Minimum School Program Estimates

FY 2015 Budget Estimates Compared to Actual Experience
& FY 2016 Voted and Board Local Levy Guarantee

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Minimum School Program Estimates

The annual appropriation for the Minimum School Program is based on two primary estimates: local school district property tax collections and the number of weighted pupil units (WPUs).

- History of Large Year-End Balances in the Minimum School Program (MSP)
  - Underestimating Local Property Tax Contributions
  - Overestimating the Student Population (converted to WPU)
- Changed Local Revenue Estimating Methodology for FY15 Budget Cycle
  - Decrease Variance Between Statutory Revenue Target and Actual Collections
  - Reduce the 10%+ Variance to Between 1% and 4%

FY 2015 Budget: Estimates vs. Actuals

- Local Property Tax Collections

Fiscal Year	Basic Rate: Estimated vs. Actual Collections FY 2010 to FY 2015			
	Estimated	Actual	Difference	Variance
2010	$273,950,764	$283,799,229	$9,848,465	4%
2011	$273,950,764	$297,509,243	$23,558,479	9%
2012	$284,221,713	$310,279,300	$26,057,587	9%
2013	$289,021,900	$322,574,011	$33,552,111	12%
2014	$294,092,000	$306,814,191	$12,722,191	4%
2015	$296,709,700	$302,335,197	$5,625,497	2%

- Student Enrollments
  - Estimated 622,813 vs. Actual 622,153
  - Overestimate of 660 Students (0.1%)

Budget Impacts

- Estimated FY 2015 MSP Nonlapsing Balances
  - $32.8m Base after Planned Education Fund Transfers
  - $7.8m from FY 2015 Estimates
    ($5.6m Local Revenue & $2.2m Enrollment)
- Year-End Closing Process Not Complete
  - Final Programmatic Adjustments
  - Multi-Year Obligations & Encumbrances
    ($10.0m to $15.0m)

Future Budgets

- New Methodology is Reducing MSP Balances
  - Estimate $25.0m Available in FY 2016 (Beginning)
- How much of a budgetary cushion is appropriate?
  - $25.0m = 0.7% of Total $3.5b MSP Budget
    (0.9% of $2.6b State Fund Appropriation)
- What happens when estimates are off and balances are insufficient to cover the difference?

Voted & Board State Guarantee Rate and SB 97

If a school district levies the a Voted or Board tax rate, the state guarantees that they will generate a minimum dollar amount per-WPU for each tax increment. The guarantee rate is set in statute by the Legislature.

- Voted & Board State Guarantee
  - Statutory Mechanism to Equalize Local Revenue Collections
  - School Districts Levy Tax & Legislature Guarantees a Minimum Amount Per-WPU for Each Tax Increment Levied
  - Guarantee Rate Based on Qualifying WPUs, Local Tax Rates, and Amount Appropriated
- State Funds Distributed to School Districts Based on Statutory Guarantee Rate
- S.B. 97, "Property Tax Equalization Amendments"
  - $56.3m to Voted & Board Programs
  - $18.7m to School Building Programs

2015 General Session Issues

- Two Different Appropriations to the State Guarantee:
  - $56.3 million for Increased Property Tax Equalization (S.B. 97)
  - $23.0 million for Student Growth & Rate Change Adjustments
- Three Bills Appropriated Funding or Changed the Guarantee Rate
  - Senate Bill 1, House Bill 2, and Senate Bill 97
  - Guarantee Rate in S.B. 97 Superseded the Initial Rate set in S.B. 1
  - S.B. 97 Rate Not High Enough to Distribute Both Amounts
- All $79.3m is Appropriated to the State Board of Education
  - $23m Unallocated Until the Guarantee Rate is Changed in Statute