

## Education Fund Outlook for FY 2026

Consensus forecast for the December 1 Letter

(millions of dollars)	FY2024 Actual	FY2025 Projected	FY2026 Forecast
a Average Homestead Property Tax Rate <sup>1</sup>	\$1.311	\$1.303	\$1.677
b Average Tax Rate on Household Income	2.33%	2.33%	2.38%
c Uniform Non-Homestead Property Tax Rate <sup>1</sup>	\$1.391	\$1.391	\$1.791
d Property Yield Per Pupil <sup>1,2</sup>	\$15,443	\$9,893	\$8,553
e Income Yield Per Pupil <sup>1,2</sup>	\$17,537	\$10,110	\$12,260
f Total Long Term Weighted Average Daily Membership (LTWADM)	-	142,810	141,596
g Average Percentage Bill Change Compared to Prior Year (HS/Inc/NHS)	Uniform: 4.3%	Uniform : 13.8%	Uniform : 5.9%
h Statewide Education Spending Growth	8.0%	10.7%	6.2%
i Statewide Education Grand List Growth	9.7%	14.3%	14.7%

## Sources

1a Homestead Education Property Tax	663.4	762.2	809.0
1b Property Tax Credit	(155.3)	(168.0)	(153.0)
2 Non-Homestead Education Property Tax	792.3	894.5	948.3
3 Sales & Use Tax	595.2	606.3	622.5
4 Purchase & Use Tax - one-third of total	48.3	49.4	51.1
5 Meals & Rooms Tax - one-quarter of total	61.5	72.1	76.1
6 Lottery Transfer	36.0	36.5	37.4
7 Medicaid Transfer	8.6	9.0	9.0
8 One-time GF transfer	-	25.0	-
9 Other Sources (Wind & Solar, Fund Interest)	9.0	8.4	7.5
10 <b>Total Sources</b>	<b>2,058.9</b>	<b>2,295.4</b>	<b>2,408.0</b>

## Appropriations

11 Education Payment	1,711.1	1,893.3	1,996.2
12 Special Education Aid	235.3	264.6	270.7
13 State-Placed Students	19.0	20.0	17.2
14 Transportation Aid	23.5	25.3	26.1
15 Technical Education Aid	17.0	17.9	18.7
16 Small School Support/Merger Support	8.3	1.8	1.8
17 Essential Early Education Aid	8.4	8.7	9.0
18 Flexible Pathways	9.3	10.4	10.4
19 Universal School Meals	26.4	20.4	18.5
20 English Learners Services	-	2.3	2.3
21 PCB Remediation Grants	29.7	-	-
22 VSTRS Pension Normal Cost	42.5	36.0	38.3
23 VSTRS OPEB Normal Cost	15.4	19.1	22.3
24 One-time COLA payment	3.0	-	-
25 Other Uses (Accounting & Auditing, CMF transfer, Financial Systems)	4.8	6.0	5.0
26 <b>Total Uses</b>	<b>2,153.7</b>	<b>2,325.7</b>	<b>2,436.6</b>

## Allocation of Revenue

27 Revenue Surplus/(Deficit)	(94.8)	(30.3)	(28.6)
28 Prior-Year Reversions	9.7	24.3	-
29 Transfer (to)/from Stabilization Reserve	(5.2)	(5.0)	(3.5)
30 Transfer (to)/from Additional Reserves	(13.0)	13.0	-
31 BAA - One-time transfer to afterschool special fund	(2.8)	-	(2.8)
32 Transfer (to)/from Unreserved/Unallocated	106.2	(1.9)	32.1

## Stabilization Reserve

33 Prior-Year Stabilization Reserve	41.8	47.0	52.1
34 Current-Year Stabilization Reserve	47.0	52.1	55.6
35 Percent of Prior-Year Net Appropriations	5.0%	5.0%	5.0%
36 Reserve Target	47.0	52.1	55.6

## Additional Reserve

37 Current-Year Reserve for Future COLA provisions	9.1	-	-
38a. Use of Current-Year Reserve for Future COLA provisions	(9.1)	-	-
38 Current-Year Tax Rate Offset Reserve	13.0	13.0	-
39a. Use of Tax Rate Offset Reserve towards FY25 tax rates	-	(13.0)	-

## Available Funds

39 Prior-Year Unreserved/Unallocated	137.25	31.09	33.04
40 Current-Year Unreserved/Unallocated	31.09	33.04	0.93

Notes: 1) FY 2026 is the first year with the Statewide Adjustment CLA, so the FY 2025 property rates and yields cannot be directly compared to the prior years' property tax rates rates and yields.

2) FY 2025 was the first year with the elimination of the equalization ratio from Act 127. As such, the FY 2025 and FY2026 property yields and income yields cannot be directly compared to the yields prior to FY2025.