

School Revenue 2015-17 – Local Revenues for Formula

(Estimates as of February 19, 2015)

Recent Developments and Forecast Assumptions:

1. The Legislative Revenue Office (LRO) regularly provides local revenue estimates to the School Revenue Forecast Technical Committee. This local revenue becomes part of the formula revenue available for distribution to school districts and education service districts. The forecast is updated annually. The last forecast was put out in March 2014 and was used for the 2015-17 budget preparation. Various components of the forecast are reviewed throughout the year.
2. The total local formula revenue for the 2015-17 biennium is up by \$134.6 million from the last estimate.
3. The 2015-17 biennium estimate of local revenue shows a substantial increase in property taxes and a slight decline in other components.
4. Imposed property taxes for FY 2014-15 came in much higher than the 2014 estimate for both school districts and education service districts. The previous forecast assumed 3.3% growth year-over-year (y/y) and the actual came in at 5.1%. This leads to a higher property tax base for future years.
5. Current economic conditions suggest that the property taxes will show a robust growth in the next two years.
6. School districts will see about 4.7% to 5% growth in property taxes y/y for the 2015-17 biennium. Education service districts will see similar growth. The last forecast assumed the growth rates of 3.2% to 3.3%.
7. The Common School Fund (CSF) distribution will depend on how asset markets will do. The CSF distribution forecast has not changed much.
8. County School Fund and State Timber Revenue forecasts reflect, in part, timber harvest growth projections by the Office of Economic Analysis. 2014 actual payments came in lower than the previous estimates. Any change in timber harvest will influence the forecast going forward.
9. According to the FY 2013-14 Oregon Property Tax Statistics, 96.9% of the FY 2012-13 imposed taxes were collected during the year. This collection rate was slightly higher than the year before. Considering the collection and distribution of overdue taxes and interests from prior years, this forecast assumes the net collection rate of 97.5% (of imposed taxes) throughout the forecast horizon.

Forecast Details:

Local Revenue for School Districts and Education Service Districts 2015-17

	New Estimates Feb 2015			Previous Estimate	Forecast change
	2015-16	2016-17	2015-17	2015-17	2015-17
School Districts (A)					
Total Available Local Revenue	1,680,550,965	1,759,663,174	3,440,214,140	3,314,439,875	125,774,265
Property Taxes	1,618,671,488	1,694,749,048	3,313,420,537	3,182,996,014	130,424,523
Other Revenues	84,496,171	88,661,655	173,157,827	174,497,092	(1,339,265)
Common School Fund	52,995,913	56,718,893	109,714,806	109,970,727	(255,920)
County School Fund	11,294,127	11,463,538	22,757,665	23,172,422	(414,757)
State Timber	18,206,132	18,479,224	36,685,356	37,353,944	(668,588)
ESD Equalization Sharing	2,000,000	2,000,000	4,000,000	4,000,000	0
Excluded from Formula	-22,616,695	-23,747,529	-46,364,224	-43,053,231	(3,310,993)
Portland Exclusion/Gap Bond Rate	-22,616,695	-23,747,529	-46,364,224	-43,053,231	(3,310,993)
Education Service Districts (B)					
Total Available Local Revenue	113,852,471	119,274,768	233,127,239	224,339,758	8,787,482
Property Taxes	115,140,941	120,552,565	235,693,507	226,879,895	8,813,611
Other Revenues	-1,288,470	-1,277,797	-2,566,267	-2,540,137	(26,130)
State Timber	711,530	722,203	1,433,733	1,459,863	(26,130)
ESD Equalization Sharing	-2,000,000	-2,000,000	-4,000,000	-4,000,000	0
Total Available Local Revenue (A+B)	1,794,403,436	1,878,937,943	3,673,341,379	3,538,779,632	134,561,747