

KENTUCKY SCHOOL UPDATES

SCHOOL FINANCE

THE BASICS OF THE LAW

- **Support Education Excellence in Kentucky (SEEK)**, the basic funding formula used to allocate state dollars to school districts, was established in 1990 with enactment of school reform legislation. Under SEEK:
 - **The state sets a guaranteed district allotment** for each student, taking into consideration additional needs 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 these unique district needs. The amount provided by the state varies depending on districts' ability to generate revenue to meet the guaranteed amount. Higher wealth districts receive less per pupil than lower wealth districts.
 - The **base guarantee per pupil** amount is established by the state budget every two years. Districts are guaranteed this amount, plus adjustments for transportation, at-risk students, students with disabilities and limited English proficiency, and students who need home and hospital services. If state revenue predictions are wrong, districts may lose or gain funding at the end of the school year.

State Budget Funding for SEEK		
	Base Guarantee Per Pupil (Dollars)	Total SEEK Funding (Millions of Dollars)
2007-08	3,822	2,930.3
2008-09	3,866	2,958.3
2009-10	3,909	2,973.5
2010-11	3,868	2,725.5
2011-12	3,903	2,894.2
2012-13	3,833	2,899.8
2013-14	3,827	2,899.8

Source: State Budget Bills at lrc.ky.gov (Does not include reductions made by orders from the Governor)

- **Local districts pay part of the SEEK guaranteed amount** by raising no less than 30 cents per \$100 assessed property evaluation or its equivalent. The state adds the amount needed to reach the full guarantee.
- **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.
- **Additional state funding** is provided to school districts for:
 - Preschool programs
 - Extended school services
 - Professional development
 - Technology
 - Family resource and youth services centers
 - Vocational/technical programs and transportation
 - School safety programs
 - Gifted and talented education
- Other funds are available through grants for reading programs and math achievement.
- **Program Flexibility** allows districts to use state funds for professional development, extended school services, textbooks and safe schools where needed among those programs or for preschool, as long as they meet the program mandates and serve the intended students. Preschool funds may not be used for other programs.
- 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.
- **A complete school district financial report** must be made available to the public each year. It can be published in the newspaper with the largest circulation in the county, or be made available on the Internet or at the local library, as long as notice is published in the local paper.

WHAT'S NEW?

- ➔ **Budget shortfalls** beginning in 2008 have resulted in reductions in spending for several education programs. The decline is the result of the national recession and the state costs for health care, prisons and pensions, which have required significant increases, leaving fewer funds for education and other services. Following are budgeted amounts between 2007-08 and 2011-12:

State Budget Funding for Selected Initiatives (in Million of Dollars)							
	Extended School Services	Family Resource & Youth Service Centers	Kentucky Educational Technology System	Preschool	Professional Development	Safe Schools	Textbooks
2007-08	31.9	51.9	19.5	75.1	15.0	10.4	21.7
2008-09	13.2	57.1	19.5	75.1	6.2	4.7	21.7
2009-10	13.2	57.1	19.5	75.1	6.2	4.7	21.7
2010-11	12.8	54.6	17.4	72.5	6.0	4.5	0.6
2011-12	12.6	54.1	17.2	71.8	6.0	4.5	0.6
2012-13	12.3	52.1	16.4	71.3	5.4	4.2	0.0
2013-14	12.3	52.1	16.4	71.3	5.4	4.2	0.0
<i>Source: State Budget Bills at lrc.ky.gov (Does not include reductions made by orders from the Governor)</i>							

- ➔ In some cases these programs took additional reductions mid-year as budget adjustments were made. In addition, the legislature added two days to the school year in 2007-08 but the state budget pays for only one of those days in 2012-13 and 2013-14.
- ➔ School districts must continue to provide required services and have had to use local revenues to meet the mandates and cover increasing costs.
- ➔ The federal Budget Control Act of 2011 called for deep automatic spending cuts if Congress fails to address the budget deficit. Those cuts, referred to as sequestration, have gone into effect for federal education programs that supported many initiatives in Kentucky schools.

RESULTS

- In **teacher salaries**, Kentucky ranked 27th of the 50 states in 2010-11, with a \$53,023 average salary. (Source: Digest of Education Statistics 2011)
- In **per-pupil spending**, Kentucky ranked 41st in 2009-10, with \$8,561 as the average state and local spending per pupil. (Source: Public Elementary-Secondary Education Finances: 2009-10)

WHAT YOU CAN DO TO HELP

- ★ **Attend** school council and school board meetings and ask about funding priorities.
- ★ **Volunteer** to serve on your 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, Division of Budget and Financial Management at (502) 564-2351 or www.education.ky.gov

Prichard Committee for Academic Excellence, admin@prichardcommittee.org or www.prichardcommittee.org, (859) 233-9849 or 271 West Short Street, Suite 202, Lexington, KY 40507