

The background is a composite image. The top left shows a line of yellow school buses with 'SCHOOL BUS' written on the front. The bottom left shows a classroom with blue walls, desks, chairs, and colorful balloons. A large white diagonal shape cuts across the image from the top left to the bottom right, serving as a background for the text.

# SEEK Support Education Excellence in Kentucky

Chay Ritter, Division Director



Kentucky Department of  
**EDUCATION**

# SEEK

## Kentucky Education Reform Act

- Kentucky Supreme Court declared state's system of common schools unconstitutional. State failed to provide an efficient, equal, and adequately funded public school system. *Rose v. Council for Better Education* (1989)
- As part of the Kentucky Education Reform Act (KERA), Support Education Excellence in Kentucky (SEEK) was established.

# School District Revenue

FUND SOURCE	FY 2021	FY 2022
Federal Revenue	\$1,349,096,367	\$2,099,710,945
State Revenue – SEEK	\$2,297,308,394	\$2,352,084,540
State Revenue – On Behalf	\$1,928,267,639	\$1,945,734,688
State Revenue – Other State Revenues	\$500,934,842	\$520,134,735
Local Revenue – Local Tax and other Local Revenues	<u>\$3,118,831,360</u>	<u>\$3,461,116,086</u>
<b>Total Funds</b>	<b>\$9,194,438,602</b>	<b>\$10,378,780,994</b>

State Revenue – On Behalf includes TRS contributions, health insurance and life insurance. State Revenue – Other State Revenues include additional state appropriations such as grants provided to districts through the biennial budget.

# SEEK Guaranteed Base

## KRS 157.320 and KRS 157.360

- General Assembly sets the per pupil amount
- Multiply by the prior year aggregate average daily attendance (AADA), adjusted for growth
- For 2023-2024, set at \$4,200 per AADA
  - Per pupil base amount x AADA
  - 22 RS HB 1/VO in Part (Budget Bill)

# SEEK Add-ons Based on \$4,200 per pupil

Add on	Description	Rate/Per Pupil	Statewide Count	Per Student	FY 23 Statewide total
At Risk	ADM of Free Lunch*	15%	370,424	\$630	\$233 million
Exceptional Child	Low Incidence (Severe)	235%	19,816	\$9,870	\$492 million
	Moderate Incidence	117%	55,112	\$4,914	
	High Incidence (Speech)	24%	25,300	\$1,008	
Home/Hospital	ADA for H/H Students	Per Pupil Base less \$100	2,652	\$4,100	\$11 million
Limited English Proficiency (LEP)	Count of LEP students	9.6%	39,226	\$403	\$16 million

ADM is Average Daily Membership. ADA is Average Daily Attendance. Otherwise, Add-ons are enrollment based

# Inputs

- Property Assessment
- Per Pupil Property Assessment
- Transportation (Unprorated)
- Maximum Tier I Rate
- Levied Equivalent Rate
- Current Year 2<sup>nd</sup> Month Growth %
- Prior year End of Year AADA
  - Kindergarten: FY23 full AADA
- Growth
- PY AADA Plus Growth
- At Risk
- PY December 1<sup>st</sup> Child Count (Exceptional Child)
- PY Home & Hospital
- Limited English Proficiency (LEP)
- Early Graduation

# Transportation

## KRS 157.370; 702 KAR 5:020

- Based on frequency, distance, and type of transportation provided
- Only to and from school costs are considered
- Depreciation of bus purchase price over 14 year period
- Growth adjustment (no penalty for decrease)
- Additional funding for deaf, blind, and vocational transportation
- \$274,446,300 budget appropriation vs \$398,623,246 in district cost in FY23
- Currently 68.8% funded as of July 1, 2023

# Local Effort

- Districts must levy at least 30 cents per \$100 in assessments to be eligible for SEEK. KRS 160.470(9)
- Increase in per pupil property assessment raises 30 cents local effort in SEEK. Alternatively, a decrease in per pupil property assessment lowers 30 cents local effort in SEEK
- Districts must levy an additional ‘nickel’ equivalent to participate in FSPK (Facilities Support Program of Kentucky) KRS 157.440(1)(b)
- Additional ‘nickels’ may be targeted for construction



# Local District Taxes

- County and independent districts are tax-levying authorities. KRS 160.455
- School districts tax Real Estate, Tangible Property and Motor Vehicles. KRS 160.470
- Districts may also levy taxes on Utility Gross Receipts, Occupational, Excise, Aircraft, and Watercraft

# Local District Taxes

Taxes	Number of Districts FY22	
	Not Levied	Levied
Utility	14	157
Occupational	163	8
Excise	170	1
Aircraft	86	85
Watercraft	86	85

# ‘Nickels’

- Allows districts to levy additional taxes
- A district restricts 5 cents of the total local tax rate to the building fund. An additional 5 cents of the total tax rate is restricted for districts with more than one ‘nickel’
- Equalization is a formula driven method which provides additional state funding for the local effort provided by the nickel
- Currently, only nickel available for districts to levy is the ‘recallable nickel’ which is subject to voter approval if valid petition is presented
- Applies to Real Estate and Tangible/Personal Property

# Nickel Equivalent Taxes

- Restricted for capital construction:
  - **FSPK (Facilities Support Program of Kentucky)** - KRS 157.440(1)(b)
  - **Growth Nickel** - KRS 157.621
  - **Second Growth Nickel** - KRS 157.621
  - **Recallable Nickel** - 2003 through current HB 200 Budget Language
  - **Equalized Facility Funding Nickel** - KRS 157.621: Sunset 2038
  - **BRAC (Base Realignment and Closure) Nickel** - KRS 157.621
  - **Category 5 Nickel** - SB 5, 2010 Extraordinary Session: Sunset 2030 or bond retirement

# Tier I

- School boards may increase revenue above the required local effort, up to 15% of the revenue generated through the adjusted SEEK base funding.
- The state equalizes the local revenue you raise in Tier I at a level of 150% of the statewide average per pupil assessment (\$1,016,000).

# SEEK Shortfalls or SEEK Excess

- When the calculated cost of funding SEEK exceeds the SEEK budget appropriations, a shortfall exists.
- This shortfall may be ‘across the board’ or may only apply to specific budget appropriations.
- Per 2022 Budget Bill any unexpended SEEK funds in FY 23 or FY 24 shall lapse to the General Fund.

# Going forward into FY 25 and FY 26

- KDE works closely with the Office of the State Budget Director to reach a consensus agreement on the data to be used in the upcoming budget projections for FY 2025 and FY 2026
- FY 2019-2023 SEEK: 609,889 (Frozen AADA)
- 2023-2024 Tentative SEEK (actual AADA): 581,787 (-4.6% decline)
- Current School Year data is not yet available
- FY 2025 (projected AADA): 584,082 (.39% increase from FY 2023)
- FY 2026 (projected AADA): 585,906 (.31% increase from FY 2025)

FY 2023 AADA excludes 10%/3% loss adjustments. With these adjustments, FY 2023 AADA is 590,988

# Questions

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