

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.