

Education Fund Outlook - Post Closeout for FY2018 and July Revenue Update for FY2019

Friday, July 27, 2018

|   | FY2017<br>Actual | FY2018<br>Post-Closeout | FY2019<br>Projections |
|---|------------------|-------------------------|-----------------------|
| a Average Homestead Property Tax Rate     | \$1.527          | \$1.500                 | \$1.500               |
| b Average Tax Rate on Household Income    | 2.70%            | 2.55%                   | 2.49%                 |
| c Uniform Non-Homestead Property Tax Rate | \$1.535          | \$1.535                 | \$1.580               |
| d Property Yield Per Equalized Pupil      | \$9,701          | \$10,160                | \$10,220              |
| e Income Yield Per Equalized Pupil        | \$10,870         | \$11,990                | \$12,380              |

Sources (actual)

|   |                |                |                |
|---|----------------|----------------|----------------|
| 1a Homestead Education Tax                | 586.7          | 586.7          | 597.8          |
| 1b Property Tax Adjustment                | (170.1)        | (172.2)        | (168.7)        |
| 2 Non-Homestead Education Tax             | 632.8          | 644.5          | 672.8          |
| 3 Sales & Use Tax                         | 131.9          | 139.2          | 415.6          |
| 4 Purchase & Use Tax                      | 34.4           | 36.5           | 38.4           |
| 5 Meals & Rooms Tax                       | NA             | NA             | 45.1           |
| 6 Base General Fund Transfer              | 303.6          | 314.7          | Repealed       |
| 6a Additional GF Transfer - 2017 Act 85   | 2.3            | 3.3            | NA             |
| 6b Additional GF Transfers - 2018 Act 11* | -              | 30.2           | NA             |
| 7 Lottery Transfer                        | 25.5           | 27.2           | 26.3           |
| 8 Medicaid Transfer                       | 10.6           | 10.2           | 9.6            |
| 9 Other Sources (Wind & Solar, Other)     | 1.6            | 2.7            | 2.7            |
| 10 <b>Total Sources</b>                   | <b>1,559.2</b> | <b>1,622.8</b> | <b>1,639.6</b> |

Uses (appropriations)

|   |                |                |                |
|---|----------------|----------------|----------------|
| 11 Education Payment                                  | 1,311.0        | 1,352.2        | 1,375.6        |
| 11a Recapture of VEHI Teachers' Health Care Savings** | -              | (8.4)          | (4.5)          |
| 12 Special Education Aid                              | 180.7          | 188.7          | 198.5          |
| 13 State-Placed Students                              | 16.7           | 14.7           | 15.7           |
| 14 Transportation Aid                                 | 18.2           | 18.7           | 19.2           |
| 15 Technical Education Aid                            | 13.5           | 13.6           | 13.9           |
| 16 Small School Support                               | 7.7            | 7.6            | 7.6            |
| 17 Essential Early Education Aid                      | 6.4            | 6.4            | 6.6            |
| 18 Flexible Pathways                                  | 6.1            | 7.2            | 7.4            |
| 19 Teachers' Pensions (normal cost only)              | -              | 7.9            | 7.7            |
| 20 Other Uses (Accounting & Auditing, Other)          | 1.1            | 1.4            | 1.1            |
| 21 Adult Education & Literacy                         | 1.8            | 2.7            | Moved to GF    |
| 22 Community HS of Vermont (Corrections)              | 3.1            | 3.2            | Moved to GF    |
| 23 Renter Rebate (General Government) - EF share only | 8.0            | 7.7            | Moved to GF    |
| 24 Reappraisal & Listing (General Government)         | 3.4            | 3.5            | Moved to GF    |
| 25 <b>Total Uses</b>                                  | <b>1,577.7</b> | <b>1,627.0</b> | <b>1,648.7</b> |

Allocation of Revenue Surplus/(Deficit)

|  |        |       |       |
|--|--------|-------|-------|
| 26 Revenue Surplus/(Deficit)                 | (18.5) | (4.1) | (9.1) |
| 27 Prior-Year Reversions (adjusted)          | (12.0) | (8.5) | (2.0) |
| 28 Transfer to/(from) Stabilization Reserve  | 0.9    | 1.1   | 0.4   |
| 29 Transfer to/(from) Unreserved/Unallocated | (7.4)  | 3.3   | (7.5) |

Stabilization Reserve

|   |      |      |      |
|---|------|------|------|
| 30 Prior-Year Stabilization Reserve         | 32.6 | 33.5 | 34.6 |
| 31 Current-Year Stabilization Reserve       | 33.5 | 34.6 | 35.0 |
| 32 Percent of Prior-Year Net Appropriations | 5.0% | 5.0% | 5.0% |
| 33 Reserve Target @ 5.0%                    | 33.5 | 34.6 | 35.0 |

Available Funds

|  |      |      |      |
|--|------|------|------|
| 34 Prior-Year Unreserved/Unallocated   | 33.9 | 26.4 | 29.7 |
| 35 Current-Year Unreserved/Unallocated | 26.4 | 29.7 | 22.2 |

\* At the end of the past Legislative session, \$20.4 million of this additional \$30.2 million transfer from the General Fund was carried on the Education Fund Outlook in FY2019. This correction has no impact on the estimated amount of current-year unreserved/unallocated funds available in FY2019 (see line 35).

\*\* In FY2018, teachers' health insurance savings were recaptured through a reduction in the FY2018 education payment. Although \$8.4 million was withheld from the education payment, these funds are currently designated as a continuing appropriation because there is no provision in Act 85 to revert these funds for future use. It is the JFO's understanding that the Administration's FY2019 Budget Adjustment Act will include a provision reverting them to the Education Fund. In FY2019, teachers' health insurance savings were netted against the normal appropriation for the education payment in Act 11.