

KENTUCKY SCHOOL UPDATES

SCHOOL FINANCE

THE BASICS OF THE LAW

- **Support Education Excellence in Kentucky (SEEK)** is the basic funding formula used to allocate state dollars to school districts.
- Districts are guaranteed a certain allotment for each student. The **base guarantee per pupil** for 2006-07 is \$3,508 and for 2007-08, \$3,822. Additional funds are provided for exceptional students, economically-disadvantaged students, transportation, students who do not speak English, and students served in home and hospital settings. The base SEEK per pupil allotment varies depending on the differing needs of the districts.
- **Local districts participate** in the SEEK program by raising no less than 30 cents per \$100 assessed property evaluation or its equivalent. The state provides additional funds to meet the minimum guaranteed amount.
- **Tier 1** allows districts to raise an additional 15 percent of revenue above the base without a referendum, which is equalized to 150 percent of the state's average per pupil assessment.
- **Tier 2** allows districts to raise an additional 30 percent of revenue above the base plus Tier 1, subject to referendum. This is not matched by the state and sets the cap or maximum difference in spending allowed by law.
- Local districts must levy no less than an additional 5 cents (or its equivalent) to participate in the **Facilities Support Program of Kentucky (FSPK)** and the School Facilities Construction Commission program. **Fast-growing districts** meeting certain criteria, may levy an additional five cent tax for facilities and under certain
- **Additional state funding** is provided to school districts for:
 - ✓ preschool programs
 - ✓ extended school services
 - ✓ programs for gifted and talented students
 - ✓ professional development
 - ✓ technology
 - ✓ family resource and youth services centers
 - ✓ vocational/technical programs and transportation
 - ✓ textbooks
 - ✓ school safety programs
 - ✓ gifted and talented education

Other funds are available through grants for reading programs and math achievement.

- School districts are required to provide funds to each school council based on a **school council allocation formula**, adopted by the Kentucky Board of Education.

WHAT'S NEW?

- ➔ **Previous budget shortfalls** during 2003-04 resulted in reductions in spending for several education programs, but the 2006 legislature restored most of those programs to previous funding levels with significant new dollars for the following.
 - ✓ **Preschool funding** was increased by \$23.5 million in 2006-07 and 2007-08 to \$75.1 million per year to raise eligibility for 4-year-old children from 130 percent of poverty to 150 percent. All 3- and 4-year-old children with disabilities will continue to be served regardless of family income.
 - ✓ **Technology** increased by \$50 million in bonded funds for 2006-07 to upgrade outdated workstations; approximately \$29 million over the next two years for the next generation high-speed education telecommunications network; and approximately \$10 million in bonds to provide an efficient system to collect and manage student information, including a unique student identifier.
 - ✓ **Funding for reading programs** was increased from \$11.1 million in 2005-06 to \$20.6 million in 2006-07 and \$23.6 million in 2007-08.
 - ✓ Funds for **math achievement and a new math center**, remained the same in 2006-07 (\$3.9 million) and increased to \$6.9 million in 2007-08.
- ➔ In addition, the legislature provided funds for:
 - ✓ two additional days of instruction in 2007-08 for a total of 177 days and
 - ✓ significant salary increases for teachers and support staff.
- ➔ A **complete school district financial report** must be made available to the public each year. In the past it had to be published in the newspaper with the largest circulation in the county. A change in the budget bill allows districts the option of putting this on the internet or in the local library, as long as notice is published in the local paper.

RESULTS

- **SEEK** base funding, 1990-91 \$2,305 per pupil and is budgeted at \$3,822 for 2007-08. However in constant dollars based on 2005 estimated cost of living figures, the base only increased from \$3,390 to \$3,673 during that same time period.
- **Kentucky ranks 34th in the nation in per pupil expenditures** in average daily attendance, at \$7,728 in 2002-03. In 1989-90 Kentucky was 42nd at \$3,745. The national per pupil expenditure for 2002-03 is \$8,600 (Source: Digest of Education Statistics, 2005; National Center for Education Statistics, Washington, D.C.)
- Teacher salaries on average have increased from \$26,292 in 1989-90 to \$39,831 in 2003-04. The national average in 2003-04 was \$46,597. Kentucky ranked 38th in the nation in 1989-90, moved up to 29th in 1996-97 and was 34th in 2003-04. (Source: American Federation of Teachers)

- **Program Flexibility** continues to be available for districts for professional development, extended school services, preschool, textbooks and safe schools funds. Districts may use these funds for other programs as long as they meet the program mandates and serve the intended students.
- Since 1999, **state lottery proceeds have been** used to support Kentucky Education Excellence Scholarships (KEES) and other tuition grant programs (about \$609 million), childhood reading and adult literacy programs (\$18 million), and Kentucky Housing Corporation's Affordable Housing Trust Fund (\$21 million).
- The **Council for Better Schools**, an organization of 164 school districts, filed a lawsuit in 2003 claiming the state is not providing schools sufficient funds to help each and every child be successful. Three adequacy studies reported Kentucky would need between \$740 million and \$1.8 billion additional dollars to provide an adequate education for Kentucky's children. Overall state funding for education has increased from \$1.7 billion in 1990-91, the first year after school reform was enacted, to \$3.8 billion in 2007-08. These figures, adjusted for inflation are \$2.5 billion to \$3.7 billion for the same years. Much of this funding has been needed to keep up with inflation and the cost of salaries and benefits like health care. The courts ruled in favor of the state.

WHAT YOU CAN DO TO HELP

- ★ **Attend** school council and school board meetings and ask about funding priorities.
- ★ **Volunteer** to serve on you school finance committee.
- ★ **Talk** with your state legislators about funding needs for your schools. Let them know with specific examples how your school is dealing with the budget cuts. See Chapter on Parent Involvement.

FOR MORE INFORMATION, CONTACT

- **Kentucky Department of Education, Office of District Support Services, Division of Finance** at (502) 564-3846 or visit the Web site at <http://www.education.ky.gov/KDE/Default.htm>.
- **Prichard Committee for Academic Excellence**, P.O. Box 1658, Lexington, KY 40588-1658; (859) 233-9849 or (800) 928-2111; e-mail: admin@prichardcommittee.org or visit the Web site at <http://www.prichardcommittee.org/>.

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