

DRAFT Proposal Overview

Education Fund Outlook - April 2022 w/ updated school budgets as of April 28, 2022

Parameters of the model:

- a.) Include the same bills used for modeling as in the H.737 House Construct. These bills are H.716, H. 703, and S.286**

H.716 (Miscellaneous Education Bill): This bill shifts \$6 million within the Education Fund from the Education Payment to Special Education Aid. This bill does not change the overall appropriations within the Education Fund.

H.703 (Workforce Development Bill): This bill includes a \$15 million appropriation for one-time CTE construction and rehab learning program from the Education Fund

S.286 (Pension Bill): This bill includes \$7.8 million in savings on normal cost of teachers pension, and a \$15 million in new on-going appropriation for normal cost of teachers OPEB

- b.) Include \$29 million in funding for S.100 (Universal School Meals) as an appropriation**
- c.) Include an additional reserve for \$41 million in funding for PCB assessment and mitigation**
- d.) Apply the rest of the surplus to lowering tax rates**

Approximately \$2.5 million have been applied to lowering tax rates

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(millions of dollars)		FY2021	FY2022	FY2023	FY2023
		Actual	Projected	H.737 as passed the House	As discussed April 28, approx. \$2.5 million to tax rates
a	Average Homestead Property Tax Rate	\$1.538	\$1.523	\$1.369	\$1.403
b	Average Tax Rate on Household Income	2.50%	2.50%	2.29%	2.35%
c	Uniform Non-Homestead Property Tax Rate	\$1.628	1.612	1.449	\$1.485
d	Property Yield Per Equalized Pupil	\$10,998	\$11,317	\$13,472	\$13,144
e	Income Yield Per Equalized Pupil	\$13,535	\$13,770	\$16,146	\$15,736
f	Equalized Pupil Count	87,304	86,944	85,806	85,806
g	Statewide Education Spending Growth	3.9%	1.3%	5.4%	5.4%
h	Statewide Education Grand List Growth	2.7%	3.0%	7.5%	7.5%
Sources					
1a	Homestead Education Property Tax	633.7	649.3	627.5	643.2
1b	Property Tax Credit	(171.5)	(172.0)	(170.0)	(170.0)
2	Non-Homestead Education Property Tax	735.2	747.7	718.6	736.5
3	Sales & Use Tax	507.6	538.7	556.1	556.1
4	Purchase & Use Tax - one-third of total	44.7	47.1	47.5	47.5
5	Meals & Rooms Tax - one-quarter of total	36.0	49.4	51.6	51.6
6	Lottery Transfer	32.5	32.3	32.9	32.9
7	Medicaid Transfer	7.4	10.0	10.2	10.2
8	Other Sources (Wind & Solar, Fund Interest)	2.9	2.2	2.2	2.2
9	Total Sources	1,828.5	1,904.7	1,876.6	1,910.1
Appropriations					
10	Education Payment	1,483.7	1,502.0	1,572.5	1,572.5
10 a.	H.716 - Misc Ed Bill, Special Education			(6.0)	(6.0)
11	Special Education Aid	223.7	229.0	214.1	214.1
11 a.	H.716 - Misc Ed Bill, Special Education			6.0	6.0
12	State-Placed Students	18.0	17.0	17.5	17.5
13	Transportation Aid	20.5	20.5	21.8	21.8
14	Technical Education Aid	14.8	15.5	30.5	30.5
14 a.	H.703 - One-Time CTE construction and rehab learning program			15.0	15.0
15	Small School Support	8.2	8.1	8.1	8.1
16	Essential Early Education Aid	7.0	7.1	7.5	7.5
17	Flexible Pathways	8.3	8.2	8.4	8.4
18	Teachers' Pensions (Normal Cost Only)	6.9	37.6	33.0	33.0
18 a.	S.286: COLA and Teacher Contribution savings			(7.8)	(7.8)
19	S.286 NEW: On-going Normal Cost of Teacher's OPEB			15.1	15.1
20	Other Uses (Accounting & Auditing, Financial Systems)	3.4	3.4	3.4	3.4
21	S.100 - Funding of Universal School Meals				29.0
22	Total Uses	1,794.5	1,848.3	1,931.9	1,960.9
Allocation of Revenue Surplus/(Deficit)					
23	Revenue Surplus/(Deficit)	34.0	56.4	(55.3)	(50.8)
24	Prior-Year Reversions	(14)	(11.7)	0.0	0.0
25	Transfer to/(from) Stabilization Reserve	5.2	1.1	2.9	2.9
26	Transfer to/(from) additional Reserve	14.0		-	-
27	Transfer to/(from) Unreserved/Unallocated	28.7	67.0	(58.2)	(53.7)
Stabilization Reserve					
28	Prior-Year Stabilization Reserve	33.0	38.2	38.2	39.3
29	Current-Year Stabilization Reserve	38.2	39.3	42.2	42.2
30	Percent of Prior-Year Net Appropriations	5%	5%	5%	5%
31	Reserve Target	38.2	39.3	42.2	42.2
Additional Reserve					
32	Additional Reserve for Other Post Employment Benefits	14.0	14.0		
32 a.	Prefund of Normal Cost of Teacher's OPEB using reserved funds		(13.3)		
33	Additional Reserve for Universal School Meals Transition			36.0	
34	Additional Reserve for PCB assessment and mitigation				41.0
Available Funds					
35	Prior-Year Unreserved/Unallocated	0.0	28.7	95.7	95.7
36	Current-Year Unreserved/Unallocated	28.7	95.7	1.5	1.0

Notes: Line 19 is a new ongoing cost to Education Fund. It is to fund Normal Cost Teachers' Other Post Employment Benefits.

Due to data restrictions, H.716 is modelled at a high level and not at a district level. H.716 shifts dollars within the Education Fund, but does not change total education budget. Because overall appropriations within the yield model are not changing, the difference on the yield is estimated to be negligible.