

School Revenue 2017-19 – Local Revenues for Formula

(Estimates as of February 22, 2017)

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 (SDs) and education service districts (ESDs). The forecast is updated annually. The last forecast was put out in March 2016 and was used for the 2017-19 budget preparation. Various components of the forecast are reviewed throughout the year.
2. The total local formula revenue for the 2017-19 biennium is estimated to be \$3.961 billion. The latest 2015-17 local revenue estimate stands at \$3.678 billion. The initial 2015-17 biennium local revenue estimate was \$3.673 billion.
3. Preliminary data for the 2016-17 property tax year show 4.3% growth in SD property taxes from a year prior, and 4.1% growth for ESDs. 2015-16 growth rates were 4.9% for SDs and 4.4% for ESDs.
4. Current economic conditions suggest that the property taxes will show a steady growth in the next two years, but are expected to post slower growth rates from the recent past.
5. School districts will see about 3.75% to 4.0% growth in property taxes year-over-year for the 2017-19 biennium. Education service districts will see similar, but slightly lower growth.
6. The Common School Fund (CSF) year-end balance grew marginally in the past three years. As a result, CSF distribution will not see much increase.
7. County School Fund and State Timber Revenue forecasts reflect, in part, timber harvest growth projections by the Office of Economic Analysis. Taken together, the latest actual collections reported to the Oregon Department of Education came in slightly higher than the forecast. Any change in timber harvest will influence the forecast going forward.
8. Considering the collection and distribution of overdue taxes and interest from prior years, this forecast assumes the net collection rate of 97.5% (of the current year's imposed taxes) throughout the forecast horizon. This rate applies both to SDs and ESDs. However, the effective collection rate for SDs is slightly above 96.1%, after adjusting for exclusion of the Portland Public School District GAP bond rate.

Forecast Details:

School Revenue - Expected Local Revenue (FY 2017-19)

	Estimates March 2016			Estimates February 2017		
	2017-18	2018-19	2017-19	2017-18	2018-19	2017-19
School Districts (A)						
Total Available Local Revenue	1,831,368,685	1,904,430,285	3,735,798,969	1,823,626,064	1,890,116,048	3,713,742,113
Net Property Taxes	1,738,930,145	1,810,226,281	3,549,156,426	1,728,756,629	1,793,585,003	3,522,341,632
Property Taxes	1,763,571,472	1,835,877,902	3,599,449,374	1,753,256,700	1,819,003,826	3,572,260,526
Excluded from Formula (Portland Gap Bond Rate)	-24,641,327	-25,651,621	-50,292,948	-24,500,071	-25,418,823	-49,918,894
Other Revenues	92,438,540	94,204,004	186,642,544	94,869,435	96,531,045	191,400,480
Common School Fund	57,644,915	58,948,475	116,593,391	57,631,707	58,628,562	116,260,269
County School Fund	11,789,290	11,966,129	23,755,418	9,938,836	10,137,612	20,076,448
State Timber	19,004,335	19,289,400	38,293,735	23,298,893	23,764,870	47,063,763
ESD Equalization Sharing	4,000,000	4,000,000	8,000,000	4,000,000	4,000,000	8,000,000
Education Service Districts (B)						
Total Available Local Revenue	121,270,901	126,138,641	247,409,542	121,280,562	125,893,869	247,174,430
Net Property Taxes	124,528,176	129,384,775	253,912,951	123,982,104	128,569,442	252,551,545
Other Revenues	-3,257,275	-3,246,134	-6,503,409	-2,701,542	-2,675,573	-5,377,115
State Timber	742,725	753,866	1,496,591	1,298,458	1,324,427	2,622,885
ESD Equalization Sharing	-4,000,000	-4,000,000	-8,000,000	-4,000,000	-4,000,000	-8,000,000
Total Available Local Revenue (A+B)	1,952,639,586	2,030,568,926	3,983,208,512	1,944,906,626	2,016,009,917	3,960,916,543