

H.198 - Base Spending Amount
Preliminary Analysis - JFO - April 23, 2019

Assumptions

FY20 is used to model the proposal. Analysis is illustrative depicting the effect of full implementation.

The base spending amount would be phased in from FY21 - FY26.

The base spending amount would be recalculated each year based on fund revenues/expenditures.

FY20 education spending is approximated as of March 4, 2019 representing 85% of approved budgets.

Excess spending for current law calculation is approximated using preliminary data.

Merger incentives are included in the analysis but the individual town throttles 105%/95% are removed to accommodate the changes in the tax rate calculations.

Calculation of the Base Spending Amount FY20 - April 10, 2019

(millions of dollars)

1,698.6	Education Fund sources 16 V.S.A 4025(a)(1)-(7)
23.9	Prior Year Unallocated
-610.5	Less gross homestead tax
1,112.08	
1,721.8	Education Fund uses
0.5	Plus FY2019 transfer to stabilization reserve
1,722.26	
-1,426.1	Less net education payment
296.2	Committed Education Fund uses
1,112.08	Available Education Fund sources
-296.2	Less committed Education Fund uses
815.92	
405.9	Plus amount raised on \$1.00 on property
1,221.80	
1,221,803,787	Total Base Spending
87,773	Equalized pupils
\$13,920	Base spending amount per equalized pupil

Fiscal Year	Base Spending Amount	Yield	Implementation %
2021	\$11,136*	\$9,920*	80%
2022	\$11,693*		84%
2023	\$12,250*		88%
2024	\$12,806*	\$6,670*	92%
2025	\$13,363*		96%
2026	\$13,920*	\$4,695*	100%

For illustrative purposes only* - the base spending amount and equivalent yield for FY21-FY26 represent 80%-100% of the FY20 base spending amount. In practice the base spending amount will be **recalculated each year based on the Education Fund revenues the corresponding fiscal year

Education Fund Outlook for FY2020 - As Passed the House and H.198 Amendment

April 19, 2019

(millions of dollars)

	FY2019 BAA	FY2020	FY2020
	BAA	New Revenue	BSA-Full Implementation
a Average Homestead Property Tax Rate	\$1.499	\$1.501	\$1.494
b Average Tax Rate on Household Income	2.48%	2.45%	2.44%
c Uniform Non-Homestead Property Tax Rate	\$1.580	\$1.582	\$1.582
d Property Yield Per Equalized Pupil	\$10,220	\$10,705	\$4,695
e Income Yield Per Equalized Pupil	\$12,380	\$13,164	\$5,117
f Total Equalized Pupil Count	88,359	87,773	87,773
g Statewide Education Grand List Growth Rate	1.40%	2.26%	2.26%
h Statewide Education Spending Growth Rate	1.70%	3.87%	3.87%
i Base Spending Amount			\$13,920

Sources

1a Homestead Education Tax	597.8	610.5	406.0	
Base Education Tax			204.4	
1b Property Tax Adjustment	(165.3)	(168.0)	(168.0)	
2 Non-Homestead Education Tax	672.8	688.4	688.4	
3 Sales & Use Tax	415.1	438.7	438.7	\$9.15M Market Place
4 Purchase & Use Tax	38.0	38.5	38.5	
5 Meals & Rooms Tax	45.4	47.8	47.8	\$3.71M OTC (25% EF \$0.93M)
6 Lottery Transfer	28.2	28.5	28.5	
7 Medicaid Transfer	9.6	9.2	9.2	
8 Other Sources (Wind & Solar Taxes, Fund Interest)	3.0	5.1	5.1	\$2.1M Sup Prop Relief Fund
9 Total Sources	1,644.6	1,698.6	1,698.5	

Appropriations

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

Allocation of Revenue Surplus/(Deficit)

21 Revenue Surplus/(Deficit)	(5.9)	(23.1)	(23.2)	
22 Prior-Year Reversions	(10.9)	NA		
23 Transfer to/(from) Stabilization Reserve	2.4	0.5	0.5	
24 Transfer to/(from) Unreserved/Unallocated	2.6	(23.6)	(23.7)	

Stabilization Reserve

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

Available Funds

29 Prior-Year Unreserved/Unallocated	21.2	23.9	23.9	
30 Current-Year Unreserved/Unallocated	23.9	0.3	0.2	

NA - Not available at this time.

Note on selected education property tax expenditures:

a Act 46 Merger Incentives	(13.0)	(10.9)	(10.5)
b Tax Increment Financing	(5.7)	NA	NA
c Use Value Appraisal	(46.9)	NA	NA

**Estimated Homestead Property Tax Rates
Current Law Compared to H.198 as of April 19, 201
FY2020**

