

## Education Fund Outlook for FY2020 - House Ways & Means Proposal

March 19, 2019

(millions of dollars)

	FY2019 BAA BAA	FY2020 New Revenue
a Average Homestead Property Tax Rate	\$1.499	\$1.501
b Average Tax Rate on Household Income	2.48%	2.45%
c Uniform Non-Homestead Property Tax Rate	\$1.580	\$1.582
d Property Yield Per Equalized Pupil	\$10,220	\$10,705
e Income Yield Per Equalized Pupil	\$12,380	\$13,164
f Total Equalized Pupil Count	88,359	87,773
g Statewide Education Grand List Growth Rate	1.40%	2.26%
h Statewide Education Spending Growth Rate	1.70%	3.87%

### Sources

1a Homestead Education Tax	597.8	610.5	
1b Property Tax Adjustment	(165.3)	(168.0)	
2 Non-Homestead Education Tax	672.8	688.4	
3 Sales & Use Tax	415.1	438.7	\$9.15M Market Place
4 Purchase & Use Tax	38.0	38.5	
5 Meals & Rooms Tax	45.4	47.8	\$3.71M OTC (25% EF \$0.93M)
6 Lottery Transfer	28.2	28.5	
7 Medicaid Transfer	9.6	9.2	
8 Other Sources (Wind & Solar Taxes, Fund Interest)	3.0	5.1	\$2.1M Sup Prop Relief Fund
<b>9 Total Sources</b>	<b>1,644.6</b>	<b>1,698.65</b>	

### Appropriations

10 Education Payment	1,372.9	1,426.1	
11 Special Education Aid	198.5	213.0	
12 State-Placed Students	15.7	16.5	
13 Transportation Aid	19.2	19.8	
14 Technical Education Aid	13.9	14.2	
15 Small School Support	7.6	8.2	
16 Essential Early Education Aid	6.6	6.8	
17 Flexible Pathways	7.3	7.7	
18 Teachers' Pensions (Normal Cost Only)	7.7	6.8	
19 Other Uses (Accounting & Auditing, Other)	1.0	2.8	\$1.7M AOE Financial Systems
<b>20 Total Uses</b>	<b>1,650.5</b>	<b>1,721.8</b>	

### Allocation of Revenue Surplus/(Deficit)

21 Revenue Surplus/(Deficit)	(5.9)	(23.1)
22 Prior-Year Reversions	(10.9)	NA
23 Transfer to/(from) Stabilization Reserve	2.4	0.5
24 Transfer to/(from) Unreserved/Unallocated	2.6	(23.6)

### Stabilization Reserve

25 Prior-Year Stabilization Reserve	34.6	37.0
26 Current-Year Stabilization Reserve	37.0	37.5
27 Percent of Prior-Year Net Appropriations	5.0%	5.0%
28 Reserve Target	37.0	37.5

### Available Funds

29 Prior-Year Unreserved/Unallocated	21.2	23.9
30 Current-Year Unreserved/Unallocated	23.9	0.3

NA - Not available at this time.

### Note on selected education property tax expenditures:

a Act 46 Merger Incentives	(13.0)	(10.9)
b Tax Increment Financing	(5.7)	NA
c Use Value Appraisal	(46.9)	NA

**Preliminary Equalized Education Tax Rates for FY2020 based on H.536 as reported by HWM**

	<b>FY2019 Actual</b>	<b>FY2020 Proposed</b>	<b>Change</b>
<b>Education Tax Rates</b>			
Average homestead property tax rate	\$1.499	\$1.501	\$0.002
Uniform nonhomestead property tax rate	\$1.580	\$1.582	\$0.002
Average tax rate on household income	2.48%	2.45%	-0.03%
<b>Education Tax Bills</b>			
Average bill on \$200,000 homestead	\$2,998	\$3,002	\$4
Uniform bill on \$200,000 nonhomestead	\$3,160	\$3,164	\$4
Average bill on \$75,000 household income	\$1,860	\$1,838	(\$23)
Equalized pupil count	88,359	87,773	-586
Growth in education spending	1.70%	3.87%	2.17%

*The two-year average spending growth rate of 2.79% is roughly equal to the projected two-year average rate of state & local government inflation of 2.78%.*