

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2024 REGULAR SESSION**

MEASURE

2024 BR NUMBER 2365

HOUSE BILL NUMBER 748HCS1

TITLE AN ACT relating to education funding.

SPONSOR Representative Jason Petrie

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Supporting Education Excellence in Kentucky (SEEK)

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2023-2024	2024-2025	2025-2026	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES		Indeterminable*	Indeterminable*	Indeterminable*
NET EFFECT		(Indeterminable)*	(Indeterminable)*	(Indeterminable)*

() indicates a decrease/negative

*See Chart under “Fiscal Explanation” for Potential Scenarios

PURPOSE OF MEASURE: The purpose of the measure is to increase the local tax revenue threshold that school districts can raise for state equalization known as Tier I from 15 percent to 17.5 percent.

FISCAL EXPLANATION: Tier I represents the portion of local tax revenues that exceed the levies statutorily required by districts for participation in the SEEK and facilities support programs but are no greater than 15 percent of the district’s adjusted SEEK base calculation. Tier I is partially matched (i.e., equalized) by the state to adjust for the district’s per-pupil assessment relative to the statewide average. Districts with per-pupil assessments higher than 150% of the statewide average do not receive state equalization.

The cost for state equalization for Tier I is dependent on the SEEK base per-pupil guarantee (BPPG) established by the General Assembly, transportation costs student counts, and district property assessments. The following state cost estimates for increasing the Tier I threshold from 15 to 17.5 percent use a range of potential BPPGs and assume SEEK pupil transportation costs remain flat at the fiscal year 2023 cost. The scenarios utilize property assessments and student

count projections as modeled by the Kentucky Department of Education and Office of the State Budget Director for FY 25 and FY 26:

Base Per-Pupil Guarantee	FY 2025	FY 2026
\$4,200	\$ 31,946,800	\$ 28,910,100
\$4,300	\$ 32,636,100	\$ 29,537,100
\$4,400	\$ 33,319,500	\$ 30,143,400
\$4,500	\$ 33,988,000	\$ 30,754,900
\$4,600	\$ 34,648,100	\$ 31,363,500
\$4,700	\$ 35,308,100	\$ 31,961,800

The local share of Tier I would also increase if the statutory threshold is increased from 15 to 17.5 percent as proposed in the measure that is not addressed in these scenario estimates.

DATA SOURCE(S): LRC Staff, KDE staff

PREPARER: Liz Columbia NOTE NUMBER: 173 REVIEW: JB DATE: 3/19/2024