

## Nonproperty Tax K-12 Proposal with tax exemption closures, cuts, & efficiencies

### Notes:

Transportation, both existing and enhanced, is assumed to be paid out of transportation revenues

The additional transportation spending is supported by either elimination of part of the sales tax exemption for gas, and MVET, or other transportation revenue package, and may include implementation of the working families tax credit.

Additional K-12 spending for I-732 COLAs and restoration of the 11-13 salary reductions total \$528 m in 13-15. Potential budget reductions include additional administrative efficiencies in general government and possible elimination of programs not currently implemented.

## Spending Need

Biennium Fiscal Year	<u>2013-2015</u>		<u>2015-2017</u>		<u>2017-2019</u>	
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
<u>Outlook balance:</u>	(\$547)	(\$357)	(\$251)	\$82	\$271	\$246
HB 2776:						
Transportation**	0	0	0	0	0	0
MSOC	(180)	(417)	(666)	(745)	(767)	(788)
↓ K-3 Class Sizes	(64)	(156)	(263)	(399)	(554)	(597)
Full-Day Kindergarten	(27)	(62)	(96)	(132)	(168)	(181)
Transitional Bilingual	(1)	(5)	(6)	(6)	(7)	(7)
Compensation	(57)	(113)	(170)	(226)	(283)	(283)
Career & College ready plan	(47)	(94)	(142)	(189)	(236)	(236)
<b>Total Proposed K-12 Spending</b>	<b>(376)</b>	<b>(847)</b>	<b>(1,343)</b>	<b>(1,697)</b>	<b>(2,015)</b>	<b>(2,092)</b>
<b>Outlook Balance with K-12 Enhancements</b>	<b>(\$923)</b>	<b>(\$1,204)</b>	<b>(\$1,593)</b>	<b>(\$1,615)</b>	<b>(\$1,744)</b>	<b>(\$1,846)</b>

\*\*Transportation funding, including enhancements, to come out of transportation budget, not GF or Ed legacy.

## Funding Option

Biennium Fiscal Year	<u>2013-2015</u>		<u>2015-2017</u>		<u>2017-2019</u>	
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
<i>Budget Reductions</i>						
Pay for School Transportation out of transpo \$\$\$	300	300	300	300	300	300
Administrative Efficiencies/budget reductions	150	150	150	150	150	150
<b><i>Subtotal of Reduction Options</i></b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>	<b>450</b>
<i>Additional state revenue</i>						
Retain beer tax	60	60	60	60	60	60
Retain B&O tax & remove sunset	260	273	287	301	316	332
Use budget stabilization funding (Rainy Day)	125	150	0	0	0	0
Hospital Safety Net Assessment	137	139	144	144	144	144
Eliminate tax exemptions	125	125	125	125	125	125
<b><i>Subtotal of Revenue Options</i></b>	<b>707</b>	<b>747</b>	<b>616</b>	<b>630</b>	<b>645</b>	<b>661</b>
<b>Total resources:</b>	<b>\$1,157</b>	<b>\$1,197</b>	<b>\$1,066</b>	<b>\$1,080</b>	<b>\$1,095</b>	<b>\$1,111</b>
annual over/under	234	(7)	(527)	(535)	(649)	(735)
cumulative over/under	234	228	(300)	(835)	(1,484)	(2,220)