

**KENTUCKY EDGUIDES | GOVERNANCE AND FUNDING 4.5**

## The SEEK Formula

The SEEK formula is the main source of K-12 education funding for Kentucky students. SEEK is short for Support Education Excellence in Kentucky, and it works by combining state and local dollars.

### WHAT IS THE SEEK BASE GUARANTEE AMOUNT?

The General Assembly sets a base amount for each year when it adopts its two-year budget bills. For 2016-17, the state budget sets the base guarantee at \$3,981 for each student in average daily attendance.

### WHO PAYS THE BASE AMOUNT?

Districts pay part of it: the local share is 30¢ for each \$100 in taxable property in the district. The state pays the rest. For districts with very little taxable property, the state share is large. For districts with more property subject to tax, the state share is smaller.

### ARE THERE ADDED DOLLARS FOR STUDENTS WITH ADDED NEEDS?

Yes. The formula adds dollars for students with six kinds of added needs: at-risk (eligible for free lunches), exceptional children (those with communications disabilities, moderate disabilities, or severe disabilities), limited English proficiency, and home and hospital services. SEEK also provides some funding for school transportation, using a separate formula that considers factors like numbers of students, district size, and how far apart the students live.

### CAN DISTRICTS RAISE ADDITIONAL DOLLARS? CAN THOSE DOLLARS BE EQUALIZED?

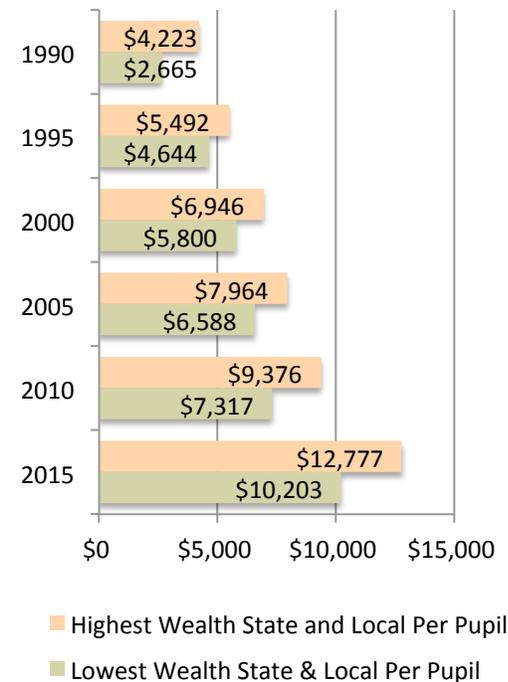
Yes. All Kentucky districts have chosen to set taxes above the SEEK 30¢ minimum.

Up to a point, if a district makes an extra effort, the state adds further SEEK dollars known as Tier 1, to make sure that districts with different levels of taxable wealth can raise similar amounts of money. For example, if two districts each set their property rates 10¢ higher than the state minimum, they will both end up with around \$750 dollars more per pupil. One district may get \$200 of that from local tax collection and \$550 from state equalization, while the other receives \$500 from local taxes and \$250 from state equalization. However, the maximum any district can receive (combining local and state portions) is limited to 15% of what that district receives from SEEK base and add-ons for student needs (again combining local and state contributions).

Above the Tier 1 limit, districts do not receive equalization from the state. If two districts set the same tax rate, the one with less taxable property gets less money than the one with more property to tax. This unequalized funding is known as Tier 2. State law limits each district's Tier 2 total to 30% more than the district's base, add-on, and Tier 1 funding.

## SEEING RESULTS

The SEEK formula reduces the funding gap between districts with the least property wealth and those with the most. The lowest wealth districts moved from 63% of the per pupil state and local funding in the highest wealth districts in 1990 up to 85% by 1995. In recent years, the gap has expanded a bit, with lowest wealth districts having 80% of the highest wealth districts' state and local resources per student in 2015.



## LEARNING MORE

To see the amounts allocated to a particular school district, visit [education.ky.gov](http://education.ky.gov) and search for "SEEK."

For information on other categories of state education dollars and recent funding trends see the EdGuide on State Funding, available at [www.prichardcommittee.org](http://www.prichardcommittee.org).

## CAN DISTRICTS ALSO GET SEEK DOLLARS TO BUILD OR RENOVATE FACILITIES?

Yes. Local districts must raise an additional 5 cents for each \$100 of taxable property in order to receive added equalization dollars from the *Facilities Support Program of Kentucky (FSPK)* program and be eligible to borrow money using School Facilities Construction Commission bonding authority. Some districts also qualify for state equalization of additional facilities “nickel” taxes, based on rules added to state budgets in different years.

### A MORE DETAILED EXAMPLE OF HOW SEEK WORKS, USING ROUNDED NUMBERS FOR EASIER READING

MAIN IDEA	EXPLANATION	ILLUSTRATION
SEEK Base guarantees a basic amount per student.	Districts contribute local revenue of 30¢ per \$100 of taxable property. The state adds enough more money to reach the SEEK guarantee amount per student.	<p>If the base guarantee is \$4,000:</p> <ul style="list-style-type: none"> <li>In a district with \$300,000 in taxable property per student, \$900 is raised locally, and the state contributes \$3,100</li> <li>In a district with \$500,000 in taxable property per student, \$1,500 is raised locally, and the state contributes \$2,500</li> <li>In a district with \$700,000 in taxable property per student, \$2,100 is raised locally, and the state contributes \$1,900</li> </ul>
SEEK Add-Ons provide added funding for additional student needs.	For at-risk, exceptional, home/hospital, and limited English proficiency students, the state adds a percent of the SEEK guarantee per pupil. Transportation is funded by a more complex formula.	<p>If the base guarantee is \$4,000, a district can obtain an extra:</p> <ul style="list-style-type: none"> <li>\$600 for each at-risk student eligible for free lunches (15% of base)</li> <li>\$960 for each student with communications disabilities (24% of base)</li> <li>\$4,680 for each student with moderate disabilities (117% of base)</li> <li>\$9,400 for each student with severe disabilities (235% of base)</li> <li>\$384 for each limited English proficiency student (9.6% of base)</li> <li>\$3,900 for each home/hospital services student (base minus \$100)</li> <li>A transportation amount based on analysis of transportation costs.</li> </ul>
SEEK Tier 1 can provide up to 15% more than base and add-on amount.	If districts set taxes higher than the 30¢ minimum, the state equalizes that at 150% of statewide average property per pupil, up to the 15% limit.	<p>If the base guarantee is \$4,000 and a district’s add-ons average \$1,000 per student, that district can obtain \$750 per student from Tier 1. If statewide average taxable property is \$500,000 per student, 150% of that is \$750,000 and \$750 can be raised with an added 10¢ tax. So:</p> <ul style="list-style-type: none"> <li>In a district with \$300,000 in taxable property per student, \$300 is raised locally, and the state contributes \$450</li> <li>In a district with \$500,000 in taxable property per student, \$500 is raised locally, and the state contributes \$250</li> <li>In a district with \$700,000 in taxable property per student, \$700 is raised locally, and the state contributes \$50.</li> </ul>
SEEK Tier 2 can provide another 30% above base, add-ons, and tier 1 amount.	If districts set taxes higher still, they receive no equalization, but they can supplement the other SEEK funds up to the 30% limit.	<p>If the base guarantee is \$4,000, a district’s add-ons average \$1,000, and its Tier 1 is \$750 per student, that district can raise \$1,725 per student from Tier 2. A 20¢ increase in the tax rate will add:</p> <ul style="list-style-type: none"> <li>\$600 in a district with \$300,000 in taxable property per student</li> <li>\$1,000 in a district with \$500,000 in taxable property per student</li> <li>\$1,400 in a district with \$700,000 per student.</li> </ul>