



Funding Kentucky Public Education: An Analysis Of Education Funding Through The SEEK Formula Presentation 1

Presentation to the
School Funding Task Force by the
Office of Education Accountability
October 11, 2021

Findings

- Twenty one states use Average Daily Membership when counting students to fund education and about a third of states require a higher district local revenue contribution in their funding requirements.
- Several hypothetical changes to the SEEK funding formula will increase equity, while others had little to no impact.
- Rural districts on average have more people living in poverty, more students classified as special education, and a lower percentage of students meeting ACT reading and math benchmarks. In addition, rural districts are projected to lose more students.

Data Used In This Report

- Several meetings with KDE staff responsible for calculating and distributing SEEK funding.
- SY 2020 state and local revenues by district.
- Student characteristics recorded in Infinite Campus.
- Attendance Data submitted on the Superintendent's Annual Attendance Report.
- A review of how other states fund K-12 education from Fund ED: State Policy Analysis – A Detailed Look at Each State's Funding Policies.
- Common Core of data submitted to the National Center for Education Statistics (NCES) by KDE staff.

Presentation Outline

- **SEEK Funding Overview**
- KY and Surrounding States Funding
- Longitudinal Comparisons
- Rural vs Non-Rural Districts
- Hypothetical SEEK Changes
- Major Conclusions

SEEK FUNDING COMPONENTS

1. **Guaranteed base** amount per-pupil set by General Assembly.
2. **SEEK add on adjustments** (at-risk, exceptional children, home & hospital instruction, limited English proficiency, and transportation).
3. **Required local effort:** at least 30¢ per \$100 of assessed property.
4. **Tier I:** up to 15% of adjusted SEEK base (#1 and #2). State equalization of 150% of state average property assessment.
5. **Tier II:** up to 30% of adjusted SEEK base and Tier I. Not equalized by the state.

SEEK Add On Adjustments

1. **At-Risk:** 15% of the SEEK guaranteed base funding for free lunch students – \$600
2. **Exceptional Children**
 - **High incidence** - 0.24 weight – \$960
 - **Moderate incidence** – 1.17 weight – \$4,680
 - **Low Incidence** – 2.35 weight – \$9,400
3. **Home & Hospital:** SEEK guaranteed base less \$100 capital outlay – \$3,900
4. **Limited English Proficiency:** 0.096 weight – \$385
5. **Transportation:** Students transported to and from school over a mile radius. Exceptional Children receive 5 times the funding.

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KY and Surrounding States

Surrounding States Funding Type And SY 2021 Base Funding

State	Funding Type	SY 2021 Base Funding Per Student
Illinois	Resource	n/a
Indiana	Student	\$5,703
Kentucky	Student	\$4,000
Missouri	Student	\$6,375
Ohio	Student	\$6,020
Tennessee	Resource	n/a
Virginia	Hybrid	Varies by district
West Virginia	Resource	n/a

KY and Other States

Methods For Counting Students In Funding

Count Method	Number Of States	States
Single Count Date	9	Colorado, Connecticut, Delaware, Iowa, Kansas, Maryland, Massachusetts, New Jersey, South Dakota
Multiple Count Date	9	Georgia, Hawaii, Louisiana, Maine, Michigan, Montana, New Mexico, South Carolina, Wisconsin
Average Daily Attendance (ADA)	7	California, Idaho, Illinois, Kentucky, Mississippi, Missouri, Texas
Average Daily Membership (ADM)	21	Arizona, Arkansas, Indiana, Minnesota, Nebraska, North Carolina, New Hampshire, North Carolina, Nevada, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Utah, Virginia, Washington, West Virginia, Wyoming
Single Count Period	3	Alabama, Alaska, Vermont
Multiple Count Periods	1	Florida

KY and Surrounding States

Expected local share

State	Description
Illinois	Ratio of assessed property wealth to necessary funding amount Average property values Revenue from the state's corporate personal property replacement
Indiana	N/A
Kentucky	\$3.00 for every \$1,000 of assessed local property wealth
Missouri	\$34.30 for every \$1,000 of assessed property wealth, frozen at SY 2005 assessment levels
Ohio	Local property valuation compared to statewide property valuation (per pupil) Local and state income levels State contributes between five percent and 90 percent of districts' necessary funding
Tennessee	Property values Residents' income Estimate of revenue from local sales tax Rates must satisfy a statewide local contribution share
Virginia	Property values Resident's income and economic activity Local sales tax revenue, adjusted to satisfy a statewide expected local contribution.
West Virginia	\$1.94 for every \$1,000 of assessed tangible agricultural property wealth \$3.88 for every \$1,000 of assessed owner occupied property wealth, including farms \$7.76 for every \$1,000 of other assessed property wealth

KY and Surrounding States

At-Risk Funding

State	Description
Illinois	Student-to-staff ratios for low-income students. Specific funding for dedicated staff positions. Based on Medicaid, Children's Health Insurance Program, TANF, or SNAP eligibility
Indiana	\$1,400 per low-income student Based on SNAP or TANF benefits or receiving foster care services
Kentucky	Multiplier of 1.15 to the base per-pupil amount Based on free lunch students
Missouri	Based on concentrations FRPL students
Ohio	Based on concentration of low-income students Increased funding for high concentrations of low-income students and low property wealth
Tennessee	Flat allocation for low income students, annually adjusted for inflation: \$863.25 in FY 2018 Based on FRPL
Virginia	Multiplier of between 1.01 and 1.13 to the base per-pupil amount for free lunch students Based on concentration of free lunch students
West Virginia	None

KY and Surrounding States

Exceptional Child Funding

State	Description
Illinois	Cost of delivering services Census based assumptions Anticipated services needed by students
Indiana	Flat amount based on category of disability: <ul style="list-style-type: none"> - \$9,156 for students with severe disabilities - \$2,300 for students with mild and moderate disabilities - \$500 for students with communications disorders.
Kentucky	Multiple weights depending on exceptionality <ul style="list-style-type: none"> - Weight of 2.35 for low incidence disabilities - Weight of 1.17 for moderate incidence disabilities - Weight of 0.24 for high incidence disabilities
Missouri	Multiplier of 1.75 per exceptional child regardless of disability
Ohio	Multiple weights based on six categories of exceptionalities
Tennessee	Based on cost of resources for special education services, such as staff
Virginia	Based on cost of resources for special education services, such as staff
West Virginia	Hybrid system using a flat per pupil amount and partial reimbursement

KY and Surrounding States

Limited English Proficiency

State	Description
Illinois	Based on teachers and staff needed
Indiana	Flat allocation of \$300 per LEP student. Additional \$131.50 per LEP student in districts with 5% to 18% LEP students Additional \$165.16 per LEP student in districts with 18% or more LEP students
Kentucky	Multiplier of 0.096 to base per pupil amount per LEP student
Missouri	Multiplier of 1.6 to base per pupil amount per LEP student in districts with 1.95% or more LEP students
Ohio	Varies based on each LEP's student's educational enrollment and testing history
Tennessee	Specifies 1 teacher per 20 LEP students and 1 translator per 200 LEP students
Virginia	Specifies a ratio of 17 LEP teachers for every 1,000 LEP students
West Virginia	Appropriates \$96,000 for LEP students, divided by LEP student count

KY and Surrounding States

Rural, Remote And Small Or Isolated Funding

State	Description
Illinois	None
Indiana	None
Kentucky	Provided through transportation funding
Missouri	Flat per-student grant to districts with 350 or fewer students; \$10 million distributed proportionally. An additional \$5 million distributed to otherwise eligible districts that levy a higher tax rate than the expected tax rate
Ohio	none
Tennessee	Provided through transportation funding
Virginia	None
West Virginia	For districts with fewer than 1,400 students, the state inflates the student count using a formula that subtracts the district's enrollment from 1,400 and the difference is multiplied by a factor related to the district's student population density. The state also covers a great proportion of transportation cost for sparse and lower-density districts.

KY and Surrounding States

Transportation Funding Formulas

State	Separate Formula	Exceptional Children	Vocational	Vehicles
Illinois	X	X	X	
Indiana	X			
Kentucky	X		X	
Missouri	X			
Ohio	X	X		
Tennessee	X			
Virginia				
West Virginia	X		X	X

KY and Surrounding States

Transportation Funding Requirements

State	Route Or Radius Specified			Mile Minimum Regular Transportation
	Route	Radius	Not specified	
Illinois	X			1.5
Indiana	X			n/a
Kentucky		X		1
Missouri	X			3.5*
Ohio	X			2**
Tennessee	X			1.5
Virginia			X	n/a
West Virginia	X			2

*Missouri begins funding at 1 mile.

**Ohio begins funding at 1 mile. Mile limitation applies to elementary students.

KY and Surrounding States

Additional Transportation Funding Formulas

State	School Bus Purchases And Replacements
Illinois	20 percent depreciation for 5 years
Indiana	Buses are replaced using the operations fund, after submitting a resolution to the dept. of local government finance, applicable for at least five budget years.
Kentucky	Depreciation rate is a percentage of the state bid price at 12 percent in Years 1 and 2, ten percent in Years 3 to 8, eight percent in Years 9 and 10, and six percent in Years 11 to 14.
Missouri	Eight year depreciation schedule.
Ohio	Purchase buses through a centralized purchasing system after competitive bidding.
Tennessee	Not specified in statute or regulation.
Virginia	15-year replacement schedule.
West Virginia	Allowance includes 8.33% of the current replacement value of the bus fleet. Buses purchased after 6/1/99 driven 180,000 miles are eligible for replacement. Additional funding is available for districts with enrollment increases

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State and Local Revenue Quintiles

- **Wealth quintiles:** school districts were ranked lowest to highest by per-pupil local property assessments. Five groups were formed, each containing approximately one-fifth of the state's students.
- **Quintile 1** contains districts with the **lowest** property wealth per pupil.
- **Quintile 5** contains districts with the **highest** property wealth per pupil.

Longitudinal Comparisons

Quintile Characteristics

Year	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	Difference Between Quintile 1 and Quintile 5	Statewide Total
Number of Districts							
FY 1990	53	45	39	33	6	N/A	176
FY 2020	68	46	33	20	5	N/A	172
End of Year AADA							
FY 1990	115,074	114,190	118,119	106,632	121,119	6,045	575,134
FY 2020	115,967	116,704	111,246	119,552	123,340	7,373	586,808
Percent At Risk							
FY 1991	60.0%	39.2%	29.2%	24.4%	33.8%	1.2	212,444
FY 2020	76.6%	66.5%	58.9%	49.5%	66.0%	7.1	372,579
Percent Exceptional Child							
FY 1991	14.3%	12.1%	12.5%	12.7%	13.1%	1.2	73,756
FY 2020	20.7%	17.6%	16.8%	15.0%	13.6%	7.1	97,924

Longitudinal Comparisons

Average Teacher Salary FY 1990 And FY 2020

Fiscal Year	Average Salary
FY 1990	\$26,292
FY 1990 in FY 2020 constant dollars	53,262
FY 2020	53,907

Longitudinal Comparisons

Financial Data Comparison In Current Dollars

■ Property wealth per pupil

Year	Quintile 1	Quintile 5	Difference
1990*	\$141,969 (9%)	\$556,120 (38%)	\$414,151 (29%)
2020	\$300,832 (10%)	\$956,177 (33%)	\$655,345 (23%)

■ Equivalent tax rates

Year	Quintile 1	Quintile 5	Difference
1990*	53.8	69.7	15.9
2020	77.2	78.1	0.9

*FY 1990 dollar amounts are in FY 2020 constant dollars.

Longitudinal Comparisons

Financial Data Comparison In Current Dollars

■ Local and state revenue* per pupil

Year	Quintile 1	Quintile 5	Difference
1990*	\$5,280 (17%)	\$8,367 (28%)	\$3,087 (11%)
2020	\$8,886 (18%)	\$11,858 (26%)	\$2,972 (8%)

■ Local, state, and federal revenue* payments per pupil

Year	Quintile 1	Quintile 5	Difference
1990*	\$6,349 (18%)	\$9,082 (27%)	\$2,733 (9%)
2020	\$11,311 (20%)	\$13,393 (25%)	\$2,082 (5%)

*FY 1990 dollar amounts are in FY 2020 constant dollars.

* Without on-behalf payments

Longitudinal Comparisons

Financial Data Comparison In Current Dollars

■ Administration Expenditures per pupil

Year	Quintile 1	Quintile 5	Difference
1990*	\$432 (19%)	\$551 (26%)	\$119 (7%)
2018	\$1,067 (21%)	\$1,132 (23%)	\$65 (3%)

■ Instruction Expenditures per pupil

Year	Quintile 1	Quintile 5	Difference
1990*	\$3,528 (18%)	\$4876 (27%)	\$1,348 (8%)
2018	\$7,363 (20%)	\$8792 (25%)	\$1,430 (5%)

■ Total Current Expenditures per pupil

Year	Quintile 1	Quintile 5	Difference
1990*	\$6,004 (19%)	\$8,134 (27%)	\$2,130 (8%)
2018	\$12,586 (20%)	\$15,541 (26%)	\$2,995 (6%)

*FY 1990 dollar amounts are in FY 2020 constant dollars.

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Rural vs Non-Rural

- **Metropolitan** - Contains a core urban area of 50,000 or more population.
 - There are 58 Metropolitan Counties.
- **Micropolitan** - Consists of one or more counties and contains an urban core of at least 10,000 (but less than 50,000) population.
 - There are 44 Micropolitan Counties.
- **Rural** - All other counties.
 - There are 69 Rural Counties.

Rural vs Non-Rural Districts

- More students without a high school diploma or a bachelor's degree or higher.
- Average school attendance percentage rates are lower.
- Homeless and exceptional child counts are higher, while the percentage of minority students are much lower.
- Average teacher salary is lower.

Rural vs Non-Rural Districts

2019 Average Math and Reading Benchmarks

Category	Percent Meeting Math ACT Benchmark	Percent Meeting Reading ACT Benchmark
Metropolitan	38.6%	46.9%
Micropolitan	36.9	47.0
Rural	29.4	41.3
Kentucky	36.1	45.6

Rural vs Non-Rural Districts

2019 Property Assessments and Revenues

Category	Per-Pupil Property Assessments	Per-Pupil Local And State Revenue	Per-Pupil Local, State And Federal Revenue
Metropolitan	\$721,421	\$13,673	\$15,079
Micropolitan	472,799	12,068	14,065
Rural	378,559	12,142	14,362
Kentucky	594,448	13,011	14,179

Note: State on-behalf payments are excluded

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Hypothetical SEEK Adjustments

Including A Rural District Add On Weight Of 0.239 In The SEEK Funding Formula

Quintile	2020 Average Per Pupil Amount	2020 Equity Difference From Quintile 5	New Average Per Pupil Amount	New Equity Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$9,270	-\$2,336	\$629
Quintile 2	8,771	-3,043	8,854	-2,753	290
Quintile 3	9,213	-2,601	9,115	-2,491	110
Quintile 4	9,353	-2,461	9,170	-2,437	25
Quintile 5	11,814		11,606		

SEEK guaranteed base changed to \$3,830.95

If the SEEK guaranteed base was not reduced this change would cost \$140.6 million

Hypothetical SEEK Adjustments

**Including A Rural Weight Of 0.239 And A
Micropolitan Weight Of 0.06 In The SEEK Funding Formula**

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$9,268	-\$2,298	\$667
Quintile 2	8,771	-3,043	8,901	-2,665	378
Quintile 3	9,213	-2,601	9,126	-2,440	161
Quintile 4	9,353	-2,461	9,157	-2,409	52
Quintile 5	11,814		11,566		

SEEK guaranteed base changed to \$3,797.72

If the SEEK guaranteed base was not reduced, this change would cost \$169.7 million

Hypothetical SEEK Adjustments

AADA Changed To Three-Year Average When District Student Count Decreased Over Time

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$8,752	-\$2,921	\$44
Quintile 2	8,771	-3,043	8,707	-2,967	76
Quintile 3	9,213	-2,601	9,062	-2,612	-11
Quintile 4	9,353	-2,461	9,293	-2,380	81
Quintile 5	11,814		11,674		

SEEK guaranteed base changed to \$3,966.09

If the SEEK guaranteed base was not reduced, this change would cost \$27.2 million

Hypothetical SEEK Adjustments

Changing Student Count To Membership

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$8,041	-\$2,601	\$364
Quintile 2	8,771	-3,043	8,023	-2,619	424
Quintile 3	9,213	-2,601	8,425	-2,218	383
Quintile 4	9,353	-2,461	8,653	-1,990	472
Quintile 5	11,814		10,642		

SEEK guaranteed base changed to \$3,699.55

If the SEEK guaranteed base was not reduced, this change would cost \$285.5 million

Hypothetical SEEK Adjustments

Including A Foster Care Add On Of 0.125

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$8,850	-\$2,963	\$2
Quintile 2	8,771	-3,043	8,773	-3,040	2
Quintile 3	9,213	-2,601	9,213	-2,600	1
Quintile 4	9,353	-2,461	9,352	-2,461	1
Quintile 5	11,814		11,813		

SEEK guaranteed base changed to \$3,998.47

If the SEEK guaranteed base was not reduced, this change would cost \$1.2 million

Hypothetical SEEK Adjustments

Increasing The At-Risk Add On To 60 Percent

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$9,007	-\$2,850	\$115
Quintile 2	8,771	-3,043	8,816	-3,041	2
Quintile 3	9,213	-2,601	9,149	-2,708	-107
Quintile 4	9,353	-2,461	9,171	-2,687	-225
Quintile 5	11,814		11,857		

SEEK guaranteed base changed to \$3,278.52

If the SEEK guaranteed base was not reduced, this change would cost \$702.9 million

Hypothetical SEEK Adjustments

Categories for Percent Of Students Living In Poverty

Poverty Classification	Add On Amount Per-Student
Low - Fewer than 25%	\$494
Medium Low - 25.1 To 50%	544
Medium High - 50.1 to 75%	594
High - Over 75%	644

Hypothetical SEEK Adjustments

Categorizing Districts By Percentage Of Students In Poverty

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$8,869	-\$2,941	\$24
Quintile 2	8,771	-3,043	8,773	-3,037	6
Quintile 3	9,213	-2,601	9,210	-2,601	0
Quintile 4	9,353	-2,461	9,339	-2,472	-10
Quintile 5	11,814		11,810		

SEEK guaranteed base remained at \$4,000

This change would save \$527.00

Hypothetical SEEK Adjustments

Exceptional Child Add On Weighted By Percentage Of Students

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$9,295	-\$2,078	\$887
Quintile 2	8,771	-3,043	8,945	-2,428	614
Quintile 3	9,213	-2,601	9,290	-2,083	518
Quintile 4	9,353	-2,461	9,134	-2,239	222
Quintile 5	11,814		11,373		

SEEK guaranteed base changed to \$3,171.43

If the SEEK guaranteed base was not reduced, this change would cost \$817 million

Hypothetical SEEK Adjust

Increase Exceptional Child Add On Weights

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$9,043	-\$2,659	\$306
Quintile 2	8,771	-3,043	8,791	-2,912	131
Quintile 3	9,213	-2,601	9,210	-2,493	109
Quintile 4	9,353	-2,461	9,263	-2,440	21
Quintile 5	11,814		11,703		

SEEK guaranteed base changed to \$3,199.55

If the SEEK guaranteed base was not reduced, this change would cost \$798.7 million

Hypothetical SEEK Adjustments

Adjusting The SEEK Base For Inflation - \$4,768.68

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$9,990	-\$2,809	\$156
Quintile 2	8,771	-3,043	9,840	-2,959	84
Quintile 3	9,213	-2,601	10,244	-2,555	46
Quintile 4	9,353	-2,461	10,332	-2,467	-5
Quintile 5	11,814		12,799		

SEEK guaranteed base changed to \$4,768.68

If funded, this change would cost \$613.8 million

Hypothetical SEEK Adjustments

Increasing SEEK Local Effort From 30 Cents To 35 Cents

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$9,022	-\$2,611	\$354
Quintile 2	8,771	-3,043	8,858	-2,775	268
Quintile 3	9,213	-2,601	9,225	-2,408	193
Quintile 4	9,353	-2,461	9,277	-2,356	105
Quintile 5	11,814		11,633		

No additional funding needed and SEEK guaranteed base amount was increased to \$4,218.42

Hypothetical SEEK Adjustments

Increasing Base For Inflation & Local Effort

Quintile	2020 Average Per Pupil Amount	2020 Difference From Quintile 5	New Average Per Pupil Amount	New Difference From Quintile 5	New Change In Equity
Quintile 1	\$8,849	-\$2,965	\$9,833	-\$2,500	\$465
Quintile 2	8,771	-3,043	9,622	-2,712	331
Quintile 3	9,213	-2,601	9,938	-2,371	230
Quintile 4	9,353	-2,461	9,976	-2,355	106
Quintile 5	11,814		12,334		

SEEK guaranteed base changed to \$4,768.68

If the SEEK guaranteed base was not reduced, this change would cost \$438.1 million

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Major Conclusions:

Rural vs Non-Rural Districts

- More students living in poverty and are more likely to be classified as special education.
- Lower percentage of students meeting ACT reading and math benchmarks.
- Less funding, however micropolitan districts received even less than rural districts.
- Rural districts have lower teacher salaries

Major Conclusions: Equity Increases

- Calculating the exceptional child add on using percentage of students with an exceptionality in each district-increased equity in Quintile 1 by \$887 per pupil.
- Adding rural and micropolitan district add ons increased equity in Quintile 1 by \$667 per pupil.
- Increasing the local effort of 30 cents to 35 cents increased equity in Quintile 1 by \$350. This change also allowed the SEEK guaranteed base to increase to \$4,219.01 with no new state funding. In addition, most states require a higher local contribution than Kentucky.

Major Conclusions:

Equity Increases

- Increasing the guaranteed base per pupil funding amount to adjust for inflation increased equity in Quintile 1 by \$156 per pupil.
- Increasing local effort and the base adjusted for inflation increased equity in Quintile 1 by \$465.
- Changing student count from average daily attendance to membership increased equity in Quintile 1 by \$364. Twenty one states fund education by membership.

Major Conclusions:

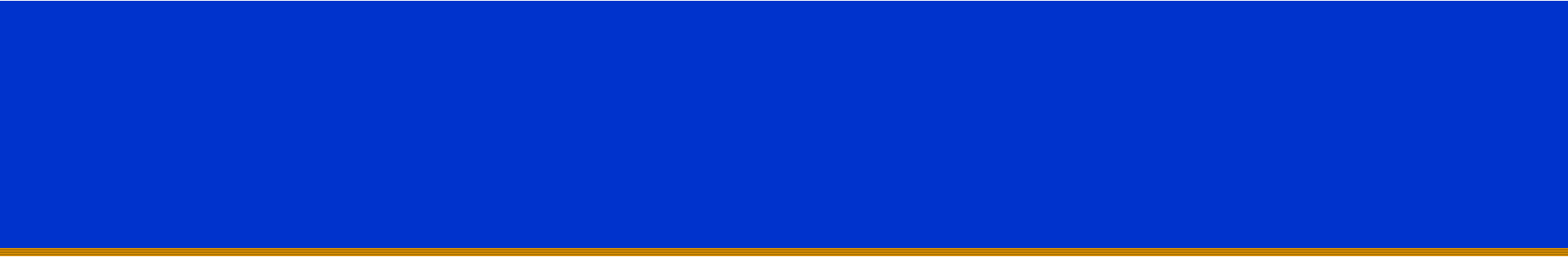
Little Or No Equity Improvement

- Changing the LEP add on to a test score or grade level basis had no impact.
- Including students who qualify for reduced-price lunch students to the at-risk add on decreased equity.
- Including teacher retirement OR state grants in the SEEK guaranteed base funding reduced equity.

SEEK Interactive Tool

Only used for the 2020 School Year

<https://bit.ly/OEASEEK-2020>



End