

Support Education Excellence in Kentucky (SEEK)

Interim Joint Committee Appropriations and Revenue
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Kentucky Education Reform Act (KERA): Education Funding



- ▶ In 1989, in Rose v. Council for Better Education, the Kentucky Supreme Court declared the state's system of public schools unconstitutional finding that the General Assembly failed to provide for an efficient system of schools throughout the state (790 S.W.2d 186).
- ▶ In response, in 1990, the General Assembly enacted KERA, which included the Support Education Excellence in Kentucky (SEEK) funding formula. (KRS 157.360 and 702 KAR 3:270).
- ▶ 30th Anniversary of KERA. SEEK funding formula has not significantly changed.

SEEK Timeline

- ▶ SEEK Forecast (July)
- ▶ SEEK Tentative (September)
- ▶ SEEK Final (March)
- ▶ KDE works with the Office of the State Budget Director (OSBD) to reach consensus on estimates of statewide student counts, SEEK add-ons, and property assessments.
- ▶ Data is used by KDE and OSBD to create budget request.



SEEK Formula Base and Add-ons (702 KAR 3:270)

	Description	Rate/ Per Pupil	Statewide Count	Per pupil	FY 19 Statewide Total
Aggregate Average Daily Attendance (AADA)	Attendance Based Pupil Count (Base SEEK)	1.0	593,305	\$4,000	\$2,373,221,272
AADA Growth (Fall and January)	Attendance Based Pupil Count (Base SEEK)	1.0	1,600	\$4,000	\$6,401,200
At Risk	Free Lunch Count	15%	371,478	\$600	\$222,886,800
Exceptional Child	Low Incidence (Severe)	2.35%	17,631	\$9,400	\$435,652,560
	Moderate Incidence	1.17%	52,873	\$4,680	
	High Incidence (Speech)	.24%	23,412	\$960	
Home/Hospital (H/H)	ADA for H/H Students	Per Pupil Base less \$100	2,475	\$3,900	\$9,652,500
Limited English Proficiency (LEP)	Count of LEP students	9.6%	26,242	\$384	\$10,076,928



SEEK Transportation and Tier I

(KRS 157.370 and 157.440, 702 KAR 5:020)

- ▶ \$214,752,800 budget allotment pupil transportation FY19.
- ▶ \$376,944,460 in district cost FY19. (56.9% funded).
- ▶ Budget language allowed KDE to move unexpended SEEK funds to pupil transportation. \$31 million of unexpended SEEK funds to transportation. (65.2% funded). (HB 200VO (2018) Pp. 31-32).

- ▶ Tier I Equalization: districts that have increased local revenue to a level known as “Tier I” may receive additional funding through the budget.



Local Revenue/Local Effort

(KRS 157.360(17) and 157.390(5))

	FY18
Local Taxes	\$2,560,749,700
Other Local Revenue	\$214,439,300
Total Local Revenue	\$2,775,189,100

- ▶ Local taxes include property taxes on real property, tangible property, and motor vehicles. Districts may also levy additional taxes on utility gross receipts, excise (individual income tax liability), and/or occupational tax.
- ▶ Each district must levy a minimum equivalent tax rate of 30 cents per \$100 of assessed property. This is known as 'local effort'. This same amount is reduced from SEEK. As property assessments increase, local effort increases. As property assessments decrease, local effort decreases.



Nickel Equivalent Taxes

- ▶ Local Taxes Restricted for Capital Construction (\$313M per annum):
 - Facilities Support Program of Kentucky (FSPK) (KRS 157.440(b))
 - Growth Nickel (KRS 157.621)
 - Second Growth Nickel (2003/2005 Budget Language)
 - Recallable Nickel (2003 through current Budget Language)
 - Equalized Facility Funding Nickel (HB 267 (2005): Sunset 2025)
 - Base Realignment and Closure (BRAC) Nickel (HB 704 (2008))
 - Category 5 Nickel (SB 5 (2010) Extraordinary Session: Sunset 2030 or bond retirement))



Nickel Equalization

- ▶ HB 200VO (2018) provided additional state funding for facilities through equalization.
- ▶ The equalization formula for nickels is formula driven and impacted by the per pupil property assessment and statewide equalization level.



SEEK Appropriation

HB 200VO (2018)



SEEK	FY19	FY20
Per Pupil Guarantee	\$4000	\$4000
Base Funding	\$2,079,778,600	\$2,068,339,200
Transportation	\$214,752,800	\$214,752,800
Tier I	\$179,961,700	\$176,702,400
Facilities Support Program of KY (FSPK)	\$86,673,500	\$84,695,100
Growth Levy Equalization	\$19,038,400	\$18,303,900
Retroactive Equalized Facility	\$23,913,700	\$23,415,000
Equalized Facility	\$7,269,500	\$7,133,500
Equalized Funding for Critical Construction Needs Schools	\$6,506,300	\$6,473,400
BRAC Equalized Facility	\$2,057,500	\$2,016,800
SEEK RELATED		
Secondary Vocational Education	\$22,881,900	\$22,881,900
Vocational Education Transportation	\$2,416,900	\$2,416,900
Local District Teachers' Retirement Match	\$408,500,000	\$417,600,000
Nat'l Board Certified Salary Supplement	\$2,750,000	\$2,750,000
TOTAL SEEK/SEEK RELATED	\$3,056,500,800	\$3,047,480,900

Contact Information

SEEK Final Calculations (3/1/2019) by District:

<https://education.ky.gov/districts/SEEK/Documents/FY2018%202019%20SEEK%20Final%20Calculations.pdf>

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