

The background of the slide is a composite image. The top left shows a line of yellow school buses with "SCHOOL BUS" written on their sides. The bottom left shows a classroom with blue walls, decorated with colorful balloons and framed pictures. Several desks and chairs are arranged in rows.

School Funding Task Force: HB 563/HB 405 & ADA/ADM

October 18, 2021

KDE Funding Report Preview

HB 563 & HB 405 Required Reporting

- HB 563 (2021) requires KDE, by November 1, 2021, to submit a report to the LRC, the School Funding Task Force, and the Interim Joint Committee on Education on how to ensure the equitable transfer of education funds so that funds follow a nonresident student to a school district of enrollment from a school district of residence. The report shall include recommendations on how the amount should be calculated and what mechanism should be used to conduct the transfer.
- HB 405 (2021) Created the School Funding Task Force

Current Law- Nonresident Student Funding

KRS 157.350 permits districts to include nonresident students in Average Daily Attendance (ADA) when listed under a written agreement between a nonresident district and the resident district.

- Districts Currently Code Nonresident Students in Infinite Campus

HB 563 (2021) – Nonresident Changes

- By July 1, 2022 school districts must adopt policies governing the terms under which the district shall allow enrollment of nonresident pupils.
- Beginning July 1, 2022, districts may include nonresident pupils admitted pursuant to the above described policies in average daily attendance (ADA) for SEEK funding purposes. KRS 157.350(4)(b).
- October 8, 2021 Order in *Council For Better Education, Inc., et al. v. Holly M. Johnson, in her official capacity as Secretary of State of the Kentucky Finance and Administration Cabinet, et al. and The Commonwealth of Kentucky ex rel. Attorney General Daniel Cameron, et al. and Akia McNeary and Nancy Deaton* permanently enjoining the enforcement of the provisions of HB 563

Average Daily Attendance

ADA determines funding:

- SEEK Funds
- State Formula Grants
- Some Federal Funds

Local Tax Revenues – (Local Effort)

- Tax rates to support districts are set by the local board of education
- Property tax
- Permissive taxes: utility taxes, occupational taxes, and excise taxes
- Taxes are collected locally or by the Department of Revenue
- Tax collection rates vary
- The Kentucky Department of Education has no control over local revenues.

Local Funds Cont. – Considered Options:

1. Local Funds are Not Transferred or Provided for (Status Quo)
2. Transfer of Local Funds from Resident to Nonresident District. – KY Const. Section 180
3. Adjustment of SEEK support at State Level - Resident to Nonresident District. *Rose v. Council for Better Education* – GA's Responsibility to Provide Adequate Funding
4. Separate Appropriation
 - Equal to the local per-pupil revenue in the attending district; or
 - SEEK Add-on for nonresident students
 - Creates timing issue

Local Funds Cont. – Legal Considerations

- Section 180 of the Kentucky Constitution – “...no tax levied and collected for one purpose shall ever be devoted to another purpose.”
- Constitutional Responsibility of the General Assembly to Provide Adequate School Funding. *Rose v. Council for Better Education*
- Reduction of a district’s SEEK funding may unconstitutionally shift the burden of adequate funding from the General Assembly to the local school district.

Average Daily Attendance (ADA) & Average Daily Membership (ADM)

Average Daily Attendance (ADA)

- Generally: the total number of days of student attendance divided by the total number of days in the school year.
- Kentucky uses Adjusted Average Daily Attendance (AADA) to determine school funding.
- Pursuant to 702 KAR 3:270, the AADA calculation includes additions and subtractions to daily student attendance. This final AADA is used in the state SEEK school funding calculation.
- KDE's Legacy SEEK System stores AADA and other SEEK calculations

Average Daily Attendance (ADA) Cont.

- AADA calculations
 - Subtract out:
 - ADA for noncontract, nonresident students as reported by local school districts;
 - One half (1/2) of the total aggregate kindergarten days attendance divided by the number of days taught;
 - ADA for over-age students and under-age students not qualifying for funding pursuant to 702 KAR 7:125;
 - Add on:
 - ADA for virtual school and performance-based learning students
- Additional adjustments
 - Low attendance days
 - Low attendance weather days
 - NTI days

Average Daily Membership (ADM)

- Average daily membership (ADM) is an enrollment count. ADM is the average number of enrolled students over a certain period of time.
 - Average Daily Count throughout all or most of the year
 - Single Day Count– Generally in the Fall
 - Multiple Count Day – Fall and Spring
 - Enrollment Count Periods – Counted over single or multiple periods of days

Key Considerations

- Accuracy
 - Students Must be Counted Somehow
- Predictability
 - Districts Must be able to Budget - Hiring and Programmatic Decisions
- Budget Stability
 - Considerations Built-in to Account for Losses and Gains
- Transitioning from ADA to ADM
 - Prior year vs. current year

Pros and Cons?

- ADA – Incentive to boost attendance
 - Chronic Absenteeism - Issues beyond the control of schools: poverty, chronic health issues, other community-related factors
- ADA – Favors districts with higher attendance rates
 - Penalizes districts that serve more disadvantaged students.
- ADA – Districts fixed costs even if attendance fluctuates
- ADA – Must be calculated for federal reporting, other state needs
- ADM – Allocation of Resources – same resources spread out over a larger group of students. Per-pupil funding amount will appear lower
- ADM – Different administrative burdens
- Attendance must always be tracked for safety purposes

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