

KENTUCKY DEPARTMENT OF EDUCATION

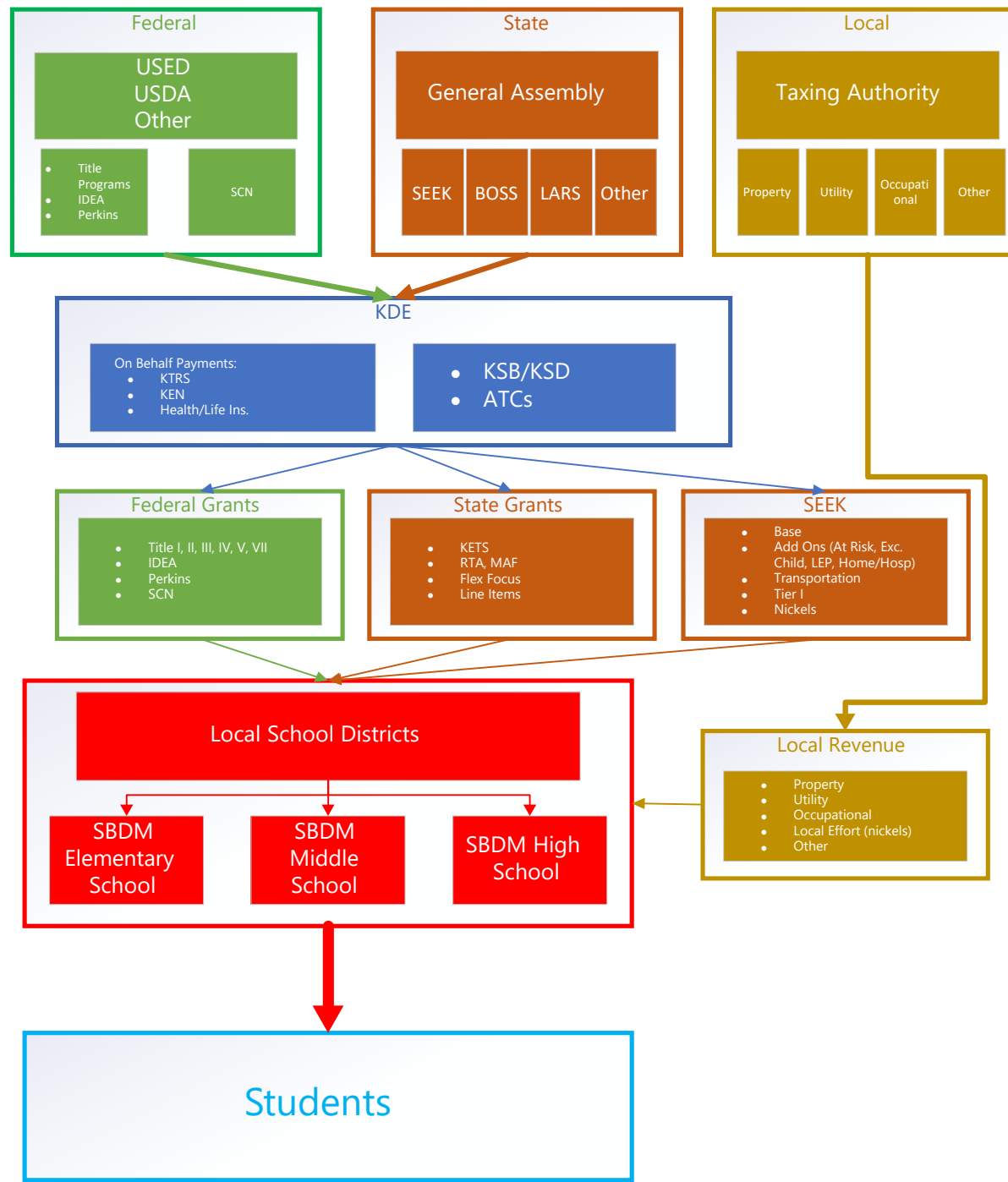
SEEK

School Funding Task Force

June 14, 2021



KY Public School Funding



Local School District Revenue



Fund Source (per audited school district financials)	FY 2019	FY 2020
Federal Revenue	\$955,228,068	\$1,002,665,565
State Revenue - SEEK	\$2,425,508,177	\$2,332,182,069
State Revenue - On Behalf	\$1,849,664,576	\$1,925,851,994
State Revenue - Other state revenues	\$477,982,691	\$465,908,977
Local Revenue *Local Tax and other local revenues	\$2,900,885,932	\$2,989,168,649
Total Funds	\$8,609,269,444	\$8,715,777,254

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, Support Education Excellence in Kentucky (SEEK) was established.



SEEK Requirements KRS 157.350

- ▶ Employs and compensates all teachers minimum of 185 days
- ▶ Minimum 170 student attendance days or 1,062 hours of instructional time
- ▶ Compensates all teachers on the basis of a single salary schedule
- ▶ Includes no nonresident pupils in its AADA unless subject to nonresident agreement or child of a district employee. HB 563 (2021 RS) is effective in 2022 and requires each district to establish a nonresident policy
- ▶ Any secondary school which maintains a basketball team for boys shall maintain the same for program for girls



School Years 2019-20, 2020-21, and 2021-22

- ▶ For school year (SY) 2021-22, districts will resume taking attendance for funding purposes.
- ▶ For SY 2019-20 and 2020-21, due to the pandemic and the need for various instructional modes, SB 177 (2020) and HB 208 (2021) permitted districts to be funded using 2018-2019 or 2019-2020 attendance data.



SEEK Guaranteed Base

KRS 157.320, 157.360

- ▶ General Assembly sets the per pupil amount
- ▶ Multiply by the prior year aggregate average daily attendance (AADA), adjusted for growth
- ▶ For 2020-2021, set at \$4,000 per AADA
 - Per pupil base amount x AADA
 - 21 RS HB 192/VO in Part (Budget Bill)



SEEK Add-ons Based on \$4,000 per pupil

Add on	Description	Rate/ Per Pupil	Statewide Count	Per Student	FY 21 Statewide Total
At Risk	ADM of Free Lunch	15%	372,580	\$600	\$224 million
Exceptional Child	Low Incidence (Severe)	2.35	18,661	\$9,400	\$457 million
	Moderate Incidence	1.17	55,280	\$4,680	
	High Incidence (Speech)	.24	23,983	\$960	
Home/Hospital	ADA for H/H Students	Per Pupil Base less \$100	2,485	\$3,900	\$10 million
Limited English Proficiency	Count of LEP students	9.6%	32,322	\$384	\$12 million



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 Tax Levels



Local Tax Levels	Description
30 cents per \$100 of assessed property	Tax required to participate in SEEK. KRS 160.470(9)
5 cents per \$100 of assessed property	Tax required to participate in FSPK (Facilities Support Program of KY). KRS 157.440(1)(b)
Tier I: 15% of SEEK base plus add-ons	Tier I is authorized but not required. Equalized by General Assembly at 150% of statewide average per pupil assessment. KRS 157.440(1)
Tier II: 30% of SEEK base plus add-ons	Tier II is authorized but not required. It is not equalized. KRS 157.440(2)



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

	Number of Districts	
	Not Levied	Levied
Utility	14	157
Occupational	163	8
Excise	171	0
Aircraft	85	86
Watercraft	87	84

KENTUCKY DEPARTMENT OF EDUCATION

SEEK Calculations

District: 011 Anderson County - School Year: 2021 - 2022

Date Generated: June 10, 2021 9:59:25 AM

2021 - 2022 Forecast

SEEK INPUTS:					SEEK CALCULATION:			SEEK STATE CALCULATION:				
Assessment	\$	1,960,343,000	Prior Year End of Year AADA	3,319.181	Guaranteed Base *	\$	4,000	\$	13,276,724	Guaranteed Base *	\$	13,276,724
Per Pupil Assessment	\$	590,610	Growth	0.000	At Risk		282		935,014	At Risk		935,014
91-92 State Per Pupil Funding	\$	2,366.00	Prior Year AADA Plus Growth	3,319.181	Home & Hospital		6		19,235	Exceptional Child		2,100,840
Transportation (Unprorated)	\$	1,781,341	At Risk	1,558.356	Exceptional Child		633		2,100,840	Home & Hospital		19,235
Maximum Tier I Rate		43.9	Prior Year December 1 Child Count		Transportation		296		982,699	Limited English Proficiency		12,288
Levied Equivalent Rate		69.4	Low (Severe: Weight 2.35)	81	Limited English Proficiency		4		12,288	Hold Harmless		0
Base Year Levied Equivalent Rate		69.4	Moderate (Moderate: Weight 1.17)	262	Calculated Base Funding	\$	5,220	\$	17,326,800	Prior Year Adjustment		0
Current year Levied Equivalent Rate		70.5	High (Speech: Weight 0.24)	118	Less 30 Cent Local Effort		1,772		5,881,029	Adjustment (Early Grad) **		0
Current Year Second Month Growth %		0.000	Prior Year Home & Hospital	4.932	Calculated State Portion	\$	3,448	\$	11,445,771	January Growth **		0
			Limited English Proficiency	32	Base Prorated Adjustment		0		0	4% Adjusted Assessment **		0
					Prior Year Adjustment		0		0	Negative Payment		0
					Adjusted State Portion	\$	3,448	\$	11,445,771	Less 30 Cent Local Effort		5,881,029
					State Tier I		291		965,802	Less Capital Outlay		331,918
					State Tier I Prorated Adjustment		0		0	Base Prorated Adjustment		0
					Adjusted Tier I	\$	291	\$	965,802	SEEK State Amount	\$	10,131,154
					Hold Harmless		0		0			
					January Growth **				0			
					4% Adjusted Assessment **				0			
					Adjustments (Early Grad) **		0		0			
					Total State SEEK *	\$	3,739	\$	12,411,573			
					Unallocated Amount				0			
					Total State Funds			\$	12,411,573			
					Less Capital Outlay				331,918			
					Net General Fund SEEK			\$	12,079,655			

NICKELS CALCULATION:								
		<u>Local</u>	<u>State</u>	<u>Prorated Adjustment</u>	<u>Adjusted State</u>			
FSPK	\$	980,172	\$	540,013	\$	0	\$	540,013
Original Growth	\$	980,172	\$	675,017	\$	0	\$	675,017
Equalized Growth	\$	980,172						
Recallable	\$	0	\$	0	\$	0	\$	0
Equalized Facility Funding	\$	0	\$	0	\$	0	\$	0
BRAC	\$	0	\$	0	\$	0	\$	0
Category Five	\$	0	\$	0	\$	0	\$	0

KENTUCKY DEPARTMENT OF EDUCATION

SEEK Calculations

District: 595 Wolfe County - School Year: 2021 - 2022

Date Generated: June 10, 2021 10:00:06 AM

2021 - 2022 Forecast

SEEK INPUTS:					SEEK CALCULATION:			SEEK STATE CALCULATION:				
					Per Pupil		Total			Total		
Assessment	\$	272,023,474	Prior Year End of Year AADA	1,159.459	Guaranteed Base *	\$	4,000	\$	4,637,836	Guaranteed Base *	\$	4,637,836
Per Pupil Assessment	\$	234,612	Growth	0.000	At Risk		514		595,770	At Risk		595,770
91-92 State Per Pupil Funding	\$	3,301.00	Prior Year AADA Plus Growth	1,159.459	Home & Hospital		125		144,577	Exceptional Child		1,637,640
Transportation (Unprorated)	\$	1,048,832	At Risk	992.950	Exceptional Child		1,412		1,637,640	Home & Hospital		144,577
Maximum Tier I Rate		46.4	Prior Year December 1 Child Count		Transportation		499		578,601	Limited English Proficiency		0
Levied Equivalent Rate		47.8	Low (Severe: Weight 2.35)	66	Limited English Proficiency		0		0	Hold Harmless		0
Base Year Levied Equivalent Rate		49.5	Moderate (Moderate: Weight 1.17)	211	Calculated Base Funding	\$	6,550	\$	7,594,424	Prior Year Adjustment		0
Current year Levied Equivalent Rate		47.8	High (Speech: Weight 0.24)	31	Less 30 Cent Local Effort		704		816,070	Adjustment (Early Grad) **		0
Current Year Second Month Growth %		0.000	Prior Year Home & Hospital	37.071	Calculated State Portion	\$	5,846	\$	6,778,354	January Growth **		0
			Limited English Proficiency	0	Base Prorated Adjustment		0		0	4% Adjusted Assessment **		0
					Prior Year Adjustment		0		0	Negative Payment		0
					Adjusted State Portion	\$	5,846	\$	6,778,354	Less 30 Cent Local Effort		816,070
					State Tier I		776		899,862	Less Capital Outlay		115,946
					State Tier I Prorated Adjustment		0		0	Base Prorated Adjustment		0
					Adjusted Tier I	\$	776	\$	899,862	SEEK State Amount	\$	6,083,807
					Hold Harmless		0		0			
					January Growth **				0			
					4% Adjusted Assessment **				0			
					Adjustments (Early Grad) **		0		0			
					Total State SEEK *	\$	6,622	\$	7,678,216			
					Unallocated Amount				0			
					Total State Funds			\$	7,678,216			
					Less Capital Outlay				115,946			
					Net General Fund SEEK			\$	7,562,270			

NICKELS CALCULATION:						
	Local	State	Prorated Adjustment	Adjusted State		
FSPK	\$	136,012	\$	395,020	\$	395,020
Original Growth	\$	0	\$	0	\$	0
Equalized Growth	\$	0				
Recallable	\$	0	\$	0	\$	0
Equalized Facility Funding	\$	0	\$	0	\$	0
BRAC	\$	0	\$	0	\$	0
Category Five	\$	0	\$	0	\$	0

* CAPITAL OUTLAY in the amount of \$115,946.00 is included in the total guaranteed base.

Statewide Equalization is \$916,000.00.

** These line items are totaled in the 'Adjustment to Appropriation' column on the SEEK Output spreadsheet.

Division of District Support
4th Floor
300 Sower Blvd
Frankfort, KY 40601



Support Education Excellence in Kentucky

Two students-different districts



Per AADA	District A	District B
Base Funding	\$ 4,000	\$ 4,000
Less 30 cent Local Effort	<u>\$ (1,027)</u>	<u>\$ (2,666)</u>
Subtotal	\$ 2,973	\$ 1,334
Free Lunch Student	\$ 600	\$ 600
Tier I	\$ 519	\$ -
Local Taxes	\$ 2,108	\$ 7,221
Total	\$ 6,200	\$ 9,155

Inputs

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



Property Assessment

- ▶ Determines “30 cent Local Effort” and the amount restricted for facilities “nickels”
- ▶ Includes real estate, tangible property and motor vehicle assessments
- ▶ Every \$1 million increase means \$3,000 less in SEEK via the “30 cent Local Effort”



Per Pupil Property Assessment

- ▶ **Assessment/AADA + Growth**
- ▶ **Helps determine the state equalization of nickels and Tier I funding**



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 to recover 124% of bus purchase price over 14 year period
- ▶ Growth adjustment (no penalty for decrease)
- ▶ Additional funding for deaf, blind, and vocational
- ▶ \$214,752,800 budget appropriation vs \$389,283,077 in district cost in FY21
- ▶ Currently 55% funded as of June 30, 2021



Levied Equivalent Rate

- ▶ **Standardized Rate**—the local tax revenue divided by total assessment
- ▶ **Used to determine your district's level of participation in Tier I funding**
- ▶ **Also helpful to use as a comparison to other districts**



Prior Year End of School Year AADA & Growth

- ▶ Prior Year End of Year AADA comes from SAAR (Superintendent's Annual Attendance Report)
- ▶ Used in Tentative SEEK
- ▶ 'Growth' is included in Final SEEK
 - Fall Growth
 - January Growth



At Risk

- ▶ Free Lunch Students
- ▶ Average Daily Membership is used
- ▶ 15% x \$4,000
- ▶ \$600 per student



PY Dec. 1st Child Count

- ▶ **High Incidence:** Communication Disorders of Speech or Language
- ▶ **Moderate Incidence:** Mild Mental Disability, Orthopedically Impaired (Physical Disabilities), Other Health Impaired, Specific Learning Disability, and Developmental Delay
- ▶ **Low Incidence:** Functional Mental Disability, Visual Impairment, Hearing Impairment, Emotional Behavior Disability, Multiple Disabilities, Deaf/Blind, Autism, and Traumatic Brain Injury



PY Dec. 1st Child Count

- ▶ **High Incidence (Speech): .24 X \$4,000 (\$960) *FY21 23,983 students**
- ▶ **Moderate Incidence: 1.17 X \$4,000 (\$4,680) *FY21 55,280 students**
- ▶ **Low Incidence (Severe): 2.35 X \$4,000 (\$9,400) *FY21 18,661 students**



Home and Hospital

- ▶ Reported on SAAR
- ▶ Count X \$3,900 (Per Pupil Base Guarantee less \$100)

Limited English Proficiency or “LEP”

- ▶ 9.6% X \$4,000
- ▶ \$384 per LEP student



‘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 (\$916,000)



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 2021 Budget Bill any unexpended SEEK funds in FY 20 shall lapse to the General Fund. Any unexpended SEEK funds in FY 21 shall lapse to the Budget Reserve Trust Fund Account



Helpful Resources and Websites

- ▶ Budget Bill (HB 352/VO): [HB 352 2020 Budget](#)
- ▶ Budget Bill (HB 192/VO in Part): [HB 192 2021 Budget](#)
- ▶ SEEK and SEEK Payments: [SEEK website](#)
- ▶ SEEK Taxes: [Local District Tax Levies](#)



For further questions.....

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