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.

| 0 | Uses \$20.7M in <u>one-time</u> 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)

| 0 | 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.