

**Education Fund Outlook - Updated April 2018**

(millions of dollars)

**Preliminary Estimates - subject to change - see notes below**  
 FY2019 education spending data as of April 18, 2018 (93% of budgets submitted to AOE)

|   | <b>Current Law</b>                         | <b>FY2017<br/>Final</b> | <b>FY2018<br/>After Budget Adjustments</b> | <b>FY2019<br/>Projections</b> |
|---|--|-------------------------|--|-------------------------------|
| a | Average Homestead Property Tax Rate        | \$1.527                 | \$1.500                                    | \$1.568                       |
| b | Average Tax Rate on Household Income       | 2.70%                   | 2.55%                                      | 2.60%                         |
| c | Uniform Non-Homestead Property Tax Rate    | \$1.535                 | \$1.535                                    | \$1.606                       |
| d | Property Yield Per Equalized Pupil         | \$9,701                 | \$10,160                                   | \$9,744                       |
|   | Income Yield Per Equalized Pupil           | \$10,870                | \$11,990                                   | \$11,773                      |
| 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%                                       | 1.8%                          |

**Sources (actual)**

|   |   |                |                |                |
|---|---|----------------|----------------|----------------|
| 1 | Homestead Education Tax                                   | 586.8          | 584.5          | 625.1          |
|   | Property Tax Adjustment                                   | (170.1)        | (173.0)        | (176.4)        |
| 2 | Non-Homestead Education Tax                               | 632.8          | 646.3          | 683.9          |
| 3 | Sales & Use Tax   | 131.8          | 136.9          | 144.3          |
| 4 | Purchase & Use Tax  | 34.4           | 35.8           | 37.3           |
| 5 | General Fund Transfer (including one-time appropriations) | 305.9          | 318.0          | 322.9          |
| 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 | <b>Total Sources</b>                                      | <b>1,559.1</b> | <b>1,583.8</b> | <b>1,672.9</b> |

**Uses (appropriations)**

|    |  |                |                |                |
|----|--|----------------|----------------|----------------|
| 10 | Education Payment                                  | 1,311.0        | 1,352.2        | 1,375.0        |
|    | Recapture of VEHI Teachers' Health Care Savings    | -              | (8.4)          | (4.5)          |
| 11 | Special Education Aid                              | 180.7          | 188.7          | 197.2          |
| 12 | State-Placed Students                              | 16.7           | 14.7           | 15.7           |
| 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            | 7.2            | 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 | <b>Total Uses</b>                                  | <b>1,577.7</b> | <b>1,626.8</b> | <b>1,664.3</b> |

**Allocation of Revenue Surplus/(Deficit)**

|    |   |               |               |            |
|----|---|---------------|---------------|------------|
| 25 | <b>Revenue Surplus/(Deficit)</b>          | <b>(18.6)</b> | <b>(42.9)</b> | <b>8.5</b> |
| 26 | Prior-Year Reversions ( <i>adjusted</i> ) | (12.0)        | (8.5)         | (1.0)      |
| 27 | Transfer to/(from) Stabilization Reserve  | 0.9           | (8.0)         | 9.5        |
| 28 | Transfer to/(from) Unreserved/Unallocated | (7.5)         | (26.4)        | -          |

**Stabilization Reserve**

|    |  |      |      |      |
|----|--|------|------|------|
| 29 | Prior-Year Stabilization Reserve         | 32.6 | 33.5 | 25.5 |
| 30 | Current-Year Stabilization Reserve       | 33.5 | 25.5 | 35.0 |
| 31 | Percent of Prior-Year Net Appropriations | 5.0% | 3.7% | 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 | -    | - |

<sup>1</sup> 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.

**Notes on Changes to Current-Law EF Outlook for FY2018 and FY2019 (Based on Senate Passed Budget Appropriations)**

- PVR: FY18 education tax revenue is up \$2M
- AOE: FY18 and FY19 special education aid is up \$8M
- AOE: FY18 state-placed students is down \$2M; FY19 is down \$1M
- AOE: FY18 flexible pathways is down \$0.75M
- AOE: FY18 reversion to FY19 is \$1M
- Pending other additional revenue changes based on bills moving through the House and Senate