Additional General Fund Transfer | - | 3.3 | - |
| Supplemental Property Tax Relief Fund Transfer | 2.3 | - | - |
| 6 Lottery Transfer | 25.5 | 25.2 | 25.6 |
| 7 Medicaid Transfer | 10.6 | 8.6 | 8.6 |
| 8 Other Sources (Wind & Solar, Other) | 1.4 | 1.5 | 1.6 |
| 9 Total Sources | 1,559.1 | 1,581.8 | 1,661.0 |

Uses (appropriations)

| | | | |
|---|----------------|----------------|----------------|
| 10 Education Payment | 1,311.0 | 1,352.2 | 1,372.3 |
| Recapture of VEHI Teachers' Health Care Savings | - | (8.4) | (4.5) |
| 11 Special Education Aid | 180.7 | 180.7 | 189.2 |
| 12 State-Placed Students | 16.7 | 16.7 | 16.7 |
| 13 Transportation Aid | 18.2 | 18.7 | 19.2 |
| 14 Technical Education Aid | 13.5 | 13.6 | 13.9 |
| 15 Small School Support | 7.7 | 7.6 | 7.6 |
| 16 Essential Early Education Aid | 6.4 | 6.4 | 6.6 |
| 17 Adult Education & Literacy | 1.8 | 2.7 | 3.0 |
| 18 Flexible Pathways | 6.1 | 7.9 | 7.3 |
| 19 Community HS of Vermont (Corrections) | 3.1 | 3.2 | 3.3 |
| 20 Renter Rebate (General Government) - EF share only | 8.0 | 7.7 | 7.9 |
| 21 Reappraisal & Listing (General Government) | 3.4 | 3.5 | 3.3 |
| 22 Teachers' Pensions - normal cost only | - | 7.9 | 7.7 |
| 23 Other Uses (Accounting & Auditing, Other) | 1.1 | 1.1 | 1.1 |
| 24 Total Uses | 1,577.7 | 1,621.5 | 1,654.6 |

Allocation of Revenue Surplus/(Deficit)

| | | | |
|--|--------|--------|-----|
| 25 Revenue Surplus/(Deficit) | (18.6) | (39.7) | 6.3 |
| 26 Prior-Year Reversions (adjusted) | (12.0) | (8.5) | - |
| 27 Transfer to/(from) Stabilization Reserve | 0.9 | (4.8) | 6.3 |
| 28 Transfer to/(from) Unreserved/Unallocated | (7.5) | (26.4) | - |

Stabilization Reserve

| | | | |
|---|------|------|------|
| 29 Prior-Year Stabilization Reserve | 32.6 | 33.5 | 28.7 |
| 30 Current-Year Stabilization Reserve | 33.5 | 28.7 | 35.0 |
| 31 Percent of Prior-Year Net Appropriations | 5.0% | 4.2% | 5.0% |
| 32 Maximum Reserve Target @ 5.0% | 33.5 | 34.1 | 35.0 |
| 33 Minimum Reserve Target @ 3.5% | 23.4 | 23.9 | 24.5 |

Available Funds

| | | | |
|--|------|------|---|
| 34 Prior-Year Unreserved/Unallocated | 33.9 | 26.4 | - |
| 35 Current-Year Unreserved/Unallocated | 26.4 | - | - |

¹ Act 46 merger incentives lower homestead taxes in eligible school districts by \$2.5 million in FY2017, \$10.1 million in FY2018, and \$14.0 million in FY2019. The forgone homestead tax revenue is offset by lowering the yields, which raises education tax rates.