

Preliminary Education Fund Outlook for FY2022

Consensus estimates as of January 13, 2022

(millions of dollars)	FY2021 Actual	Forecast		
		FY2022 Update Jan. 13, 2022	FY2023 From Dec. 1, 2021	FY2023 Update Jan. 13, 2022
a Average Homestead Property Tax Rate	\$1.538	\$1.523	\$1.308	\$1.294
b Average Tax Rate on Household Income	2.50%	2.50%	2.19%	2.17%
c Uniform Non-Homestead Property Tax Rate	\$1.628	\$1.612	\$1.385	\$1.370
d Property Yield Per Equalized Pupil	\$10,998	\$11,317	\$13,846	\$14,001
e Income Yield Per Equalized Pupil	\$13,535	\$13,770	\$16,705	\$16,938
f Equalized Pupil Count	87,304	86,944	86,596	86,596
g Statewide Education Spending Growth	3.9%	1.3%	4.3%	4.3%
h Statewide Education Grand List Growth	2.7%	3.0%	7.6%	7.6%

Sources

1a Homestead Education Property Tax	633.7	649.3	598.2	591.6
1b Property Tax Credit	(171.5)	(172.0)	(170.0)	(170.0)
2 Non-Homestead Education Property Tax	735.2	747.7	687.1	679.7
3 Sales & Use Tax	507.6	538.7	551.2	556.1
4 Purchase & Use Tax (one-third of total)	44.7	47.1	47.4	47.5
5 Meals & Rooms Tax (one-quarter of total)	36.0	49.4	48.4	51.6
6 Lottery Transfer	32.5	32.3	32.3	32.9
7 Medicaid Transfer	7.4	10.0	10.2	10.2
8 Other Sources (Wind & Solar, LUCT, fund interest)	2.9	2.2	2.2	2.2
9 Total Sources	1,828.5	1,904.7	1,807.0	1,801.8

Appropriations

10 Education Payment	1,483.7	1,502.1	1,561.7	1,561.7
11 Special Education Aid	223.7	229.0	208.1	208.1
12 State-Placed Students	18.0	17.0	17.5	17.5
13 Transportation Aid	20.5	20.4	21.8	21.8
14 Technical Education Aid	14.8	15.5	15.5	15.5
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	8.3	9.3	9.3
18 Teachers' Pensions (normal cost only)	6.9	37.6	40.8	40.8
19 Other Uses (accounting & auditing, financial systems)	3.4	3.4	3.4	3.4
20 Total Uses	1,794.5	1,848.4	1,893.7	1,893.7

Allocation of Revenue Surplus/(Deficit)

21 Revenue Surplus/(Deficit)	34.0	56.3	(86.7)	(91.9)
22 Prior-Year Reversions	(14.0)	(11.7)	-	-
23 Transfer to/(from) Stabilization Reserve	5.2	1.1	2.90	2.9
24 Transfer to/(from) Additional Reserve	14.0	-	-	-
25 Transfer to/(from) Unreserved/Unallocated	28.7	66.9	(89.5)	(94.8)

Stabilization Reserve

26 Prior-Year Stabilization Reserve	33.0	38.2	39.3	39.3
27 Current-Year Stabilization Reserve	38.2	39.3	42.2	42.2
28 Percent of Prior-Year Net Appropriations	5.0%	5.0%	5.0%	5.0%
29 Reserve Target	38.2	39.3	42.2	42.2

Additional Reserve

30 Additional Reserve for Other Post Employment Benefits	14.0	14.0	14.0	14.0
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Available Funds

31 Prior-Year Unreserved/Unallocated	0.0	28.7	89.50	95.7
32 Current-Year Unreserved/Unallocated	28.7	95.7	0.0	0.8

Big Picture Education Fund Discussion

Hypothetical - for discussion only (not to scale)

Property Tax Credit - assumes changes happen in same year. Current law is one year lag

		A	B	C	D	E	F	G
<i>(millions of dollars)</i>								
		Base Example	Spending Increases		"Other Revenues" decrease, no change in spending		More "other aid", no change in spending	
Sources								
1a	Homestead Education Property Tax	600.0		710.0		630.0		600.0
1b	Property Tax Credit	(170.0)		(190.0)		(180.0)		(170.0)
2	Non-Homestead Education Property Tax	750.0		860.0		780.0		750.0
3	Other (Sales, Purchase & Use, Meals & Rooms, Lotter, etc)	650.0		650.0	600.0	600.0		650.0
4	Total Sources	1,830.0		2,030.0		1,830.0		1,830.0
Appropriations								
5	Education Payment	1,500.0	1,700.0	1,700.0		1,500.0	1,430.0	1,430.0
6	Other (Special Ed, transportation, tech ed, small schools, pensions, etc)	330.0	330.0	330.0		330.0	400.0	400.0
7	Total Uses	1,830.0	2,030.0	2,030.0		1,830.0	1,830.0	1,830.0

District Level Examples

		A	B	C	D	E	F	G
<i>(millions of dollars)</i>								
		Base Example	Spending Increases		"Other Revenues" decrease, no change in spending		More "other aid", no change in spending	
District A								
Education Property Taxes								
8	Homestead Education Property Tax	4.0		5.0		5.5		4.0
9	Property Tax Credit	(1.0)		(1.5)		(1.8)		(1.0)
10	Non-Homestead Education Property Tax	8.0		9.0		10.0		8.0
11	Total Property Taxes	11.0		12.5		13.7		11.0
Spending								
12	Education Payment	20.0	23.0	23.0		20.0	18.0	18.0
13	Other (Special Ed, transportation, tech ed, small schools, pensions, etc)	5.0	5.0	5.0		5.0	7.0	7.0
14	Total Uses	25.0	28.0	28.0		25.0	25.0	25.0

District B

		A	B	C	D	E	F	G
<i>(millions of dollars)</i>								
		Base Example	Spending Increases		"Other Revenues" decrease, no change in spending		More "other aid", no change in spending	
Education Property Taxes								
8	Homestead Education Property Tax	5.0		5.5		6.0		5.0
9	Property Tax Credit	(2.0)		(2.3)		(2.5)		(2.0)
10	Non-Homestead Education Property Tax	25.0		27.0		28.0		25.0
11	Total Property Taxes	28.0		30.2		31.5		28.0
Spending								
12	Education Payment	30.0	35.0	35.0		30.0	25.0	25.0
13	Other (Special Ed, transportation, tech ed, small schools, pensions, etc)	10.0	10.0	10.0		10.0	15.0	15.0
14	Total Uses	40.0	45.0	45.0		40.0	40.0	40.0

Assumes increased spending for district and overall EF

Assumes aid goes to all districts proportionally