Funding Kentucky Public Education: An Analysis of Education Funding Through the SEEK Formula

Research Report No. 471

Office Of Education Accountability

Kentucky Legislative Research Commission

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Foreword

In November 2020, the Education Assessment and Accountability Review Subcommittee approved a research agenda for the Office of Education Accountability that included a study of the Support Education Excellence in Kentucky program (SEEK). Since 1990, SEEK has been the mechanism through which Kentucky has funded its public schools.

This publication includes a review of how SEEK and SEEK transportation funding are distributed to districts. Hypothetical changes to the SEEK funding formula and resulting changes in equity between districts are described. A thorough description of how other states fund education is also included. The publication also includes longitudinal comparisons of district characteristics from school year 1990 to school year 2020.

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Summary

Since 1990, the Support Education Excellence in Kentucky program (SEEK) has been the mechanism through which Kentucky has funded its public schools. This report examines how SEEK and SEEK transportation funding are distributed to districts, and includes hypothetical changes to SEEK to examine issues of equitable funding. This study also includes how other states distribute education funding.

The report compares Kentucky's funding model with those of the seven surrounding states and includes information on all states' funding models in the appendices. Kentucky and six surrounding states use average daily attendance (ADA) to count students, while 21 other states use membership to count students. Kentucky and three surrounding states use a student-based funding mode, which assigns a base cost of educating a student with no special need or services and accounts for the additional cost of educating specific categories of student. Compared to surrounding states, Kentucky has the lowest base funding, at $4,000 per child during fiscal year 2020. All surrounding states except Indiana have an expected local share for funding education. Kentucky districts are required to contribute $3 for every $1,000 of assessed local property wealth.

Some states allow school districts to raise taxes only up to a certain amount or by a certain amount each year, and some require voter approval. There is no limit on property taxes in Kentucky, but increases above 4 percent may be petitioned by voters. Kentucky may also tax utility services and cable services up to 3 percent, and districts may levy two surtaxes on income.

Kentucky and many other states provide additional funding for economically disadvantaged students (referred to as "at-risk students"), for students with learning disabilities, for students whose primary language is a language other than English, and for transportation. Kentucky at-risk student identifiers include participation in the National School Lunch Program free lunch, the Supplemental Nutrition Assistance Program, the Kentucky Transitional Assistance Program, and foster care. The Kentucky Department of Education (KDE) uses the federal definition of *limited English proficiency* (LEP), which sets out several criteria related to a student's ability to use the English language for testing, classroom achievement, and full participation in society. Kentucky has a multistep process for determining transportation aid based on density groups and type of student transported.

The report also examines the differences between rural and nonrural districts and among students living in rural, micropolitan, and metropolitan districts. It found that rural districts had more students living in poverty, more students classified as exceptional children, and a lower percentage of students meeting ACT reading and math benchmark scores. Micropolitan districts received less total local, state, and federal funding than rural districts and metropolitan districts.

This report compares district financial data over time, placing districts into quintiles where Quintile 1 contains the least wealthy districts and Quintile 5 contains the most wealthy districts. Since FY 1990, the gap between Quintile 1 and Quintile 5 has decreased for

- property wealth per pupil;

- local and state revenue without on-behalf payments per pupil; and
- local, state, and federal revenue without on-behalf payments per pupil.

Staff examined several hypothetical changes to the SEEK funding formula to examine effects on equity between property-poor districts and property-rich districts. Each change to the SEEK funding formula affected the total amount that districts received through SEEK, and for each model the guaranteed base per pupil funding amount was adjusted so that no additional funding would be required to implement changes, with the exception of the model increasing the SEEK guaranteed base per pupil funding amount adjusted for inflation.

Forty-four changes to the SEEK funding formula were analyzed. Notable results include the following: 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 add-ons for rural districts and micropolitan districts increased equity in less wealthy districts by $667 per pupil. Changing student count from average daily attendance to membership increased equity in Quintile 1 by $364. Most states fund education by membership. Increasing the guaranteed base per pupil funding amount to adjust for inflation increased equity in less wealthy districts by $156 per pupil. Little to no effect on equity resulted from several changes, including changing the LEP add-on to a test score or grade level basis, or including students who qualify for reduced-price lunch in the at-risk add-on.

During the review of the SEEK transportation calculation, Office of Education Accountability staff found several issues in the way KDE calculates transportation funding:

- KDE calculations depart from statutory and regulatory requirements concerning square mileage calculations, auditing districts' transportation codes, grouping districts into seven groups instead of nine groups, identifying outliers by "eyeballing" districts, grouping districts by calculating cost per pupil day instead of density groups, and multiplying the number of handicapped students by 2.0 instead of 5.0 as required by statute.
- For several years up until 2021, KDE made an error in transcribing districts' graph-adjusted costs, with one district consistently receiving too much money.
- KDE used the gross ADA plus handicapped amount in determining the cost per pupil day in the nonlinear regression model. It may have been better to use the gross ADA without handicapped students in this part of the calculation.
- KDE gave any district that was not included in its graph calculation the same graph-adjusted cost per pupil day as Jefferson County.
- In 2021, the depreciation for district school buses was not taken into account when calculating transportation costs.

Additional issues involve incorrect coding on district financial reports, consistency in recording transportation revenue from transporting private school students, and SEEK funding provided for special education preschool students. These issues are outlined in the report and include the following:

- KDE lacks expertise in the computer programs and mathematical formulas that are used to determine the graph-adjusted cost for student transportation. An LRC report identified this issue nearly 20 years ago, and it has not been addressed despite an LRC recommendation to address the issue.[1]

- A regulation references the local superintendent's annual statistical report for districts. This regulation should be more accurately described, and KDE should consider posting the data to the KDE website.

This report makes 16 recommendations concerning KDE practice in calculating transportation funding, the statutory and regulatory requirements associated with transportation funding, and data collection.

Recommendation 4.1

When calculating Support Education Excellence in Kentucky program transportation, the Kentucky Department of Education should subtract the square mileage of independent districts from the square mileage of county districts within their county in accordance with KRS 157.370(4).

Recommendation 4.2

When calculating Support Education Excellence in Kentucky program transportation and performing transportation audits, the Kentucky Department of Education should ensure that students live beyond a 1-mile radius from their schools if they are listed as being transported more than 1 mile, in accordance with KRS 157.370(3).

Recommendation 4.3

When calculating Support Education Excellence in Kentucky program transportation, the Kentucky Department of Education should determine the average cost per pupil per day of transporting pupils in districts having a similar density of transported pupils per square mile of area served by not fewer than nine density groups, in accordance with KRS 157.370(1).

Recommendation 4.4

When calculating Support Education Excellence in Kentucky program transportation, the Kentucky Department of Education should use an objective methodology to determine groups of districts to be included in graph calculations.

Recommendation 4.5

When calculating Support Education Excellence in Kentucky program transportation, the Kentucky Department of Education should multiply the aggregate days' attendance of qualified pupils for which the district provides special transportation by 5.0 and add it to that part of the district's aggregate days' attendance that is multiplied by the district's adjusted cost per pupil per day in determining the district's pupil transportation program cost for allotment purposes in accordance with KRS 157.370(9).

Recommendation 4.6

When calculating the cost per pupil day to include in the nonlinear regression model, the Kentucky Department of Education should use the gross number of pupils without the handicapped factor.

Recommendation 4.7

When assigning the graph-adjusted cost per pupil day to districts outside the graph calculation, the Kentucky Department of Education (KDE) should consider giving independent districts that were below the threshold for inclusion in the graph calculation the same amount as the independent district with the lowest graph-adjusted cost per pupil day. Likewise, KDE should consider giving county districts that were above the threshold for inclusion in the graph calculation the same amount as the county district with the highest graph-adjusted cost per pupil day.

Recommendation 4.8

The Kentucky Department of Education should ensure that staff who perform Support Education Excellence in Kentucky program (SEEK) transportation calculations receive training to ensure they understand how the overall system works, how to use the programs that calculate SEEK transportation, and how to make any modifications.

Recommendation 4.9

702 KAR 5:020(2) requires that the net average daily attendance for a county district's pupils transported 1 mile or more to school shall be determined from the local superintendent's annual statistical report for the district. The Kentucky Board of Education should consider changing the language in this regulation to more accurately describe which statistical report it is referencing, and the Kentucky Department of Education should consider posting the data from the report to its website.

Recommendation 4.10

The Kentucky Board of Education should consider amending 702 KAR 5:020 to allow districts to depreciate school transportation vehicles for 10 years and 100 percent of their value.

Recommendation 4.11

The Kentucky Department of Education should consider allowing county districts that merged with an independent district to include the independent district's prior-year transportation costs, including depreciation of school transportation vehicles, during the first year of the merger.

Recommendation 4.12

The Kentucky Department of Education should require districts to record their district activity funds on their annual financial reports.

Recommendation 4.13

The Kentucky Department of Education should work with school districts to record fiscal court revenue received for transporting private school students as a negative expenditure on annual financial reports to properly reflect the transportation expenditures for public school students to and from school.

Recommendation 4.14

The Kentucky Department of Education should work with school districts to ensure that their transportation costs are captured correctly in MUNIS.

Recommendation 4.15

The Kentucky Department of Education should discontinue using preschool students in calculating the exceptional child add-on in the Support Education Excellence in Kentucky program formula.

Recommendation 4.16

If full-day kindergarten is funded in the future, the General Assembly should consider changing the statewide equalization level in order to accurately reflect 150 percent of per-pupil assessments.

Chapter 1

Support Education Excellence In Kentucky

Introduction

The Kentucky Education Reform Act program (KERA) has been the mechanism through which Kentucky has funded its schools since 1990. KERA included public school funding reforms and guaranteed districts a minimum amount of funding for each public school student.

In 1989, the Kentucky Supreme Court concluded "the total local and state effort in education in Kentucky's primary and secondary education is inadequate and is lacking in uniformity."[2] It also concluded that the then current funding program (Minimum Foundation Program) is "not designed to correct problems of inequality or lack of uniformity between local school districts."[3] The General Assembly passed the Kentucky Education Reform Act (KERA) after the Supreme Court ruled that the education system was unconstitutional. KERA included public school funding reforms and guaranteed districts a minimum amount of funding for each student attending public school.

The Support Education Excellence in Kentucky program (SEEK) was designed to equalize local revenue with state funds to ensure that students living in property-poor districts would receive the same base funding as students living in property-wealthy districts. This report reviews equity outcome changes to the current SEEK funding formula.

Prior to passing KERA, the General Assembly established a task force on education reform, which created three committees. This report focuses on the outcomes of the finance committee. The Support Education Excellence in Kentucky program (SEEK) was part of the legislation that came from this task force's work. The new model was designed to equalize local revenue with state funds = to ensure that students in property-poor districts would receive the same base funding as students in property-wealthy districts. This report will assist the General Assembly in reviewing equity outcome changes to the current SEEK funding formula. The outcomes of the changes to the formula are included in Chapter 3.

Description Of The Study

In November 2020, the Education Assessment and Accountability Review Subcommittee requested a study on the funding formula, including how SEEK and SEEK transportation funding are distributed, issues of equitable funding, differences between rural and nonrural areas, and how other states distribute education funding.

In November 2020, the Education Assessment and Accountability Review Subcommittee directed the Office of Education Accountability (OEA) to conduct research on changes to the SEEK funding formula. The study agenda directed OEA to examine how SEEK and SEEK transportation funding are distributed to districts. Issues of equitable funding between districts, and rural versus nonrural areas are considered, as well as the local contributions that districts make. This study also includes how other states are distributing education funding.

Data Used For This Study

Data sources for this report included the Kentucky Department of Education (KDE), districts' audited annual financial reports (AFRs), the National Center for Education Statistics, Infinite Campus, the Superintendent's Annual Attendance Report (SAAR), and reports on education funding in other states.

In conducting this study, OEA staff interviewed staff at the Kentucky Department of Education (KDE) who are responsible for calculating and distributing SEEK funding. Interviews with KDE staff addressed the guaranteed base, add-ons, and other relevant data used to determine the SEEK funding for each district. Data for this study include districts' audited annual financial reports (AFRs); the National Center for Education Statistics' Common Core of Data, transportation, and student characteristics recorded in the student information system, Infinite Campus (IC); and attendance data submitted on the Superintendent's Annual Attendance Report (SAAR). Staff also reviewed how other states fund K-12 education and transportation of students to and from school.[4]

This report refers to school years by the year in which they end. For example, the 2019-2020 school year is called the 2020 school year, or SY 2020. In this report, *school districts* refers to school districts and other local education agencies.

Unless otherwise noted, per-pupil figures are calculated per adjusted average daily attendance (AADA) plus growth. Silver Grove Independent students were included in Campbell County's student count for each model.

Organization Of The Report

Chapter 1 reviews major conclusions of this study, components of SEEK and transportation funding, common definitions, a national ranking, and comparison of rural and nonrural districts.

Chapter 1. The remainder of Chapter 1 reviews major conclusions of this study, components of SEEK and SEEK add-ons, transportation funding, methods used to count students in state funding models, and common definitions used while discussing funding models. Chapter 1 ends with how Kentucky ranks in the nation on certain data points and comparison of data from students who live in rural, metropolitan, and micropolitan districts.

Chapter 2 summarizes public education funding in Kentucky and surrounding states, including base funding, any additional funding for student groups, transportation, and rural or small district funding.

Chapter 2. Methods to fund public education in Kentucky and surrounding states are included in Chapter 2. Data include the base funding models and any additional funding that states may provide for students who may need extra supports, for transportation of students to and from school, and for districts that are rural or small.

Chapter 3 analyzes how changes to SEEK funding would affect equity of property-rich and property-poor districts. It also compares funding equity in 1990 with current funding.

Chapter 3. Adjustments to the current SEEK funding model are described and evaluated in Chapter 3, along with how these funding changes would affect equity of property-rich districts and property-poor districts. For each change, the SEEK guaranteed base per-pupil funding amount is adjusted so that no new revenue is required for implementing the change, with some exceptions such as increasing the SEEK guaranteed base per-pupil funding amount to adjust for inflation. This discussion includes the cost to implement these changes if fully funded. In addition, the chapter begins with comparisons of funding equity in 1990 with current funding.

Chapter 4 discusses the SEEK and SEEK transportation funding calculation and data collection, and it presents recommendations.

Chapter 4. Chapter 4 discusses issues with the SEEK and SEEK transportation funding calculation and systemic issues found in data collection. In addition, 16 recommendations are presented.

Major Conclusions

***Equity* is defined as the difference in funding between districts with different property wealth per pupil by quintiles. Quintile 1 districts had the lowest property wealth per pupil, and Quintile 5 districts had the highest.**

Staff examined several hypothetical changes to the SEEK funding formula and documented their impact on equity. This report defines *equity* as the difference in funding between districts in quintiles with different property wealth per pupil. Quintile 1 districts had the lowest property wealth per pupil, and Quintile 5 districts had the highest. If a hypothetical change increased the funding of Quintiles 1 through 4 relative to Quintile 5, it was determined that the change increased equity between districts.

Some hypothetical changes increased equity between low-wealth districts and high-wealth districts, and others decreased equity.

With regard to the hypothetical changes to the SEEK funding formula and the resulting changes in equity between low-wealth districts and high-wealth districts, some of the models increased equity and others decreased equity.

The following changes had effects on per-pupil funding equity:

- 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 per pupil. 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.

- Increasing the guaranteed base per-pupil funding amount to adjust for inflation increased equity in Quintile 1 by $156 per pupil.
- Changing student count from average daily attendance to membership increased equity in Quintile 1 by $364. A total of 21 states fund education by membership.
- Including students who qualify for reduced-price lunch in the at-risk add-on decreased equity in Quintile 1 by $1 per pupil.
- Increasing the SEEK base funding and including the teacher retirement on-behalf funding amount reduced equity in Quintile 1 by $76 per pupil.
- Increasing the SEEK base funding and including the state grants currently distributed outside the SEEK funding formula decreased equity in Quintile 1 by $25 per pupil.

This chapter also examines the differences among rural, metropolitan, and micropolitan districts.

The report also examined the differences in students living in rural, metropolitan, and micropolitan districts:

- In rural districts, compared to metropolitan districts, students are more likely to live in poverty and to be classified as special education students.
- Rural districts had a lower percentage of students meeting ACT reading and math benchmark scores.
- Total local, state, and federal revenues are $717 per pupil less per year for rural districts than for metropolitan districts. Moreover, micropolitan districts receive almost $1,014 less per pupil per year than metropolitan districts. Looking only at local and state revenue, micropolitan districts' combined per-pupil revenue is $73.67 lower than that of rural districts and $1,605 less than that of metropolitan districts.

Office of Education Accountability (OEA) staff found inconsistencies in KDE practice in calculating transportation funding and the associated statutory and regulatory requirements.

OEA staff found inconsistencies in KDE practice in calculating transportation funding and the associated statutory and regulatory requirements. Staff found the following issues:

- KDE incorrectly calculated square mileage.
- KDE did not correctly audit districts' transportation codes for students transported more than a mile.
- KDE divided districts into seven groups instead of the required nine.
- In creating the seven cost groups, KDE's methodology was subjective, not objective.
- KDE divided districts into groups by calculated cost per pupil day instead of by student density.
- KDE multiplied the number of handicapped students by 2.0 instead of the statutory requirement of 5.0.

OEA staff also found systemic issues in data collection by KDE.

Staff also found systemic issues in data collection.

- It is not required that district activity funds be recorded on district annual financial reports. Of two districts that did record district activity funds, one received an additional $288.57 per student and the other received only $6.10 per student.
- Some districts had transportation expenditures to and from school although no students were transported. There was no standard way to record revenue for private students transported on district buses.

Staff found other issues as well:

- Districts are receiving the exceptional child add-on for preschool students, which is not permitted in statute.
- Full-day kindergarten funding was added for fiscal year 2022, but the statewide equalization level was not changed to reflect the additional students.

Overview Of SEEK

The SEEK funding formula is a three-tier system that includes the guaranteed base, Tier I, and Tier II. The guaranteed base was $4,000 per pupil in FY 2020 and includes adjustments for exceptional child, at-risk, limited English proficiency (LEP), and home and hospital students, as well as a transportation factor.

The SEEK funding formula is a three-tier system that includes the guaranteed base, Tier I, and Tier II. The guaranteed base for FY 2020 is $4,000; it is adjusted by the district's number of exceptional, at-risk, home and hospital, and limited English proficiency (LEP) students. It also includes a funding factor for the transportation of students to and from school. Information on the data used in the SEEK calculation, along with how the funding formula works, is listed below.

Attendance

Attendance data, recorded in Infinite Campus, is used to determine the number of children attending school and the amount of time they are present.

Attendance is recorded daily in the student information system, usually referred to by its vendor, Infinite Campus. All schools statewide use this system. The attendance data in IC is used to determine the number of children who attend school and the amount of time they are present. Below is a description of the types of attendance calculations used in in Kentucky.

Average daily attendance (ADA) is "the aggregate days attended by pupils in a public school, adjusted for weather-related low-attendance days if applicable, divided by the actual number of days school is in session, after the five (5) days with the lowest attendance have been deducted."

Average Daily Attendance. KRS 157.320 defines *average daily attendance* (ADA) as "the aggregate days attended by pupils in a public school, adjusted for weather-related low attendance days if applicable, divided by the actual number of days school is in session, after the five (5) days with the lowest attendance have been deducted."[a] [5]

[a] The Kentucky Department of Education uses the following definition of ADA: "the aggregate days attended by pupils in entry-level primary (kindergarten)

Adjusted average daily attendance (AADA) compares ADA for the current year and the prior year to determine percentage growth. Districts do not experience a decrease in funding if ADA decreases.

Adjusted Average Daily Attendance Plus Growth. Adjusted average daily attendance (AADA) is calculated by comparing the ADA for the first 2 months of the current year to ADA for the first 2 months of the prior year to determine percentage growth. If there is an increase, then the district benefits from the additional students in the calculation, but if ADA decreases, the district does not experience a decrease in funding. In addition, KRS 157.360(10) includes a provision for districts experiencing an ADA decrease of 10 percent or more from the previous school year. This provision allows the next school year's ADA to be increased by an amount equal to two-thirds of the decrease in ADA. The base SEEK calculation includes districts' prior-year AADA data to determine funding.

Local Effort

Local effort is part of the SEEK base amount. KRS 160.470 requires districts to levy a minimum equivalent tax rate of 30 cents per $100 in taxed property to receive SEEK funding. Currently, all districts levy a higher tax rate.

KRS 160.470 describes the local effort that districts must generate in tax revenue. Each district must levy a minimum equivalent tax rate of 30 cents per $100 in the district's taxed property in order to receive SEEK funding. This is part of the SEEK base amount. Currently, all districts levy a tax rate higher than the 30 cents required by law.

Property Assessments

Property assessments are part of SEEK funding. Districts with lower property assessments generate more SEEK guaranteed base funding from state funds; districts with higher property assessments must spend more from local revenues.

The SEEK base funding formula uses property assessments as part of the calculation. Districts with lower property assessments will generate more of the SEEK guaranteed base funding from state funds, while districts with higher property assessments will get less state funding and must spend more from local revenues. Districts may raise the local revenue through any combination of property tax, motor vehicle tax, and permissive taxes. Currently, there are three permissive taxes that districts can levy: utility, occupational, and excise taxes. Since school districts' local tax effort consists of various types of taxes, the rates at which these revenue sources are taxed can vary across districts.

Accurate property assessments by locally elected property valuation administrators (PVAs) are an important part of the SEEK calculation. Prior research suggests issues with accuracy of property assessments. This report does not examine current property assessments.

Role Of Property Valuation Administrators. Accurate property assessments conducted by local property valuation administrators (PVAs) in each district are an important part of the SEEK

through grade 12, adjusted for weather-related low attendance days if applicable and divided by the actual number of days the school is in session, after the five days with the lowest attendance are deducted per KRS 157.320 (1) as reported to the Kentucky Department of Education by the local superintendent at close of year via the Superintendent's Annual Attendance Report (SAAR). Kindergarten student attendance is fully included."

calculation. PVAs are locally elected state officials with jurisdiction within their counties. The Constitution of Kentucky and KRS 132.690 require PVAs to assess property at 100 percent of fair market value. PVAs are required to examine real property no less than once every 4 years. Prior reseach has indicated issues with accuracy of property assessments.[6] This study does not examine current property assessments to ensure accuracy.

Guaranteed Base Funding

The SEEK guaranteed base per-pupil funding amount is established in each biennial budget for students in grades 1 through 12. Kindergarten is funded as half-day, except that the General Assembly included an additional $140 million to fund full-day kindergarten in school year (SY) 2022 only.

Each biennial budget enacted by the General Assembly establishes a SEEK guaranteed base per-pupil funding amount. The guaranteed base amount for school year 2020 was $4,000 per AADA for public school students enrolled in grades 1 through 12. Under KRS 157.320(7), kindergarten ADA is half the aggregate days attended by kindergarten pupils in a public school. Consequently, Kentucky funds only half-day kindergarten, and kindergarten students receive only half the AADA amount. Note, however, that in the 2021 Regular Session the General Assembly passed House Bill 382, which included up to an additional $140 million to fund full-day kindergarten in SY 2022. The bill did not redefine *kindergarten ADA* to provide full-day kindergarten funding in the future.

Add-Ons

Add-ons to the guaranteed base funding formula provide more funding for costs associated with educating students with additional needs, including LEP students, at-risk students, exceptional children, and home or hospital students. A separate formula for transportation is included as an add-on. These funds are combined with other SEEK funds and are not required to be spent on specific children or identified needs.

The SEEK funding formula addresses students with additional needs by providing additional funding, referred to as add-ons to the guaranteed base funding formula. Add-ons provide additional funding for costs associated with educating LEP students; students who are economically disadvantaged or receive free lunch, referred to as “at-risk students”; students who fall outside the normal range of development, referred to as exceptional children; and students who are instructed in their home or at a hospital. A separate formula is used for transporting students to and from school, and that funding is considered an additional add-on. Below is a discussion of each SEEK add-on. Although add-ons are calculated per student, these funds are combined with the other SEEK funds and are not required to be spent on specific children or identified needs.

Students eligible to receive free school lunch are considered at-risk, and they receive an additional weight of 0.15 of the guaranteed base SEEK amount. Funding is based on prior-year average daily membership.

At-Risk. Students whose family income is at or below 130 percent of the poverty level are eligible to receive free school lunch. District funding for these at-risk students is based on prior-year average daily membership.[b] At-risk students receive an additional weight of 0.15 of the guaranteed base SEEK amount. Using the 2020 base SEEK amount of $4,000, an at-risk student who remained enrolled in a district during the school year would generate an additional $600 for that district.

The home and hospital add-on provides the guaranteed base, less $100 for capital outlay, for each student receiving home or hospital instruction.

Home And Hospital. KRS 158.033 describes the provisions for students to qualify to receive an education at home or while in the hospital. To be eligible for home or hospital instruction, students must have a doctor's note and must receive a minimum of two instructional sessions per week with a minimum of 1 hour of instruction per session by a certified teacher who works for the local board of education. Districts with students who qualify for the home and hospital add-on receive the guaranteed base, less $100 for capital outlay funding, multiplied by the ADA for the time the student received home or hospital instruction.[c] Districts receive $100 in capital outlay funding per student ADA educated at school. Because such students are not attending school while receiving home or hospital instruction, this amount is reduced from the capital outlay funding. The home and hospital funding is based on prior-year data.

The exceptional child add-on provides funding by category: "high incidence" (weight of 0.24)—students with speech or language impairments; "moderate incidence" (weight of 1.17)—students with developmental delays, mild mental disabilities, orthopedic impairments, or other health impairments; "low incidence" (weight of 2.35)—students with severe disabilities. Preschool exceptional children are included in the exceptional child add-on.

Exceptional Child. The exceptional child add-on has three levels of funding based on the category of the exceptional child's diagnosis. KRS 157.200 defines the categories for exceptional children. Table 1.1 shows the exceptional child categories and their additional funding weights. The weights are multiplied by the per-pupil guaranteed base funding amount to calculate the total add-on per pupil. The high-incidence category includes students who have speech or language impairment and has a weight of 0.24; the moderate-incidence category has a weight of 1.17; and the low-incidence category, which includes students with severe disabilities, has a weight of 2.35. Note that the exceptional child add-on is based on the number of exceptional students reported by districts as of December 1 each year.[d] In addition, KDE includes preschool exceptional child students in the exceptional child

[b] Membership is different from attendance. Membership is the total count of enrolled students, whether in a given facility or district, or statewide.
[c] Students receiving home or hospital instruction can also be included for the student counts for other add-ons.
[d] This is not the average daily attendance of these students, just a student count as of December 1.

add-on. In 2020, preschool funding from the SEEK exceptional child add-on totaled almost $8.2 million to districts.

Table 1.1
Disability Category And Additional Funding Rate

SEEK Funding Category	Weight	Type Of Disability
High incidence	0.24	• Speech or language impairment
Moderate incidence	1.17	• Developmental delay (up to age 8 only) • Mild mental disability • Orthopedic impairment • Specific learning disability (includes children with dyslexia, dyscalculia, and many other disorders) • Other health impairment (can include children with attention deficit disorder, asthma, diabetes)
Low incidence	2.35	• Autism • Deaf-blindness • Emotional-behavioral disability • Functional mental disability • Hearing impairment • Multiple disabilities • Traumatic brain injury • Visual impairment

Source: Staff analysis of data from the Kentucky Department of Education.

LEP students are those aged 3 through 21 whose native language is a language other than English with at least one active English language service and at least one active instructional accommodation. The weight is 0.096.

Limited English Proficiency. Kentucky uses the following federal definition for LEP students: students aged 3 through 21 whose native language is a language other than English and who have at least one active English language service and at least one active instructional accommodation. The LEP add-on has a weight of 0.096. The LEP add-on is for students in kindergarten through grade 12, and the calculation uses enrollment instead of ADA.[e]

Other Payments And Adjustments

SEEK includes two tiers allowing revenue generation besides the guaranteed base.

In addition to the guaranteed base, SEEK includes two additional tiers that allow districts to generate further revenue.

Tier I allows districts to raise more than the minimum local effort, up to 15 percent of the revenue generated through the adjusted SEEK base funding. Districts with per-pupil assessments less than 150 percent of the statewide average receive state equalization. This provides more state funding to poorer districts.

Tier I. Tier I allows districts to raise tax revenue above the minimum local effort required in the base SEEK calculation. Districts can raise up to an additional 15 percent of the revenue generated through the adjusted SEEK base funding. Districts that take advantage of the Tier I option receive state equalization if their per-pupil assessment is less than 150 percent of the statewide average per-pupil assessed property valuation. This equalization

[e] The amount of add-on the district receives is the percentage of the school year the student is enrolled, multiplied by 0.096.

provides more state funding to poorer districts and less state funding to wealthier districts.[f] As of 2021, all districts have reached the maximum Tier I funding. Local school boards are not required to submit this tax levy to local voters for approval.

Tier II allows districts to generate up to 30 percent above the adjusted base guarantee and Tier I funds. Tier II is subject to voter approval and not equalized by the state.

Tier II. Tier II allows districts to generate revenue up to 30 percent above the adjusted base guarantee and Tier I funds. Unlike the Tier I component, Tier II is subject to voter approval. Tier II is not equalized by the state. All districts except Livingston County receive Tier II funding.

Districts may receive the January growth adjustment if their current-year January ADA exceeds their prior-year January ADA by at least 1 percent and if funds are available.

January Growth. A district qualifies for the January growth adjustment if the current-year ADA for the school month of January exceeds the prior-year January ADA by at least 1 percent. KRS 157.360(16) allows a district to request additional funding for January growth if funds are available. The additional ADA is added to the ADA used in the SEEK calculation, and districts receive the extra funding. In school year 2020, East Bernstadt and Frankfort Independent qualified for the January growth.

Hold harmless funding guarantees that a district will not receive less state SEEK funding per pupil than it received in SY 1992.

Hold Harmless Funding. Since the implementation of SEEK funding, the General Assembly's budget language has had a provision referred to as hold harmless funding. The provision guarantees a district will not receive less state SEEK funding per pupil than it received in school year 1992, without regard to the property wealth of a district. In school year 2020, three districts received hold harmless funding. Table 1.2 shows the districts that receive hold harmless funding and the amount they received.

Table 1.2
Total And Per-Pupil State Hold Harmless Funding
School Year 2020

District	Per-Pupil Amount	Total State Hold Harmless Funding
Anchorage Independent	$1,437	$527,107
Livingston County	76	76,923
Lyon County	184	152,393

Source: Staff analysis of Kentucky Department of Education FY 2019–2020 SEEK final calculations.

[f] As measured by per-pupil assessed property values.

Transportation

KRS 157.370 defines how transportation funding is determined, using ADA of transported students, each student's transportation code, and the gross transported pupil density. The cost decreases in dense districts. Districts are not required to transport students.

Although districts are not required to provide transportation for students to and from school, KRS 157.370 defines how funding for such transportation is determined. The allocation is calculated based on how often a student rides the bus using prior-year ADA, the transportation code (T-code) assigned to each student in IC, and the gross transported pupil density. The cost of student transportation decreases for districts that transport students in a dense population.

Transportation Funding Formula

KRS 157.370 provides the legal framework for transportation funding, Nine density groups must be used to determine the cost per pupil day of transporting students, plotted on a smooth graph to determine compensation. Costs for independent and county districts are determined separately, and no independent district receives a rate higher than that of the lowest county district. Attendance of students with disabilities is multiplied by five.

KRS 157.370 provides the legal framework for transportation funding in Kentucky. It requires KDE to determine the average cost per pupil day of transporting students in districts with similar densities of transported students per square mile. KDE is required to group districts into at least nine groups based on the density of students transported per square mile. The costs include all transportation costs plus school bus depreciation. The square mileage of area served is determined by subtracting the area of the district that is not served from the district's total area.[g] The total transportation costs of districts with similar student densities should be plotted on a smoothed graph in order to determine the compensation rate for those districts. Costs for independent and county districts are determined separately, with no independent district receiving a per-pupil compensation rate higher than that of the lowest county district. The ADA of students with disabilities is multiplied by five when calculating the compensation for a district. These costs are required to be recalculated each biennium.

The transportation formula provides different reimbursement for different types of transportation, depending on miles transported and number of trips per day.

Transportation Codes. Districts are reimbursed for transportation based on the number of students who are transported. Districts must report the number of students who are not transported, who are transported more than 1 mile, and who have disabilities that require their transportation. Table 1.3 includes a list of the T-codes available in IC. Students transported more than 1 mile twice daily (T1) are included in the transportation formula with a weight of 1.0. Students transported more than 1 mile once a day (T3) receive a weight of 0.5. The T5 code includes only students whose individualized education program indicates a need for transportation services, and students transported with a T5 code receive 5 times the weight of students transported more than a mile. In addition, T5 can include students who live less than a

[g] The area not served could include bodies of water or other districts that are within the boundaries of a county school district.

mile from school. Students who live less than a mile from school by radius, and who do not require special transportation, are transported under the T2 and T4 codes and do not receive transportation funding. In addition, the SEEK transportation calculation does not provide transportation funding for districts transporting students from another district without a transfer contract, or for districts transporting students attending nonpublic schools.

Table 1.3
Transportation Codes And Definitions

Transportation Code	Definition
NT	Not transported
T1	Transported twice daily greater than a mile
T2	Transported twice daily less than a mile
T3	Transported once daily greater than a mile
T4	Transported once daily less than a mile
T5	Special transportation for students with disabilities and noted in their individual education program

Source: Kentucky. Department of Education, Office of Finance and Operations. "Data Standard Transportation," Aug. 4, 2021.

Area served is determined by dividing the ADA of transported students by the number of square miles in each district. Independent districts are subtracted from the square mileage of county districts in which they are located.

Transportation Area Served. To determine the area served, the ADA of students transported is divided by the number of square miles in each district. When there is an independent school within the county, the square miles of the independent district are subtracted from the square miles of the county district. Though no districts use it, there is a provision that a district that has authorized another district to provide transportation for any part of its area shall be deducted from the area served by the authorizing district and added to the area served by the district actually providing the transportation.

At least nine density groups are required for production of a gross transported pupil density calculation, used to create a scale of transportation costs within density groups and to determine the average cost per pupil day. Expenses for providing transportation are coded to the student transportation function code (2700) in each district's annual financial report.

Transportation Density Groups. KRS 157.370(1) requires at least nine density groups for production of a gross transported pupil density calculation, which is then used to create a scale of transportation costs within density groups. Once these groups are established, an average cost per pupil day is developed. KRS 157.370(6) states that an independent district cannot receive more per pupil than the lowest rate for a county district. To determine the average cost, KDE also includes expenses for providing transportation to and from school only from each district's annual financial report. These expenses are coded to the student transportation function code (2700).

Transportation to a vocational-technical school or a vocational education center is calculated separately and paid as a

reimbursement to each district, according to regulations of the Kentucky Board of Education.

Depreciation of district buses is included in the transportation calculation. As an incentive to use diesel buses, districts can depreciate them 4 years beyond the 10-year limit on gas-powered buses. No gas buses are now in use. A district could depreciate 24 percent more than what it paid for a bus.

Bus Depreciation. Depreciation of district buses is also included in the transportation calculation. KDE regulation allows districts to depreciate school buses for a total of 14 years. Depreciation was capped at 10 years for gasoline-powered buses and, as an incentive for districts to use diesel buses, districts were allowed to depreciate diesel buses for an additional 4 years. No districts currently use gas buses, but the 14-year depreciation still exists in regulation, allowing a district to depreciate 24 percent more of the cost of the bus than what the district paid for it. Table 1.4 includes how much the cost of a bus is depreciated by year.

Table 1.4
Years And Percentage Of Value Depreciation
Of District School Buses

Year Of Depreciation	Percent Of Bus Value
1 and 2	12%
3 to 8	10
9 and 10	8
11 to 14	6
Total	124%

Source: 702 KAR 5:020.

In SY 2020, transportation was 54.8 percent funded. To fully fund transportation, an additional $177.3 million would have been necessary.

Fully Funded Transportation. The last time transportation was fully funded by the General Assembly was 2004. In school year 2020, student transportation was only 54.8 percent funded, with an appropriation of $214,752,800. To fully fund transportation in school year 2020, the General Assembly would have needed to appropriate $392,066,066, a difference of $177.3 million.

Fiscal Court Transportation Funding

The General Assembly provides funding to transport students to nonpublic schools. The Kentucky Transportation Cabinet's general funds are sent to county fiscal courts to pay the local board or other provider for transporting students. If funds from the Transportation Cabinet are insufficient, the fiscal court contributes the difference.

The General Assembly provides funding to transport students to nonpublic schools. These funds are sent to the county fiscal court from the Kentucky Transportation Cabinet's general fund, and then the fiscal court pays the local board or another provider transporting the students. For instance, Louisville Metro Government transports nonpublic school students instead of the Jefferson County Board of Education. If the Transportation Cabinet does not provide sufficient funds, the fiscal court contributes the difference and submits it to the provider. Nineteen counties provided 5,393 nonpublic students with transportation in school year 2020 at a cost of $3,150,000. The per-pupil rate to transport nonpublic school students ranged from $552.49 to $1,152.60. Appendix A lists each county that transported

nonpublic school students in school year 2020, along with the number of students transported and the requested and actual funding provided to each county.

Facilities Funding

Districts receive funds for school facilities needs through capital outlay funds, the Facilities Support Program of Kentucky, and the School Facilities Construction Commission.

Although this study does not cover such funding, SEEK also provides state funding to districts for school facilities needs. KRS 157.420 provides capital outlay funds, which districts must use on school facilities projects approved by the commissioner of education. In addition, the Facilities Support Program of Kentucky (FSPK) provides equalized funding for districts whose property wealth is less than 150 percent of the statewide average. This equalization is included in the SEEK appropriation. An additional school facilities funding program, the School Facilities Construction Commission (SFCC), has a separate allocation outside of SEEK appropriations, and school districts must levy a tax of 5 cents per $100 of property assessment as part of the FSPK program in order to participate in SFCC.[h]

Capital Outlay Funds

SEEK includes a capital outlay allotment of $100 per pupil for allowable facility expenses, excluding students receiving home and hospital instruction because they are not being educated in a school building.

SEEK includes a capital outlay allotment of $100 per pupil for allowable facility expenses. Students receiving home and hospital instruction are not counted in the formula for capital outlay because they are not being educated in a school building. Districts may spend these funds on

- direct payment of construction costs,
- debt service on bonds,
- lease-rental agreements under which the board will eventually acquire ownership of a school plant,
- retirement of deficit resulting from overexpenditure for capital construction, and
- reserve funds for these purposes to be carried forward in subsequent fiscal years.

In certain circumstances, capital outlay funds can also be used for

- the purchase of land for a new school,
- modification of an existing school,
- operation of a new school for the first 2 years,
- maintenance expenditures,

[h] For more information on school facilities funding, see Kentucky. Legislative Research Commission. *An Overview Of Facilities Needs And Funding In Kentucky*, Research Report No. 467, 2020.

- property insurance,
- energy conservation measures,
- current expenses,
- replacement of equipment,
- the purchase of buses, and
- the purchase of modern technology equipment.

Adjustments To Appropriations

Districts receive a prorated reduction in the SEEK guaranteed base or in transportation funding if the General Assembly does not appropriate enough funds. The funding formula is adjusted for students who graduate early, property assessment errors, or corrections of prior calculations.

Districts receive a prorated reduction in the SEEK guaranteed base or in transportation funding if the General Assembly does not appropriate enough funds in the biennial budget. When this happens, every district's appropriation is reduced proportionately. Adjustments may also be made to districts' SEEK funding for students who graduate early, for districts whose assessments need to be adjusted for the current year, or for corrections of prior-year SEEK calculations. These adjustments are made to individual districts' SEEK calculations.

In SY 2020, insufficient state funding reduced the state transportation funding by $177.3 million. Districts received an amount based on their share of costs.

Adjustments To Transportation. In school year 2020, state transportation funding was reduced by $177.3 million because of insufficient state funding. Districts received a prorated amount equal to their percentage share of the graph-adjusted transportation costs.

Early Graduation. In school year 2020, 34 districts received downward adjustments of $2,000 to $10,000 for students who graduated early.

Errors In Property Assessment. In 2020, Breathitt County had an adjustment of $19,484 for an error in prior-year local effort in property assessments.

Adjusted Assessments. According to KRS 157.360(17), KDE shall provide additional funding to offset a portion of the calculated local effort required under KRS 157.390(5). Districts may receive additional state funds if the prior-year assessment local share, increased by 4 percent, plus the value of current year property is less than the local share using the current assessment. The difference is the amount of additional funding a district will receive if funds are available. In school year 2020, 20 districts received adjustments to appropriations of $634 to $362,776 due to an increase in property assessments.

Other States' Methods Of Calculating Education Funding

States determine their own methods for determining education funding.[7] Many states' funding formulas have grown increasingly complex due to policy makers' decisions about how to fund public education.[8]

Public Education Rankings

Kentucky's student per teacher ratio is the 13th lowest in the nation. Kentucky's state revenue ranks 15th.

Table 1.5 includes Kentucky education data rankings. KDE submits these data annually to the National Center for Education Statistics. Kentucky has 16.3 enrolled students per teacher in public schools, which is the 13th lowest rate in the nation. The average salary of public school teachers in Kentucky is $53,907 per year, which is approximately $10,000 less than the national average. State revenue comprises approximately 56.2 percent of total revenue receipts, which ranks Kentucky 15th in the nation. State revenues make up approximately 47.0 percent of total revenue receipts in the US on average.

Table 1.5
Kentucky Rankings By National Education Association

Ranking Description	Kentucky Rank	Kentucky Count	US
2019-2020 students enrolled per teacher in public schools	13	16.3	15.6
2018-2019 students in average daily attendance per teacher in public schools	14	15.3	14.7
2019-2020 average salary of public school instructional staff	31	$56,651	$66,496
2019-2020 average salary of public school teachers	36	$53,907	$64,133
2017-2018 public school revenue receipts per student in fall enrollment	32	$12,774	$14,495
2017-2018 local revenue as a percentage of total revenue receipts	39	32.9%	45.4%
2017-2018 state revenue as a percentage of total revenue receipts	15	56.2%	47.0%
2017-2018 federal revenue as a percentage of total revenue receipts	12	10.9%	7.6%
2017-2018 public school current expenditures per student in fall enrollment	28	$11,628	$12,693

Source: National Education Association. "Rankings Of The States 2020 And Estimates Of School Statistics 2021," April 2021.

This reports uses several common terms to discuss how states fund public education. Table 1.6 defines these terms.

Table 1.6
Term Definitions

Term	Definition
Base amount	The minimum guaranteed dollar amount that each district receives per student, if available in statute.
Block grant	Additional funding appropriated to districts based on districts' applications. States require districts to apply for funding, and appropriations are made based on certain qualifications. Block grants may be calculated on prior years' expenditures.
Categorical	Funds distributed to districts or schools based on certain conditions. For example, a state may provide a funding supplement for small or isolated school districts.
Census-based system	A system in which the state assumes that each district has the same demographic composition regardless of the actual demographics of the districts. For example, a state could assume that 4 percent of students in each district are gifted and talented, regardless of the individual district composition.
Flat weight system	A funding mechanism in which districts receive funding for each student who meets certain criteria. The weight or dollar amount is the same regardless of the student's individual characteristics. For example, all English language learners in a state would receive the same weight, regardless of their proficiency level.
Foundation formula	Distribution of a base amount of funding per student with additional money or weights added to meet the needs of high-need student populations.
High-cost students system	Additional funding for high-cost students, often coupled with another funding mechanism to help offset the cost of some services. For example, while districts are responsible for the cost of special education services up to a certain threshold, if costs exceed that threshold, that state would then provide additional funding to the district.
Multiple weights system	A system in which more than one weight or dollar amount is tiered based on certain factors. For example, in special education funding, the weights can be assigned based on severity of disability (e.g., mild, moderate, or severe) or the formula may be more generalized (e.g., tiered amounts based on grade level).
Reimbursement system	A system in which districts submit actual expenditures to the state, and the state reimburses districts for some or all of their spending.
Resource allocation model	A model in which states distribute resources rather than assigning weights or dollar values based on certain criteria. For example, the state would provide funding for a prescribed number of teaching positions based on student counts.

Source: Education Commission of the States. "Glossary Of K-12 Education Funding," October 2021.

Methods For Counting Students In Funding

States use six methods to count students when funding education.

States currently use six methods to count students when funding education. States may use a single date count, multiple date counts, ADA, average daily membership, student count over one time period, or student count over multiple time periods. Table 1.7 shows the six methods states use in their formulas.

Table 1.7
Methods For Counting Students In Public Education 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	21	Arizona, Arkansas, Indiana, Minnesota, Nebraska, Nevada, New Hampshire, New York, North Carolina, North Dakota, 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

*Idaho uses the highest 28-week ADA during the school year (must be consecutive weeks).
**Illinois uses the highest 3-month ADA during the school year (must be consecutive months).
***Mississippi uses ADA during only the second and third months of the prior year.
Source: Christian Barnard. "A Better Way To Count Kids And Fund Schools During The COVID Pandemic." Reason Foundation, 2021.

The single count date method counts students on a particular date, usually near October 1 following federal Title I funding data requirements.

Single Count Date. Students are counted in a district on a particular date, normally near October 1 due to federal Title I funding data requirements. Nine states currently use this method. Among the disadvantages of using a single count mechanism is that there is no financial incentive to keep children enrolled after the count date. If a student drops out of school after this date, the district would still receive funding for the student. Also, if enrollment increases or decreases by spring, the student count does not change.

The multiple count date method bases attendance on two or more dates, usually in fall and spring.

Multiple Count Dates. Districts can base attendance on two or more dates during the fiscal year using either attendance or enrollment in a multiple count date model. These dates usually occur once in the fall and once in the spring. Nine states use this measure. The disadvantage of the multiple count method is that schools must ensure that students attend school on these two dates to be included in the count; otherwise the count could be inaccurate. The advantage is that schools have an incentive to keep students enrolled in the spring.

Average daily attendance is an average of the daily count of student attendance.

Average Daily Attendance. Average daily attendance is an average of the daily count for all or most of the part of the year when students are in attendance. This method also considers students' attendance if they miss part of the day. Seven states use this method, including Kentucky, which adjusts ADA for growth. Although this count encourages districts to ensure that students

attend school each day, it has a few disadvantages. Districts lose funding when students are absent, even in instances of an excused absence. Districts with more students living in poverty are at a disadvantage compared to wealthier districts because students are more likely to miss school in schools with higher poverty rates.[i] [9]

Average daily membership is based on the number of students enrolled in a district for all or most of the school year.

Average Daily Membership. Average daily membership is based on the number of students enrolled in a district for all or most of the school year. Twenty-one states use this method for funding. Advantages include using more than 1 day for the count and counting students who may have been absent several days throughout the school year.

The single count period method uses a specific multiweek period to count students.

Single Count Period. This measure uses a specific multiweek period to count students. Only three states use a single count period for funding.

The multiple count period method is an average of daily count during two or more periods during the year, amounting to less than half of the school year.

Multiple Count Period. This calculation is an average of daily count during two or more periods during the year. This mechanism is characterized by an average count of more than one specific period, such as a week, a month, or multiple weeks or months during the school year, which amount to less than half of the school year. Florida is the only state using this method.

Kentucky Micropolitan, Metropolitan, And Rural Districts

Metropolitan areas contain an urban core of 50,000 people or more. Micropolitan areas contain an urban core of at least 10,000 people but fewer than 50,000. Metropolitan and micropolitan areas include the counties within the urban core and adjacent counties with a high degree of social or economic integration.

OEA staff examined differences between rural and nonrural districts in Kentucky. This section compares differences based on counties that are rural, micropolitan, or metropolitan according to the 2010 US Census.[j] A metropolitan area contains a core urban area of 50,000 or more population, and a micropolitan area contains an urban core of at least 10,000 (but less than 50,000) population. Each metropolitan or micropolitan area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core. Appendix B lists Kentucky districts and their classifications. The US Census Bureau publishes some data on characteristics between these different counties As shown in

[i] In Kentucky, the 15 districts with the lowest rates of rates of students eligible for free or reduced-price lunch (FRPL) had an average FRPL rate of 35.84 percent and an ADA average of 95.73 percent, while the 15 districts with the highest poverty rates had an average of 83.97 percent FRPL with an ADA of 92.82 percent.

[j] If an independent district was within a county district that was classified as rural, it was classified as rural in our analyses.

Table 1.8, rural counties are projected to lose population, while micropolitan and metropolitan counties will be gaining population.

Table 1.8
Kentucky Population Projections
2050

Category	2010 Population	Percent Of Total	Projected 2050 Population	Percent Of Total
Metropolitan	2,523,770	58%	3,480,639	65%
Micropolitan	805,509	19	928,711	17
Rural	1,010,088	23	940,370	18
Total	4,339,367	100%	5,349,720	100%

Source: Janet Harrah. "Kentucky Metropolitan Areas Out-Perform Rural And Small Urban Areas," The Community Research Collaborative Blog, Sept. 14, 2021.

Rural counties in Kentucky have the highest percentage of people living in poverty, the lowest rate of minorities, the highest percentage of population without a high school diploma, and the lowest percentage of population with a bachelor's degree or higher.

Table 1.9 shows that rural districts have the highest percentage of people in poverty. The 10 counties with the highest percentage of the population living below poverty are all rural counties, led by Wolfe County with a poverty rate of 42.2 percent. Rural counties have the lowest rate of minorities; more than half of the minorities in the state are in Jefferson and Fayette Counties. Rural counties have the highest percentage of population without a high school diploma and the lowest percentage of population with a bachelor's degree or higher.

Table 1.9
Kentucky Population Comparisons
2010

Category	Percent Below Poverty Level	Percent Minority	Percent Without High School Diploma	Percent With Bachelor's Degree Or Higher
Metropolitan	14.9%	18.0%	14.1%	25.1%
Micropolitan	19.9	8.3	22.0	17.0
Rural	23.7	4.9	28.5	11.1
Kentucky	17.7	13.1	19.0	20.3

Source: Janet Harrah. "Kentucky Metropolitan Areas Out-Perform Rural And Small Urban Areas," The Community Research Collaborative Blog, Sept. 14, 2021.

In rural districts, student absentee rates are higher, the average teacher salary is lower, student homelessness is higher, and students are more likely to be classified as exceptional children.

Table 1.10 shows that students in rural districts are on average more likely to be absent from school than students in nonrural districts. The average annual salary is $6,804 lower for teachers in rural districts than for those in metropolitan districts. In addition, students in rural districts are more likely to be classified as exceptional children and are more likely to be homeless.

Table 1.10
Kentucky School District Data Comparisons
2019

Category	Average Percent Of Attendance	Average Teacher Salary	Percent Of Exceptional Children	Percent Of Homeless Children
Metropolitan	94.78%	$56,272	13%	3.0%
Micropolitan	94.19	50,452	16	2.6
Rural	93.63	49,468	18	4.9
Kentucky	94.17	53,573	15	3.4

Source: Staff calculations based on data from the Kentucky Department of Education.

Rural districts have lower percentages of students meeting ACT benchmarks for reading and math.

Table 1.11 examines the percentage of students meeting college-ready ACT benchmarks for math and reading scores, grouped by classifications of rural, micropolitan, and metropolitan school districts. Of students in rural districts, 29.4 percent met the ACT math college-ready benchmark, compared to 38.6 percent of students in metropolitan districts. In reading, rural students met the college-ready benchmark at a rate of 41.3 percent, compared to 46.9 percent of students in metropolitan districts.

Table 1.11
Average Math And Reading Benchmarks By District Type
2019

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

Note: Benchmark is the percentage of students taking the ACT who scored above college-ready benchmark scores determined by the Kentucky Council on Postsecondary Education. The college-ready benchmark for is 19 for math and 20 for reading.
Source: Staff calculations based on data from the Kentucky Department of Education.

The average per-pupil property assessment is $342,862 less for rural districts than for metropolitan districts. One of the highest per-pupil property assessments is in a rural district.

Table 1.12 includes data on per-pupil assessments and types of revenue by the urbanicity of districts. The average per-pupil property assessment is $342,862 less for rural districts than for metropolitan districts; however, one of the highest per-pupil property assessments in the state is in a rural district.

Rural districts receive less local and state revenue and more federal revenue per pupil than metropolitan districts. When the revenues are combined, rural districts receive less per pupil, and micropolitan districts receive less than rural districts and metropolitan districts.

With regard to revenues, the average per-pupil local revenue is $3,412 less for rural districts than for metropolitan districts. The average per-pupil state revenue is $1,880 more in rural districts than in metropolitan districts. Rural districts also have an average of $814 more per pupil in federal revenues than metropolitan districts. Looking at total local, state, and federal revenues across

areas, rural districts receive $717 less per year than districts in metropolitan districts. However, micropolitan districts receive almost $1,014 less than metropolitan districts. Combined local and state per-pupil revenue in micropolitan districts is $73.67 lower than in rural districts and $1,605 less than in metropolitan districts.

Table 1.12
Property Assessments And Revenues Per Pupil
2019

Category	Average Property Assessment	Average Local Revenue	Average State Revenue	Average Federal Revenue
Metropolitan	$721,420.56	$6,259.10	$7,414.07	$1,405.83
Micropolitan	472,799.39	3,619.06	8,448.97	1,997.09
Rural	378,558.53	2,846.91	9,294.79	2,220.29
Kentucky	**594,448.44**	**4,963.66**	**8,047.45**	**1,707.58**

Note: Student adjusted average daily attendance was used to calculate per-pupil amounts.
Source: Staff calculations based on data from the Kentucky Department of Education.

Chapter 2

Surrounding State Funding Comparisons

Introduction

This chapter compares funding in Kentucky and surrounding states.

This chapter compares Kentucky to its seven surrounding states to describe how funding is provided to school districts. The base funding models of each state are reviewed, including local contributions required from districts to receive their share of state funding, the minimum and maximum amount of property taxes levied by districts, and other allowable taxes districts may levy. In addition, this chapter provides information about funding for specific classifications of students in Kentucky and surrounding states, such as students living in poverty, students with limited English proficiency, and students with special education needs. An additional section reviews funding for schools or districts that are small or isolated and rural or remote. The chapter ends by reviewing student transportation funding in Kentucky and surrounding states.

Funding Overview

Kentucky, Indiana, Missouri, and Ohio all use a student-based funding model. Virginia uses a hybrid formula. The other surrounding states use a resource funding model.

Table 2.1 describes the funding formulas used by Kentucky and surrounding states. Three states—Illinois, Tennessee, and West Virginia—use a resource funding model; Kentucky, Indiana, Missouri, and Ohio use a student-based model; and Virginia uses a hybrid formula. Appendix C includes a table on all states' funding models.

Table 2.1
Funding Type In Surrounding States
School Year 2021

Funding Type	Description	States
Resource	Determines the cost of delivering education in a district based on the cost of resources, such as staff salaries and course materials.	Illinois, Tennessee, and West Virginia
Student	Assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by adding supplemental amounts to the base amount for certain students.	Indiana, Kentucky, Missouri, and Ohio
Hybrid	Determines the cost of delivering education to a student with no special needs or services based on costs associated with the programs and resources mandated through the state's statutory Standards of Quality. This cost is then used as a base amount. The formula then accounts for the additional cost of educating specific categories of students by applying multipliers to the base amount to generate supplemental funding for certain students, by considering certain categories of students in the allocation of staff units, and by making program-specific allocations.	Virginia

Source: Adrienne Fischer, Chris Duncombe, and Eric Syverson. "50-State Comparison: K-12 And Special Education Funding." Education Commission of the States, 2021. Web.

Illinois

Illinois distributes most of its state funds according to historic allocation levels, with a small proportion of funding distributed through its resource-based formula.

Illinois uses a primarily resource-based funding formula, but it distributes only a small proportion of state education funding through the formula. The bulk of state education aid is distributed according to historic allocation levels. Illinois does not provide supplemental funding to cover the additional cost of educating specific categories of students, but it considers specific grade levels, English-language learners (ELLs), low-income students, and special education program expenses in the allocation of funding for staff costs. Services for students identified as gifted and students enrolled in career and technical education programs, along with some services for English-language learners, are funded through program-specific allocations.

Indiana

Indiana uses a student-based funding formula, with supplemental funding provided to students with disabilities, low-income students, English-language learners, gifted students, and students in career and technical education.

Indiana uses a primarily student-based funding formula. The categories of students generating supplemental funding are students with disabilities and low-income students. Services for English-language learners, students identified as gifted, and students enrolled in career and technical education programs are funded through program-specific allocations.

Kentucky

Kentucky uses a student-based funding formula, with supplemental funding for students qualifying for free lunch, home/hospital students, students with disabilities, and English-language learners.

Kentucky uses a primarily student-based funding formula. The categories of students generating supplemental funding are English-language learners, low-income students, students receiving instruction at home or at a hospital, and students with disabilities. Services for students identified as gifted, and for students enrolled in career and technical education programs, are funded through program-specific allocations.

Missouri

Missouri uses a student-based formula, with supplemental funding for English-language learners, low-income students, and students with disabilities.

Missouri uses a student-based funding formula. The categories of students generating supplemental funding are English-language learners, low-income students, and students with disabilities. Services for students enrolled in career and technical education programs and students in small schools are funded through program-specific allocations.

Ohio

Ohio uses a student-based funding formula, but it also makes funding available to sparsely populated districts.

Ohio uses a student-based funding formula. The categories of students generating supplemental funding are students in certain grade levels, English-language learners, low-income students, and students with disabilities. Services for students identified as gifted, students enrolled in career and technical education programs, and students in sparsely populated districts are funded through program-specific allocations.

Tennessee

Tennessee uses a resource-based formula and does not provide supplemental funding to cover the additional cost of educating categories of students other than low-income students, because that cost is included in the allocation of funding for staff costs.

Tennessee uses a resource-based formula. Low-income students generate supplemental funding. The state does not provide supplemental funding to cover the additional cost of educating other specific categories of students, but it considers specific grade levels, populations of English-language learners, services for students with disabilities, and students enrolled in career and technical education programs in the allocation of funding for staff costs. Supplemental funding for sparse school districts is provided through a program-specific allocation.

Virginia

Virginia is the only surrounding state that uses a hybrid formula with both resource-based and student-based elements.

Virginia uses a hybrid funding formula incorporating both resource-based and student-based elements. Virginia determines the cost of delivering education to a student with no special needs

or services based on costs associated with the programs and resources mandated through the state's statutory Standards of Quality. This cost is then used as a base amount. The formula then accounts for the additional cost of educating specific categories of students by applying multipliers to the base amount to generate supplemental funding for certain students, by considering certain categories of students in the allocation of staff units, and by making program-specific allocations. The categories of students generating supplemental funding are low-income students, students with disabilities, and students enrolled in career and technical education programs. Specific grade levels, populations of English-language learners, and students identified as gifted are considered in the allocation of funding for staff costs.

West Virginia

West Virginia determines the cost of delivering education based on the cost of resources.

West Virginia uses a resource-based formula. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and actual transportation costs. West Virginia considers sparsity in the allocation of funding for staff costs. Services for English-language learners, highly disabled students, and students enrolled in career and technical education programs are funded through program-specific allocations.

Base Funding

Of the four regional states that have base funding, Kentucky has the lowest amount.

Surrounding states that provide base funding are reflected in Table 2.2. Kentucky has the lowest base funding, at $4,000 per child during fiscal year 2021, followed by Indiana with a base funding of $5,703 per student. Ohio's base funding amount is $6,020, and Missouri is the largest at $6,375. Virginia has a hybrid model, and the base funding varies from district to district. The other states use a resource-based funding formula and therefore do not have a base per-student amount. Appendix D lists the base funding for all states.

Table 2.2
Base Funding In Surrounding States
School Year 2021

State	Description
Illinois	Illinois has a resource-based funding formula and does not use a base per-student amount as the basis for its funding.
Indiana	The per-student base amount was $5,703.
Kentucky	The per-student base amount was $4,000.
Missouri	The per-student base amount was $6,375.
Ohio	The per-student base amount was $6,020.
Tennessee	Tennessee uses a resource-based funding formula and does not use a base per-student amount as the basis for its funding.
Virginia	Virginia has a base funding amount per student that varies from district to district.
West Virginia	West Virginia uses a resource-based funding formula and does not use a base per-student amount as the basis for its funding.

Source: EdBuild. "FundEd: State Policy Analysis," n.d. Web; Adrienne Fischer, Chris Duncombe, and Eric Syverson. "50-State Comparison: K-12 And Special Education Funding." Education Commission of the States, 2021. Web; Michelle Ward, methods of administration coordinator and education program specialist, Ohio Office of Career and Technical Education. Email to Sabrina Cummins, May 6, 2021; Tammy Lehmen, school finance coordinator, Missouri Department of Elementary and Secondary Education, Division of Financial and Administrative Services. Email to Sabrina Cummins, May 6, 2021.

Districts' Expected Local Share

Indiana is the only surrounding state that does not have an expected local share.

All surrounding states except Indiana have an expected local share for funding education. Districts in Indiana are not required to contribute any local revenue, but they are permitted to impose taxes to generate supplemental revenue for capital improvements, transportation operating costs, and debt service if voters approve the taxes.

Kentucky districts are required to contribute $3 for every $1,000 of assessed local property wealth. West Virginia's local tax is based on its property values: Each district must contribute $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), and $7.76 for every $1,000 of other assessed local property wealth. Illinois districts' costs are based primarily on property values, in accordance with a multistep calculation that considers

- the ratio of a district's assessed property wealth to its necessary funding amount,
- average property values in the state as a whole, and
- the district's revenue from the state's corporate personal property replacement tax.

Appendix E lists all states' local expected share.

Illinois

Illinois uses a multistep calculation to determine each district's local share, subtracts the expected local contribution, and provides the difference in state aid.

Illinois requires school districts to contribute revenue to the funding of public schools. The amount each district is required to raise for its education costs is based primarily on its property values. A district's expected local share (called the local funding capacity) is calculated through a multistep formula that considers the ratio of a district's assessed property wealth to its necessary funding amount; average property values in the state as a whole; and the district's revenue from the state's corporate personal property replacement tax. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

Indiana

Indiana does not require a local contribution, but schools may have a tax for transportation, capital improvements, and debt service, and for operating cost if approved by the voters.

Indiana does not require districts to contribute revenue to their public schools. However, school districts are permitted to impose taxes to generate supplemental revenue for specific purposes such as transportation, capital improvements, and debt service, and for operating costs if the taxes are approved by voters.

Kentucky

Kentucky requires school districts to contribute $3 for every $1,000 of assessed local property.

Kentucky requires school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: Each district is expected to contribute $3 for every $1,000 of assessed local property wealth for the purpose of funding its schools. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

Missouri

Missouri requires districts to contribute $34.30 for every $1,000 of assessed property wealth.

Missouri requires school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values, its revenue from other local sources, and historical property values. Each district is expected to contribute $34.30 for every $1,000 of assessed local property wealth as assessed in school year 2005 for the purpose of funding its schools. If the local valuation has decreased below its valuation in that year, the state aid will rise to compensate, but districts are not expected to increase their

contribution if the local valuation increases. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected revenue from local property taxes as well as other sources of revenue distributed to school districts, and it provides the difference in the form of state education aid.

Ohio

Ohio requires a local contribution based on a combination of property values and residents' income.

Ohio requires school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income. Once the state calculates the total amount of funding necessary to educate students within a district, it calculates the share of the amount that will be covered by state aid. This is accomplished through a multistep formula that considers local property valuation per pupil compared to statewide property value per pupil, as well as local and state income levels. However, the state may not contribute less than 5 percent or more than 90 percent of each district's necessary funding, regardless of its local wealth. The rest of the district's necessary funding is expected to be covered by local tax revenue. Certain program-based allocations are covered entirely by the state. Additionally, the state provides separate aid, called Capacity Aid, to property-poor districts. The amount of this aid is calculated using the value that would be produced by a tax rate of $1 for every $1,000 of assessed local property wealth in the district; the value that would be produced by such a tax rate statewide; and the value that would be produced by such a tax in all districts with below-median property values.

Tennessee

Tennessee requires a local contribution based on property values, residents' income, and an estimate of its revenue from local sales taxes.

Tennessee requires school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values, its residents' income, and an estimate of its revenue from local sales taxes, with rates set to satisfy a statewide expected local contribution share. Tennessee's resource-based formula considers three categories of resources: instructional components, funded 70 percent by the state; classroom components, funded 75 percent by the state; and nonclassroom components, funded 50 percent by the state. These contribution levels hold true on average across the state, but each district is expected to locally contribute a different amount according to its ability to pay, as measured equally by two indices. The first index considers only the county's ability to raise education funding through property and sales taxes. The second

considers property values, taxable sales, student enrollment, and per capita income.

Virginia

Virginia's local contribution is based on a combination of property values, residents' income and economic activity, and an estimate of local sales tax receipts.

Virginia requires school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values; its residents' income and economic activity; and an estimate of its revenue from local sales tax receipts, adjusted to satisfy a statewide expected local contribution. Once the state calculates the total amount of funding necessary to educate students within a district, it calculates the share of the amount that each district should be able to pay. This is accomplished through a multistep formula that considers local property valuation, local income levels, and, to a lesser extent, local taxable retail sales. Adjustments are then made so that the average local share of each district's necessary funding amount is 45 percent and the average state share is 55 percent. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

West Virginia

West Virginia requires each district to contribute $1.94 for every $1,000 in assessed owner-occupied property wealth and $7.76 for every $1,000 of other assessed property.

West Virginia expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: Each district is expected to contribute $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, and $7.76 for every $1,000 of other assessed local property wealth. These rates are established annually by the legislature. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts 90 percent of the expected local contribution, deducts 4 percent as an allowance for discounts and nonpayment, and provides the difference in the form of state education aid.

Property Tax Floors And Ceilings

Some states limit how much a district can tax property, but Kentucky does not.

Some states allow school districts to raise taxes only up to a certain amount or by a certain amount each year, and some of these taxes have to be approved by the voters in the districts. For example, in Kentucky there is no limit to how much a district can tax property;

however, if a local taxing district, including a school district, increases the property tax rate by more than 4 percent over the previous year's rate, taxpayers may petition to prevent the tax increase. If a petition is signed either by 5,000 registered and qualified voters residing in the affected jurisdiction or by at least 10 percent of taxpayers who voted in the last presidential election, whichever is less, a referendum is held to adopt or reject the tax rate.

Missouri sets a floor for local property tax rates. School districts must impose a tax rate of at least $27.50 for every $1,000 of taxable property wealth. Missouri does not set a threshold above which voter approval is required, but setting property tax rates always requires voter approval, regardless of the rate being set.

Ohio sets a level above which local property tax rates require voter approval. Localities, including school districts, counties, cities, and townships, may impose a total of $10 for every $1,000 of assessed local property wealth without voter approval. School districts may impose further property taxes with voter approval. Of the $10 for every $1,000 of assessed local property wealth that localities may levy without voter approval, school districts impose, on average, $4.40. Appendix F lists all states' information on property taxes tax floors and ceilings.

Illinois

Illinois sets a ceiling for local property tax rates and a level above which voter approval is required.

Illinois sets ceilings for local property tax rates, and a level above which voter approval is required. Limits differ depending on the type of district and the type of tax. For educational purposes, most elementary and secondary districts may levy tax rates of $9.20 for every $1,000 of assessed local property wealth without voter approval and up to $35 with voter approval, while K-12 districts may levy a tax rate of $18.40 for every $1,000 of assessed local property wealth without voter approval and up to $40 with voter approval. For operations and maintenance purposes, elementary and secondary districts may levy rates of $2.50 for every $1,000 of assessed local property wealth without voter approval and up to $5.50 with voter approval, while K-12 districts may levy a rate of $5 for every $1,000 of assessed local property wealth without voter approval and up to $7.50 with voter approval. School districts are also limited in the tax rates they may impose for specific purposes: For special education, elementary and secondary districts may levy rates of $0.20 for every $1,000 of assessed local property wealth without voter approval and up to $4 with voter approval, while K-12 districts may levy a rate of $0.40 for every $1,000 of

assessed local property wealth without voter approval and up to $8 with voter approval. Other levies for specific purposes—such as those to fund vocational building programs, capital improvements, transportation, and summer school programs—are subject to their own limits and voter approval requirements.

Indiana

Indiana sets a level above which property tax rates require the approval of two-thirds of voters.

Indiana sets a level above which property tax rates require the approval of two-thirds of voters. Any property tax imposed by a local government unit, including by a school district, is limited to a percentage of the property's value that varies depending on the type of property. Property taxes that are approved by voters in a referendum are not subject to these limits. Indiana does not require school districts to impose a minimum tax rate. School districts may impose supplemental levies for specific purposes such as transportation, debt service, and capital projects. Additionally, they are required to impose taxes at rates sufficient to pay their debt service obligations. Property taxes, including those levied by school districts, are capped at 1 percent of property value for homesteads, 2 percent for residential property and agricultural land, and 3 percent for nonresidential properties. With voter approval, however, school districts may impose property taxes that exceed these caps.

Kentucky

Kentucky does not set a floor or ceiling for property tax rates, but taxpayers may petition to prevent an increase of more than 4 percent over the previous year's rate.

Kentucky does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required.[a] However, if a local taxing district, including a school district, increases the property tax rate by more than 4 percent over the previous year's rate, taxpayers may petition to prevent the increase. If a petition is signed by 5,000 registered and qualified voters residing in the affected jurisdiction or at least 10 percent of taxpayers who voted in the last presidential election, whichever is less, a referendum is held to adopt or reject the tax rate.

Missouri

Missouri school districts must impose a tax rate of at least $27.50 for every $1,000 of taxable property.

Missouri sets a floor for local property tax rates. School districts must impose a tax rate of at least $27.50 for every $1,000 of taxable property wealth. Missouri does not set a threshold above which voter approval is required, but setting property tax rates

[a] Although Tier II caps districts' taxes to 30 percent above the SEEK guaranteed base plus Tier I, several districts generate revenue above 30 percent using different mechanisms allowed by statute.

always requires voter approval, regardless of the rate being set. Each year, the school board must prepare an estimate of the tax rate required for operating costs and for capital projects and must submit the question to voters. In order to receive state funding, school districts must impose at least $27.50 for every $1,000 of taxable property wealth for districts. If the members of the school board believe it necessary, or if a petition is submitted with signatures from 10 percent of the number of voters who voted for the school board member receiving the greatest number of votes, the board may ask for voter approval to increase the property tax rate.

Ohio

Ohio sets a level above which property tax rates require voter approval. In addition, school districts may impose several other levies for operating costs, permanent improvements, and debt service with voter approval.

Ohio sets a level above which local property tax rates require voter approval. Localities, including school districts, counties, cities, and townships, may impose a tax rate totaling $10 for every $1,000 of assessed local property wealth without voter approval. Of that $10 rate, school districts impose an average of $4.40. In addition, with voter approval, school districts may impose several other levies for operating costs, permanent improvement, and debt service. Some of these additional levies are increased or reduced to compensate for increasing or decreasing property values, but the impact of this policy on school district tax rates is limited. A school district's combined tax rate from the nonvoted levy and one of the voted operating levies may not drop below $20 for every $1,000 of assessed local property wealth as a result of this limitation.

Tennessee

Tennessee does not set a floor for local property tax rates. Very few districts impose local property taxes.

Tennessee does not set a floor or a ceiling for local property tax rates or a level above which voter approval is required, but property tax rates in certain school districts require legislative approval. In Tennessee, very few school districts directly impose local property taxes; they are imposed by counties and municipalities. Revenue from county property taxes is distributed to school districts in proportion to the student count of each district. Separately, certain school districts may levy their own local property taxes, but the rate must be approved by the General Assembly.

Virginia

School districts in Virginia may not impose a local property tax.

Virginia sets a floor on local property tax rates, but no ceiling or level above which voter approval is required. School districts in Virginia may not impose local property taxes, but local

government agencies must impose local property taxes sufficient to raise the expected local share of revenue. (See Appendix E, "Expected Local Share," for a description of how this share is calculated.) Counties and cities may also choose to raise more local revenue than the expected local share through higher tax rates, without limit.

West Virginia

West Virginia sets a floor and a ceiling for local property tax rates. In addition, it has multiple rates for different types of property.

West Virginia sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts are required to levy specific tax rates (which vary depending on the type of property), and they may levy higher rates with voter approval, up to a maximum. School districts are required to levy $1.94 for every $1,000 of tangible agricultural property, $3.88 for every $1,000 of owner-occupied property and farms, and $7.76 for every $1,000 of other real and personal property. These rates are established annually by the legislature. With the approval of a majority of voters in a referendum, school districts may levy up to a total of $2.295 for every $1,000 of tangible agricultural property, $4.59 for every $1,000 of owner-occupied property and farms, and $9.18 for every $1,000 of other real and personal property. These higher rates must be reapproved every 5 years.

Other Local Taxes

Some states, such as West Virginia and Indiana, may receive local revenue only from property taxes. Other states, such as Kentucky, may access other tax rates.

West Virginia and Indiana may receive local revenue only from property taxes, but Kentucky school districts are allowed to also tax utility services and cable services at a rate of up to 3 percent. In addition, school districts may impose two surtaxes on income: a tax on residents' income, not to exceed 20 percent of state income tax liability, and an occupational license tax on earnings from most professions. School districts in Ohio may receive local revenue from property taxes, income taxes, sales taxes, and taxes on casino revenues, and they may impose income taxes in increments of 0.25 percent and a countywide joint sales tax. In addition, school districts may impose a joint sales tax with other districts in the county for permanent improvement; however, only one county has done so. Appendix G lists other local taxes for all states.

Illinois

Illinois school districts receive local revenue from property taxes and county sales taxes. Other taxes can be approved for expenses such as facilities.

In Illinois, school districts may receive local revenue from school district property taxes and from county sales taxes. Though school districts in Illinois may impose only local property taxes, counties may impose a tax on retailers and service providers as a percentage of sales receipts for school facilities expenses. To impose this tax, the county must have the support of the school boards representing more than half the students in the county, as well as the approval of voters in a referendum. Counties may impose a rate of up to 1 percent to raise revenue for school facilities expenses. The tax may be imposed only in multiples of 0.25 percent. The revenue raised by the sales tax is distributed to school districts in the county based on the district's enrollment as compared to the total number of resident students in the county as a whole.

Indiana

Indiana districts can generate local revenue only from property taxes.

School districts may receive local revenue only from property taxes in Indiana.

Kentucky

Kentucky allows districts to raise local revenue from more than just property taxes.

Kentucky school districts may receive local revenue from property taxes, income surtaxes, and a gross receipts tax on utilities. In addition to property taxes, school districts may impose two surtaxes on income: a tax on residents' income, not to exceed 20 percent of state income tax liability, and an occupational license tax on earnings from most professions. School districts may also impose a tax on gross receipts from the provision of utility services and cable services at a rate of up to 3 percent.

Missouri

Missouri school districts may impose only a local property tax, but revenue from sources collected at other levels is distributed to districts to make up the total local share.

Missouri school districts may receive local revenue from property taxes, a local income tax, and other sources of local income, including a tax on assets of financial institutions and a surtax on commercial real estate. School districts in Missouri may impose only local property taxes, but revenue from several sources collected at other levels is distributed to school districts and makes up part of the total local share. These sources include local earnings and income taxes; a tax on intangible assets of financial institutions; a surtax on commercial real estate, to replace revenue lost from the elimination of a merchants and manufacturing tax; and some penalties and fines. These additional sources of local revenue are included as part of the districts' expected local

contribution for the purposes of determining the state aid allocation.

Ohio

Ohio school districts receive local revenue from several sources of taxes.

Ohio school districts may receive local revenue from property taxes, income taxes, sales taxes, and a tax on casino revenues. In addition to property taxes, school districts in Ohio may impose income taxes and a countywide joint sales tax. School districts may impose an income tax in increments of 0.25 percent. As of January 2017, approximately 190 districts levied an income tax between 0.25 percent and 2 percent.[b] [10] In addition, school districts may impose a joint sales tax with other districts in the county for permanent improvement; only one county has done so.

Tennessee

In Tennessee, very few districts impose local property taxes, because the districts receive this revenue from counties and municipalities.

Tennessee school districts receive revenue from local property taxes, sales taxes, and other local taxes. In Tennessee, very few school districts directly impose local property taxes. School districts receive revenue from property taxes imposed by counties and municipalities and may also receive a portion of other taxes imposed by counties or municipalities, including sales taxes and motor vehicle taxes. Both counties and municipalities in Tennessee may impose an optional local sales tax so long as the combination of both does not exceed 2.75 percent. If a municipality in a county that imposes a county sales tax also imposes a local sales tax, it may impose only the difference between the county tax rate and 2.75 percent. Local sales taxes must be approved by voters in the relevant jurisdiction. Half of the revenue from local sales taxes is designated for schools. Revenue from a county sales tax is distributed to the school districts in the county in proportion with the student count of each district. Unlike Tennessee's state sales tax, the local sales tax is applied to only the first $1,600 of any purchase.

Virginia

School districts in Virginia may not impose taxes. Other local government entities may impose taxes for education.

School districts in Virginia may receive local revenue from property taxes and from sales and use taxes for education. School districts in Virginia may not impose any type of taxes, including property taxes. Other local government entities, including counties, cities, and towns, may impose taxes for education. In addition to local property taxes, the governing body of any city or county may vote to levy a local sales and use tax of up to 1 percent. In counties

[b] There are 610 traditional school districts in Ohio.

with town school districts, a proportion of the revenue from this tax is paid to the town school district equal to the proportion of students in the town as compared to the county as a whole.

West Virginia

School districts receive local revenue only from property taxes in West Virginia.

School districts receive local revenue only from property taxes in West Virginia.

At-Risk Funding

Most states provide additional funding for students who qualify for free or reduced-price lunch.

Most states provide additional funding for economically disadvantaged students, referred to as "at-risk students." At-risk students normally live in a low-income household and qualify for free or reduced-price lunch (FRPL) through the National School Lunch Program, but some states use different methods to classify at-risk students. For example, in Illinois, students are counted as low-income if they are eligible for Medicaid, the Children's Health Insurance Program, Temporary Assistance for Needy Families (TANF), or the Supplemental Nutrition Assistance Program (SNAP). Some states, such as West Virginia, do not provide increased funding for students from low-income households or increased funding for districts with high concentrations of low-income students. However, many of West Virginia's program-specific allocations consider poverty levels in the allocation of funding.

At-Risk Funding In Kentucky

Kentucky provides at-risk funding for students who qualify for free lunch, by adding a multiplier of 0.15 to the per-pupil base funding amount.

In addition to using the National School Lunch Program, Kentucky uses SNAP, the Kentucky Transitional Assistance Program, and foster care to identify at-risk students. Kentucky funds at-risk students who qualify for free lunch but not those who qualify for reduced-price lunch. Kentucky provides at-risk funding by adding a multiplier of 0.15 to the per-pupil base amount.

At-Risk Funding In Surrounding States

Indiana provides increased funding for students from low-income households and for districts with high concentrations of low-income students. It does so through one grant program for low-income students and another based on the concentration of low-income students in a district. Indiana provides $1,000 to school districts for each student who receives an academic or technical honors diploma; the amount is increased to $1,400 for

students receiving benefits from SNAP or TANF and for students receiving foster care services. Missouri does not provide increased funding for individual students from low-income households. However, the state does provide increased funding for districts based on the concentrations of low-income students they serve by applying a multiplier of 1.25 to the base per-pupil amount for low-income students in districts where the concentration of low-income students is above a certain threshold. Tennessee provides increased funding for students from low-income households in the form of a flat allocation for each low-income student, which was $863.25 in FY 2018. This figure is adjusted annually for inflation. Tennessee also includes FRPL students in its counts. Appendix H lists all states' policies for funding for at-risk students.

Illinois

Illinois provides at-risk funding by specifying student-to-staff ratios for low-income students and calculating specific funding for dedicated staff.

Illinois provides funding for students from low-income households. It does so through its resource-based formula by specifying student-to-staff ratios for low-income students and calculating specific funding for dedicated staff positions. The state's student-to-teacher ratios for different grade spans are decreased for low-income students. Students are counted as low-income if they are eligible for Medicaid, the Children's Health Insurance Program, TANF, or SNAP. The state assigns a student-to-teacher ratio of 15 to 1 for low-income students in grades K-3 and 20 to 1 for low-income students in grades 4-12. Low-income students also generate additional staff positions for their districts. The state assigns a low-income-student-to-teacher ratio of 125 to 1 for intervention teachers and pupil support teachers and 120 to 1 for extended-day teachers and summer school teachers. Once all staff positions are calculated for a district, with grade-level variation taken into account, the district's formula calculation includes a dollar amount for each position that matches the state average salary for that position. Because the state plans to move toward full formula funding over a number of years, annual increases in funding are distributed to districts with the greatest need for state assistance. Districts are sorted into tiers according to the degree to which their local funding capacity can be expected to cover their local education costs, and a greater percentage of additional state aid is distributed to districts with lower funding capacity.

Indiana

Indiana provides funding for at-risk students and for districts with high concentrations of low-income students.

Indiana provides increased funding for students from low-income households and for districts with high concentrations of low-income students. It does so through one grant program for low-income students and another based on the concentration of low-income students in the district. Indiana provides $1,000 to school districts for each student who receives an academic or technical honors diploma; the amount is increased to $1,400 for students receiving benefits from SNAP or TANF and for students receiving foster care services. In addition, districts must waive required fees for students who qualify for FRPL under the National School Lunch Program and may apply for reimbursement from the state. Districts receive an amount calculated through a multistep formula that takes into account the concentration of students in a district who, as of the previous fall, were receiving benefits from SNAP, TANF, or foster care services. Districts also receive funding through a multistep formula that takes into account the concentration of students from low-income households. A district's percentage of eligible students is multiplied by a dollar amount ($3,539 in FY 2017), which is then multiplied by the district's student count to calculate its grant amount. That amount may also be affected by the district's share of English-language learners (if greater than 18 percent) and recent change in the district's percentage of eligible students.

Kentucky

Kentucky provides funding for students who qualify for free lunch but not those who qualify for reduced-price lunch.

Kentucky provides increased funding for students from low-income households. It does so by adding a multiplier of 0.15 to the base per-pupil amount for these students. Students are eligible for this supplemental funding if they qualify for free lunch (but not reduced-price lunch) under the National School Lunch Program.

Missouri

Missouri provides at-risk funding based on the concentration of low-income students.

Missouri does not provide increased funding for individual students from low-income households, but it does provide increased funding for districts based on the concentrations of low-income students they serve. It does so by applying a multiplier of 1.25 to the base per-pupil amount for low-income students in districts where the concentration of low-income students is above a certain threshold, which is recalculated every 2 years. In 2017-2018, the threshold was 36.12 percent of district enrollment. Students are eligible for this supplemental funding if they qualify for FRPL under the National School Lunch Program.

Ohio

Ohio provides funding based on concentration of low-income students and for districts that have high concentrations of low-income students.

Ohio provides increased funding for students from low-income households at a level that differs depending on the concentration of low-income students in their district and for districts with high concentrations of low-income students. It does so in the form of two allocations: one that provides funding for low-income students, adjusted for the concentration of low-income students in a district, and another that provides increased funding for districts with high concentrations of low-income students and low levels of property wealth. Ohio provides increased funding for low-income students through Economically Disadvantaged funding, which provides an amount to each district equal to $272 for each economically disadvantaged student, multiplied by a poverty index, which reflects the district's concentration of poverty. Economically disadvantaged students are those who are eligible for FRPL under the National School Lunch Program; those who are known to be recipients of public assistance; and those meeting federal Title I income guidelines. The poverty index is the square of the ratio of the individual district's poverty percentage to the statewide poverty percentage. Ohio also provides increased funding for districts with high concentrations of low-income students through Targeted Assistance, which is calculated using a multistep formula.

Tennessee

Tennessee provides a flat allocation for at-risk students.

Tennessee provides increased funding for students from low-income households. It does so in the form of a flat allocation for each low-income student, which was $863.25 in FY 2018. This figure is adjusted annually for inflation. Students are eligible for this supplemental funding if they qualify for FRPL under the National School Lunch Program. This funding is intended to allow for reduced class sizes.

Virginia

Virginia provides at-risk funding based on a district's concentration of low-income students.

Virginia provides increased funding for students from low-income households at a level that differs depending on the concentration of low-income students in a district. It does so by applying a multiplier of 1.01 to 1.13 to the base amount for each low-income student; the specific multiplier depends on the concentration of low-income students in the district. Students are eligible for this supplemental funding if they qualify for free lunch (but not reduced-price lunch) under the National School Lunch Program. Local governments are expected to match these funds. The funding

must be spent on approved programs for students who are educationally at-risk, such as dropout prevention programs, truancy officers, reading recovery, and programs for students who speak English as a second language.

West Virginia

West Virginia does not provide increased funding for low-income students.

West Virginia does not provide increased funding for students from low-income households or increased funding for districts with high concentrations of low-income students. However, many of the state's program-specific funding allocations consider poverty levels.

Special Education Funding

Each special education student receives a range of services.

Special education funding is used to help students with learning disabilities. Each special education student receives a range of services. The services one child receives may be very different from the services another child receives. Special education students may require special transportation, a teacher who specializes in emotional behavior issues, occupational and physical therapy, speech-language services, and many other services that require additional funding.

Funding for special education services varies by state. States such as Kentucky add a weight to the base funding amount. Other states may fund special education services based on the cost of delivering them.

Funding allocations for special education services vary by state. In Kentucky, districts receive state funding for special education students by adding a weight to the base funding amount. Depending on the category of the disability, a special education student can generate additional funds by adding a multiple of 2.35, 1.17, or 0.24 to the base funding. In addition, Kentucky provides a separate amount of funding for preschool special education students. Other states, such as Virginia, fund special education services based on the determined cost of delivering such services in a district and the cost of the required resources, such as staff salaries and course materials. Appendix I lists all states' policies for special education funding.

Illinois

Illinois determines the cost of delivering special education and also uses a census-based assumption in its allocation to districts.

Illinois uses a hybrid system incorporating a resource-based system, which determines the cost of delivering special education based on the cost of the resources required, and census-based assumptions, or assumptions that a set percentage of students in each district will require special education services. The resource-based system allocates one full-time equivalent

(FTE) teacher position and one FTE instructional assistant for every 141 special education students, as well as one FTE psychologist for every 1,000 special education students. The census-based system requires the state superintendent to calculate the amount the unit must expend on special education and bilingual education pursuant to the unit's base funding minimum, special education allocation, and bilingual education allocation.

Indiana

Indiana uses multiple weights and funds them at different levels.

Indiana uses multiple weights and funds them at different levels. Districts receive $9,156 for students with severe disabilities, $2,300 for students with mild and moderate disabilities, and $500 for communications disorders. Districts also receive $2,750 for each student enrolled in special preschool education programs.

Kentucky

Kentucky uses different weights for three categories of exceptional children.

Kentucky has three weights for exceptional children. Kentucky gives extra funding for exceptional children with low, medium, and high incidence disabilities. Each category is given an additional weighting of 2.35, 1.17, and 0.24, respectively.

Missouri

Missouri treats all special education students with a disability the same, regardless of the severity of the disability.

Missouri provides a flat weight or the same amount of state funding for each student with disabilities, regardless of the severity of those disabilities. It applies a multiplier of 1.75 to the per-student base amount for students with disabilities. The state provides special education funding only for students above a certain prevalence threshold. In school year 2018, the threshold was 12.16 percent of district enrollment. The threshold for supplemental funding for students with disabilities is calculated as follows: The state identifies "performance districts" (those that have met certain performance standards). Then, it calculates the average special education enrollment percentage across these districts, excluding certain outlier districts; this becomes the enrollment threshold above which special education students in each district receive supplemental funding.

Ohio

Ohio uses six categories to fund special education students.

Ohio uses multiple weights for special education funding. Students are assigned to six categories based on their disabilities. Students are funded with category-specific flat allocations ranging from $1,578 for each student in category 1, which includes those with

speech and language impairments, to $25,637 for each student in category 6, which includes those with autism, deaf-blindness, or traumatic brain injury. Catastrophic aid provides reimbursement of at least 50 percent of costs exceeding $27,375 for children in categories 2 through 5, or exceeding $32,850 for children in category 6. All of these allocations are subject to Ohio's State Share Index, a measure of how much of the education funding burden should be shouldered by the state given the district's property tax base and the residents' income levels.

Tennessee

Tennessee funds special education based on the cost of delivering services in a district.

Tennessee determines the cost of delivering special education services in a district based on the cost of the required resources, such as staff salaries and course materials. For staff costs, student-to-teacher ratios are defined for various levels of special education service. The number of students receiving services at each level is converted into teacher units, which are each funded at a standard level. Student-to-staff ratios are also specified for special education assistants. The state also provides funding for special education materials and supplies ($36.50 per special education student in FY 2018), instructional equipment ($13.25), and travel ($17.25) based on equipment.

Virginia

Virginia uses a resource method to fund special education.

Virginia determines the cost of delivering special education services in a district based on the cost of the required resources, staff positions in particular. Based on the number of teachers and aides necessary for a school to meet the special education program standards based on its special-needs student count, the state calculates a total funding amount required for that school's special education program, and it assumes responsibility for covering a share of that cost (the precise share varies depending on the district's ability to raise local funds).

West Virginia

West Virginia provides special education funding for a single student weight and partial reimbursement.

West Virginia has a hybrid system incorporating a single student weight and partial reimbursement for determining special education funding. West Virginia has a flat per-pupil amount for each student with disabilities ($32,681), regardless of the severity of those disabilities, and reimbursement for some costs.

Additional funding is allocated on a per-pupil basis. This per-pupil amount was $72.47 for each disabled K-12 student in FY 2017.

There is also a high-cost reimbursement available when a student with disabilities has eligible costs greater than a threshold amount, which is set annually. When students are placed in out-of-state instruction programs because a free and appropriate public education cannot be provided to them in-state, districts may request reimbursement for the cost of the placement. When the Department of Health and Human Resources or the Department of Juvenile Services places a student with disabilities into a facility or foster home outside his or her home county, districts may apply for reimbursement for the cost of that placement as well.

Limited English Proficiency

Limited English proficiency funding is for students whose primary language is not English.

Students whose primary language is a language other than English are referred to as limited English proficiency students.[c] Although Kentucky does not have a definition for LEP students, the Kentucky Department of Education uses the federal definition. Federal law defines a "limited English proficient" student as a student who

- is aged 3 through 21;
- is enrolled or preparing to enroll in an elementary school or secondary school;
- who
  - was not born in the United States or whose native language is a language other than English;
    - is a Native American or Alaska Native, or a native resident of the outlying areas; and comes from an environment where a language other than English has had a significant impact on the individual's level of English language proficiency; or
    - is migratory, whose native language is a language other than English, and who comes from an environment where a language other than English is dominant; and
- whose difficulties in speaking, reading, writing, or understanding the English language may be sufficient to deny the individual
  - the ability to meet the state's proficient level of achievement on state assessments;
  - the ability to successfully achieve in classrooms where the language of instruction is English; or
  - the opportunity to participate fully in society.

[c] Limited English proficiency students are also referred to as English Learners in the Every Student Succeeds Act.

Because it takes more resources to educate LEP students, districts often receive more funding to educate these students.

Illinois

Illinois funds LEP students based on staffing positions.

Illinois uses a resource allocation method to give additional funds for LEP students. Districts receive one FTE intervention teacher position and one FTE pupil support staff position for every 125 LEP students, one FTE extended day teacher position and one FTE summer school teacher for every 120 LEP students, and one FTE teacher position for every 100 LEP students.

Indiana

Indiana uses a sliding scale based on the concentration of LEP students in the district.

Indiana provides funding for LEP students using a sliding scale based on the concentration of LEP students in the district. This funding is provided through the Non-English Speaking Program, for which there is an appropriation separate from the state's regular education funding formula. All districts receive an allocation of $300 per LEP student. Districts with an LEP population between 5 percent and 18 percent receive an additional $131.50 per LEP student. Districts with an LEP population greater than 18 percent receive a further $165.16 per LEP student.

Kentucky

Kentucky provides LEP funding by applying a multiplier of 1.096 to the SEEK guaranteed base amount.

Kentucky applies a multiplier of 1.096 to the base per-pupil amount for these students. All students limited in English proficiency receiving instruction in a district are eligible to receive this supplemental funding.

Missouri

Missouri also uses a multiplier to fund LEP students. It uses a multiplier of 1.6 to the base per-pupil amount.

Missouri provides increased funding by applying a multiplier of 1.6 to the base per-pupil amount for these students. However, increased funding is provided only for pupils above a certain prevalence threshold. In school year 18, this threshold was 1.94 percent of district enrollment.

Ohio

Ohio provides funding for LEP students based on the student's education history.

Ohio provides increased funding for English-language learners in the form of a dollar allocation for each ELL that varies depending on the student's education history. ELLs are divided into three categories for the purposes of this supplemental allocation. Students who have been enrolled in US schools for no more

than 180 days and have not previously been excused from testing in English language arts generate $1,515 in supplemental funding. Students who have been enrolled in US schools for over 180 days and have previously been excused from testing in English language arts generate $1,136 in supplemental funding. Students who have been enrolled in regular education programs on a trial basis and are not included in either of the first two categories generate $758 in supplemental funding. All of these allocations are subject to Ohio's State Share Index, a measure of how much of the education funding burden should be shouldered by the state given the district's property tax base and the residents' income levels.

Tennessee

Tennessee provides LEP funding based on staff-to-student ratios.

Tennessee uses a resource-based formula using staff-to-student ratios. Districts receive are allocated 1 teacher per 20 LEP students and 1 translator per 200 LEP students.

Virginia

Virginia provides LEP funding based on student-to-teacher ratios.

Virginia uses a resource-based component of its formula by specifying a ratio of 17 LEP teachers for every 1,000 LEP students.

West Virginia

West Virginia provides a set amount of funding for LEP students and divides the prior-year's LEP student count to get a per-student cost.

West Virginia appropriated $96,000 for LEP students. This amount is used and divided by the prior-year's LEP student count to get a per-student cost.

Rural, Remote, And Small Or Isolated Funding

Some states give extra funding for small districts or remote schools that are geographically isolated.

Some states provide funding for districts and schools that are in rural or remote areas or for small or isolated districts or schools. The legislatures of these states defines these classifications. For instance, a small district could be a district with fewer than 600 students, while *isolated* or *remote* could refer to geographically isolated schools that require additional resources to support low student enrollment.

Three states provide no additional funding for rural, remote, and small or isolated schools. Kentucky and Tennessee provide funding only in their transportation formulas.

Kentucky does not give additional funding to districts or schools that are small, isolated, or rural or remote, but it does give funding for sparse districts in the transportation calculation. Of Kentucky's surrounding states, only three give extra funding for these districts. Missouri has two types of funding, including a $10 million grant

for small schools based on ADA and summer school, and $5 million distributed on a tax-rate weighted ADA to districts whose ADA is less than or equal to 350.

Tennessee funds school districts with low population densities through the transportation funding system only. West Virginia provides funding for small districts, defined as those with fewer than 1,400 students. Table 2.3 includes the details of funding for these surrounding states. Appendix J lists all states' funding policies.

Table 2.3
Rural, Remote And Small Or Isolated Funding

State	Description
Illinois	None
Indiana	None
Kentucky	Provides funding for sparse school districts only through the transportation funding system.
Missouri	Provides increased funding for small districts through a flat per-student grant for all students enrolled in districts serving 350 students or fewer. Each year, a $10 million appropriation is distributed in proportion to the total number of students statewide in qualifying districts. A further $5 million is distributed to otherwise eligible districts that levy a higher tax rate than the expected rate, in proportion with their tax rate and student count.
Ohio	None
Tennessee	Provides funding for sparse school districts only through the transportation funding system. The distribution is a formula set by the commissioner of education that considers miles transported and density of pupils per mile traveled.
Virginia	None
West Virginia	For small districts, defined as those with fewer than 1,400 students, the state inflates the student count using a formula in which the state subtracts the district's enrollment from 1,400 and multiplies the difference 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.

Source: EdBuild. "FundEd: State Policy Analysis—A Detailed Look At Each State's Funding Policies." EdBuild.org, n.d.

Transportation Funding Measures In Surrounding States

This section provides an overview of transportation funding in Kentucky and surrounding states. Sources include state statutes, regulations, and funding guidance. Data on all states can be found in Appendices K through O.

Transportation Funding Formulas In Kentucky And Surrounding States

Transportation funding formulas differ among states.

Table 2.4 summarizes the student transportation funding formulas in Kentucky and the surrounding states. Kentucky has a multistep process for determining transportation aid. Illinois has separate

calculations for regular student transportation, vocational student transportation, and special education transportation.[11] Indiana has separate formulas for transportation and bus replacement, both based on levies and assessed value growth.[12] Missouri provides state aid for 75 percent of transportation costs but at no greater than 125 percent of the state average.[13] Ohio reimburses for transportation based on the greater of costs per student or cost per mile.[14] Tennessee includes transportation in the Basic Education Program Fund, based on the 3-year average transportation cost per student and regression analysis of district factors.[15] Virginia appropriates Basic Aid for education and Basic Operating Costs, which includes transportation among other functions such as special education and operation and maintenance.[16] West Virginia's transportation cost allowance formulas includes density, actual expenses for insurance premiums, 8.33 percent of the replacement value of the bus fleet, and aid in lieu of transportation payments.[17] Appendix K details the student transportation funding formulas in all of the states.

Table 2.4
Transportation Funding Formulas In Kentucky And Surrounding States

State	Calculation Summary	Source
Illinois	Illinois has separate calculations for regular pupil transportation, vocational pupil transportation, and special education pupil transportation. The Regular Pupil Transportation formula is based on student attendance days, enrollment in the pupil transportation program by mileage, the number of students transported, weights, and actual costs of transportation. The Vocational Pupil Transportation formula reimburses for 80 percent of the cost of transportation. The Special Education Transportation formula includes salaries of attendants and aides while in transit.	105 Ill. Comp. Stat. sec. 5; Ill. Admin. Code tit. 23; Ill. Admin. Code tit. 23, sec. 120.100
Indiana	Indiana has separate formulas for transportation and bus replacement, but both are based on the district maximum levy multiplied by the assessed value growth quota.	Ind. Code secs. 20-46-4 and 20-46-5; Indiana, Department of Education. *Digest Of Public School Finance In Indiana, 2019-2021 Biennium*. Web.
Kentucky	Kentucky has a multistep process for determining transportation aid. 1. Districts group transported students by density into at least nine groups (by square miles). 2. Annual cost of transportation equals all current costs plus annual depreciation of pupil transportation vehicles. 3. The formula uses the aggregate and average daily attendance (ADA) of transported pupils from the prior year adjusted for current-year increases in transported pupils.	KRS 157.370

	4. The transportation area served equals the total district area minus the area not served by transportation. 5. The density of transported pupils per square mile equals the ADA of transported pupils divided by the number of square miles served by transportation. 6. The average cost of transportation per pupil per day is calculated by creating a smoothed graph to show the average costs of transportation by density. Costs are determined separately for county and independent school districts. 7. The scale of transportation costs is determined by KRS 157.310 to 157.440. 8. Transportation to vocational educational centers is determined separately. 9. The Kentucky Board of Education determines special transportation qualifications. The relevant students' aggregate days' attendance is multiplied by 5 and added to districts' aggregate days' attendance.	
Missouri	Missouri provides state aid for 75 percent of transportation costs (based on the number of students, eligible and ineligible miles, cost per mile, and a cost factor adjustment) for the ensuing year based on the current year, but not greater than 125 percent of the state average cost of the second preceding year. Missouri provides state aid for 75 percent of the costs for transporting students with disabilities.	Mo. Code Regs. Ann. tit. 5, sec. 30 261.040
Ohio	Ohio reimburses for transportation based on the greater of 1. statewide transportation costs per student multiplied by the district's ridership or 2. the statewide transportation cost per mile multiplied by the district's total miles driven, excluding the districts that do not provide bus service and the 10 districts with the highest costs and the lowest costs for 1 and 2; then multiplied by the greater of 25 percent (FY 2019) or the district's state share index. Each district receives an additional payment for students transported by means other than a school bus; the formula includes the district's transportation supplemental percentage, costs per mile, miles driven, and an adjustment factor. Ohio has a separate formula for Special Education Transportation Reimbursement, which is the actual cost of special education transportation up to $6 per instructional day per child and 50 percent in excess of $6, adjusted by the larger of the district's state share index or the minimum share index, and limited to no more than 200 percent of the statewide average costs per child.	Ohio Rev. Code Ann. sec. 3317.0212; Ohio Admin. Code Sec. 3301-83-01
Tennessee	Tennessee includes transportation in the Basic Education Program (BEP) fund. The formula is based on the 3-year average transportation cost per average daily membership (ADM) and uses multiple regression to estimate the impact of four factors (average daily students transported, average daily special education students transported, daily one-way miles driven, and ADM) on each system's transportation spending over the past 3 years to the current BEP funding year. The model estimates the average statewide effects (coefficients) of these factors on transportation expenditures and multiplies those estimated effects by each system's respective factors to calculate the estimated cost to the system of provision transportation services. Tennessee's Vocational Transportation formula is Vocational Center full-time equivalent ADM multiplied by average one-way trip multiplied by $32.43.	Tennessee. Department of Education. Office of Local Finance. *Tennessee Basic Education Program: Handbook For Computation*. Sept. 2018. Web.

Virginia	Virginia appropriates Basic Aid for education ($3.6 billion in FY 2021 and FY 2022) and Basic Operating Costs, which includes transportation among other uses such as special education, operation and maintenance of school plant, etc.	Virginia. General Assembly. 2020 Session, H.B. 29.
West Virginia	West Virginia's transportation cost allowance formula is the sum of • a percentage of transportation costs depending on density; • total cost of insurance premiums on buses, buildings, and equipment; • an amount equal to eight and one-third percent of the current replacement value of the bus fleet; • up to $200,000 that can be used for school facility and equipment repair, maintenance and improvement, replacement, or other current expense priorities if approved; and • aid in lieu of transportation equal to the state average amount per pupil for each pupil receiving aid within each county. No allowance can be greater than one-third above the computed state average allowance per transportation mile multiplied by the total transportation mileage in the county exclusive of the allowance for the purchase of additional buses. A total of 0.5 percent of the transportation allowance is for classroom curriculum field trips. Remaining funds are carried over.	W. Va. Code Sec. 18-9A-7

Source: Staff analysis of state statutes, regulations, and education finance guidance.

Transportation Formulas Funded Separately Or As Part Of General Education Funding

Kentucky and all other surrounding states except Virginia have a separate formula for funding student transportation.

Table 2.5 shows the states that calculate student transportation funding separately from general education funding. Appendix L shows similar data for all states. Kentucky and six surrounding states calculate student transportation separately, but Virginia includes student transportation within general education funding. Several states, including Illinois, Kentucky, Ohio, and Tennessee, have multiple formulas for funding student transportation. For example, Illinois has separate calculations for regular pupil transportation services, vocational pupil transportation services, and special education pupil transportation services.[18]

Table 2.5
Student Transportation Funding Formulas In Kentucky And Surrounding States

State	Additional Transportation Funding Formulas				Source
	Separate Formula	Exceptional Children	Vocational	Vehicles	
Illinois	X	X	X		Ill. Admin. Code tit. 23, sec. 120.100; Ill. Admin. Code tit. 23; 105 Ill. Comp. Stat. sec. 5/29
Indiana	X				Indiana. Department of Education. *Digest Of Public School Finance In Indiana: 2019-2021 Biennium*. Web.
Kentucky	X		X		KRS 157.370
Missouri	X				Mo. Code Regs. Ann. tit. 5, sec. 30-261.040
Ohio	X	X			Ohio Rev. Code Ann. sec. 3317.0212; Ohio Admin. Code 3301-83-01
Tennessee	X				Tennessee. Department of Education. Office of Local Finance. *Tennessee Basic Education Program: Handbook For Computation*. Sept. 2018. Web.
Virginia					Virginia. General Assembly. 2020 Session, HB 29.
West Virginia	X		X	X	W. Va. Code Ann. sec 18-9A-7

Source: Staff analysis of state statutes, regulations, and education finance guidance.

Factors used in transportation funding formulas differ by state.

Formula Factors. Table 2.6 shows the factors included in student transportation funding formulas in Kentucky and surrounding states. Kentucky bases transportation funding on density, actual expenditures and adjustment factors including depreciation, transportation areas served, and student groups being transported (KRS 157.370). Similar to Kentucky, West Virginia includes density in its student transportation funding formula.[19] Illinois, Indiana, Kentucky, and Ohio fund transportation at different rates depending on the student group transported. Four surrounding states and Kentucky finance actual transportation expenditures or a percentage of expenditures. Four states and Kentucky include the number of students transported, and three states include the number of miles transported. Appendix M details the student transportation formula factors in each state.

Table 2.6
Factors Included In Student Transportation Funding Formulas, Surrounding States

State	Expenditures	Density	Student Groups	Regression	Students	Miles	Other	Source
Illinois, regular pupil	X		X		X		X	105 Ill. Comp. Stat. sec 5/29
Illinois, vocational pupil	X							105 Ill. Comp. Stat. sec 5/29
Illinois, special education pupil	X							105 Ill. Comp. Stat. sec. 5/29
Indiana							X	Indiana. Department of Education. *Digest Of Public School Finance In Indiana: 2019-2021 Biennium.* Web.
Kentucky, SEEK transportation	X	X	X		X		X	KRS 157.370
Missouri	X				X	X	X	Mo. Code Regs. Ann. tit. 5, sec. 30-261.040
Ohio, regular transportation reimbursement	X		X		X	X	X	Ohio Rev. Code Ann. sec. 3317.0212; Ohio Admin. Code sec. 3301-83-01
Ohio, special education transportation reimbursement	X							Ohio Admin. Code 3301-83-01
Tennessee, pupil transportation	X		X	X	X	X		Tennessee. Department of Education. Office of Local Finance. *Tennessee Basic Education Program, Handbook For Computation.* Sept. 2018. Web.
Tennessee, vocational center transportation					X	X	X	Tennessee. Department of Education. Office of Local Finance. *Tennessee Basic Education Program, Handbook For Computation.* Sept. 2018. Web.
Virginia								Virginia. General Assembly. 2020 Session, HB 29.
West Virginia	X	X					X	W. Va. Code R. sec. 18-9A-7

Most states' transportation funding formulas include a minimum mile limit. For instance, Kentucky pays for students who are transported over a mile, and Illinois funds based on students transported over a mile and a half.

Route Or Radius. Many states specify that students must live a minimum number of miles from their school before being transported at public expense. For example, KRS 157.370 requires that funding includes students who live 1 mile or more from school. Table 2.7 shows whether state statutes or regulations specify that students must live a minimum distance from school by route or by radius in Kentucky and surrounding states. Except for Virginia, the surrounding states specify that this distance be measured by route traveled rather than by radius. Limitations in these states range from 1 to 2 miles and can vary by student grade. States generally may transport students who live within the set mile minimum under certain circumstances, such as to avoid hazardous routes or when excluding such transportation from funding. Appendix N details the minimum distance students must live from their school before becoming eligible for transportation in each state.

Table 2.7
Minimum Distance Of Student Residence From School, Measured By Route Or Radius, In Surrounding States

	Means Of Measurement			Mile Minimum, Regular Transportation		
State	Route	Radius	Not Specified	All Students	Elementary	Source
Illinois	X			1.5		105 Ill. Comp. Stat. sec. 5/29
Indiana	X			N/A		N/A
Kentucky		X		1		KRS 157.370
Missouri	X			3.5*		Mo. Code Reg. Tit. 5, sec. 30-261.040
Ohio	X				2*	Ohio Rev. Code Ann. sec. 3327.01
Tennessee	X			1.5		Tenn. Code Ann. sec. 49-6-2101
Virginia			X	n/a		Virginia. General Assembly. 2020 Session, HB 29.
West Virginia	X			2		W. Va. Code R. sec. 18-5-13

* Funding begins at 1 mile.
Source: Staff analysis of state statutes, regulations, and education finance guidance.

Kentucky and surrounding states all use different methods for funding the purchase of school buses.

School Bus Funding In Kentucky And Surrounding States. States fund school bus purchases and replacements through various methods. Table 2.8 describes school bus funding in Kentucky and its surrounding states, and Appendix O describes funding in all states. Kentucky includes bus depreciation in school transportation funding and the depreciation rate of vehicles varies by year ranging from 12 percent to 6 percent (702 KAR 5:010). Illinois, Missouri, Virginia, and West Virginia use depreciation rates or replacement schedules; Indiana and Tennessee include school buses in other funds. Ohio provided a one-time allocation of $20 million for the School Bus Purchase Program.[20]

Table 2.8
School Bus Purchases And Replacements In Kentucky And Surrounding States

State	Summary	Source
Illinois	Student transportation vehicles have a depreciation allowance of 20 percent for 5 years.	105 Ill. Comp. Stat. 5/29-5
Indiana	Schools use money in the operations fund to replace school buses. First a resolution approving the school bus replacement plan must be submitted to the Department of Local Government Finance, and must apply to at least 5 budget years.	Ind. Code 20-40-18-9
Kentucky	Depreciation rate varies by year: • Years 1 and 2: 12 percent of state bid price • Years 3 to 8: 10 percent of state bid price • Years 9 and 10: 8 percent of state bid price • Years 11 to 14: 6 percent of state bid price	702 KAR 5:020
Missouri	Missouri uses an 8-year depreciation schedule (straight-line).	Mo. Code Regs. Ann. tit. 5, sec. 30-261.040
Ohio	In January 2020, Ohio made a one-time allocation of $20 million into the School Bus Purchase Program for districts to purchase school buses and reduce the average age of the school bus fleet. Otherwise, districts may purchase buses "through any system of centralized purchasing established by the state department of education for that purpose," after competitive bidding and not through bid bonds.	Ohio. Department of Education. "School Bus Purchase Program: Report To The General Assembly," January 2020; Ohio Rev. Code Ann. Sec. 3327.08.
Tennessee	Buses are included in noninstructional equipment formula in the Basic Education Program funding; depreciation is not mentioned.	Tennessee. Department of Education. Office of Local Finance. *Tennessee Basic Education Program: Handbook For Computation*. Sept. 2018. Web.
Virginia	The 2020 Budget Bill also requires that the Department of Education fund transportation costs using a 15-year replacement schedule, which is the national standard guideline, for school bus replacement schedule for the purpose of calculating funded transportation costs included in the Standards of Quality.	Virginia. General Assembly. 2020 Session, HB 29.
West Virginia	The Foundation School Program allowance includes 8.333 percent of the current replacement value of the bus fleet within each county. Buses purchased after June 1, 1999, and driven 180,000 miles are eligible for replacement. Districts whose net enrollment increases over the immediately preceding year may apply to the state for additional funding for buses.	W. Va. Code Ann. sec. 18-9A-7

Source: Staff analysis of state statutes, regulations, and education finance guidance.

Chapter 3

Potential Changes To The SEEK Funding Formula And Equity Analyses

Introduction

Chapter 3 compares pre-KERA local and state funding to present-day funding levels, explores changes to the SEEK funding formula and resulting equity changes, discusses changes to the SEEK transportation formula, and reviews potential areas for future research.

This chapter begins by explaining the methodology and data sources used in the chapter. Pre-KERA local and state funding in 1990 is compared to present-day funding levels. The bulk of this chapter explores changes to the SEEK funding formula and the resulting changes in equity between low-wealth districts and high-wealth districts. Changes to the SEEK transportation formula are discussed; however, because KDE did not accurately calculate SEEK transportation and because transportation was funded at 54.8 percent in 2020, no equity analyses were completed for SEEK transportation funding changes. This chapter concludes by reviewing potential areas for future research.

Methodology

This section discusses the methods used to group districts into quintiles and conduct the equity analyses. The primary analysis tool was a model of the 2020 SEEK funding formula developed by OEA research staff.

Districts were divided into quintiles to compare districts with lower property wealth to districts with higher property wealth. Equity is measured by the gap in funding between the lower-wealth quintiles and the highest-wealth quintile.

Quintiles. Districts were divided into quintiles in order to compare districts with lower property wealth to districts with higher property wealth. Districts were ordered by per-pupil property assessments from lowest to highest, and quintile groups were determined by ensuring that approximately the same number of students were in each quintile. Quintile 1 contained districts with the lowest per-pupil property assessments, and Quintile 5 contained students with the highest per-pupil property assessments. The gap in funding between the lowest-wealth quintile and the highest-wealth quintile is the measure of equity used in this report.

OEA SEEK Funding Formula Model. Staff replicated the SEEK calculation using Excel.[a] A primary model was used to complete each of the following SEEK formula changes, and each change was verified by another staff member using a second model. A

[a] The difference in the calculations was $10. The difference was due to rounding.

third, interactive, model of the 2020 SEEK funding formula was created using Tableau and can be found on the Legislative Research Commission (LRC) website.[21]

Individual elements of the SEEK funding formula were altered or created to explore potential changes in equity. The guaranteed base per-pupil funding amount was adjusted so that changes in equity would not require additional funding.

Potential Changes To The SEEK Funding Formula. Individual elements of the SEEK funding formula were altered or created to explore potential changes in equity. Each change to the SEEK funding formula affected the total amount that districts received through local and state revenues. The guaranteed base per-pupil funding amount for many of the changes was adjusted until the new total state SEEK was approximately equal to the original total state SEEK amount and would require no additional funding.[b] This approach allows for a change in equity without a change in total state funding. The new total and the required total increase are included for each change to provide the General Assembly with an estimated cost of fully funding any change.

For each hypothetical change in the SEEK funding formula, the gaps in funding between Quintiles 1 through 4 and Quintile 5 were compared to the original funding gaps to determine the impacts on equity. Equity increased when the funding gap decreased, and vice versa.

Equity Analysis. For each hypothetical change in the SEEK funding formula, new per-pupil weighted averages were calculated within each quintile and compared to the original averages. Then the resulting funding gaps between Quintiles 1 through 4 and Quintile 5 were compared to the original funding gaps to determine impacts on equity. Equity increased when the funding gap decreased, and vice versa. For example, if the difference between per-pupil funding in Quintiles 1 and 5 was originally $200 and a change to the SEEK funding formula decreased this difference to $150, then the funding gap decreased by $50 and equity increased because the amount of funding received by students in less wealthy districts became closer to the amount of funding received by students in wealthier districts.

The SEEK funding formula includes prorated and unprorated transportation dollar amounts as inputs. OEA research analysts did not alter these amounts in the hypothetical changes. Chapter 4 identifies concerns with KDE's method for calculating transportation funding.

Transportation Input To The SEEK Funding Formula. The SEEK funding formula includes prorated and unprorated transportation dollar amounts as inputs. OEA research analysts did not alter these amounts in the hypothetical changes and continued to use the prorated and unprorated amounts recorded by KDE. Chapter 4 identifies concerns with KDE's method of calculating transportation funding.

Longitudinal Comparison Within Kentucky

SEEK was designed to ensure that districts with lower property wealth received the same base funding as students living in districts with higher property wealth by equalizing local revenue with state funds.

In 1990, the General Assembly passed the Kentucky Education Reform Act, which included the Support Education Excellence in Kentucky funding model. SEEK was designed to ensure that

[b] New per-pupil dollar amounts are rounded to the nearest penny in this report.

students in districts with lower property wealth receive the same base funding as students living in districts with higher property wealth by equalizing local revenue with state funds.

This section compares select financial education data over time from the pre-KERA or early KERA era with the present day.

This section compares select financial education data over time. When possible, data includes pre-KERA 1990 information. Quintiles were calculated for FY 1990 and are also used when FY 1991 data is referenced. Appendix P lists the districts within each quintile in SY 1990 and SY 2020.

Quintile District Composition Comparison

Table 3.1 shows an overview of districts within quintiles. Data for the number of districts and total AADA plus growth represents pre-KERA FY 1990. Data was not available until FY 1991 for the percentage of students considered at-risk or with an exceptionality.

Since pre-KERA or early KERA, there have been increases in the number of students, students considered at-risk, and students with exceptionalities.

Each quintile represents more students in 2020 than in 1990, with the exception of Quintile 3. In addition, the percentage of students considered at-risk or with an exceptionality also increased in each quintile. The percentage increase in at-risk students ranged from 17 percentage points for Quintile 1 to 32 percentage points for Quintile 5. The percentage of exceptional students increased most in Quintiles 1 and 2.

Table 3.1
Longitudinal Comparison, Quintile Characteristics
FY 1990/1991 To FY 2020

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

Note: AADA = adjusted average daily attendance. Numbers have been rounded to the nearest dollar. Figures may not sum due to rounding. This table uses 2021 SEEK input; the hypothetical SEEK changes use 2020 SEEK input.
Source: Staff analysis of data from the Kentucky Department of Education.

In 2020 constant dollars, the average teacher salary was $53,263 in FY 1990 and $53,907 in FY 2020.

Teacher Salaries. Table 3.2 compares teacher salaries in FY 1990 and FY 2020, with 1990 dollars adjusted for inflation.[c] In 1990, teacher salaries averaged $26,292, which amounts to $53,262 in 2020 dollars—slightly less than the average teacher salary of $53,907 in FY 2020.

Table 3.2
Average Teacher Salary
FY 1990 And FY 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the National Center for Education Statistics' Common Core of Data.

Comparing FY 1990 with FY 2020 in 2020 constant dollars, property wealth per pupil increased in each quintile. The difference between Quintile 1 and Quintile 5 increased by $241,194. The equivalent tax rate also increased in each quintile.

Equivalent Tax Rates And Property Wealth. Table 3.3 shows the average equivalent tax rates and the weighted average per-pupil property wealth and local/state revenue for each quintile in FY 1990 and FY 2020, including FY 1990 amounts in 2020 constant dollars for accurate comparisons. This table also shows the percentage of total funding received by each quintile and the difference between Quintiles 1 and 5.

Comparing FY 1990 with FY 2020 in 2020 constant dollars, property wealth per pupil increased in each quintile. The difference between Quintiles 1 and 5 increased by $241,194, and the percentage of total property wealth decreased by 6 percentage points.

The equivalent tax rate increased in each quintile, with increases ranging from 25 percentage points in Quintile 3 to 8 percentage points in Quintile 5.

Local and state per-pupil revenue without on-behalf payments increased in each quintile, with greater increases in lower quintiles. Including federal revenue results in greater decreases between less wealthy districts and more wealthy districts.

Revenue Without On-Behalf Payments. Local and state per-pupil revenue without on-behalf payments increased in each quintile, with greater increases in lower quintiles.[d] The difference between Quintiles 1 and 5 decreased by $115, while the percentage of total local and state revenue without on-behalf payments decreased by 3 percentage points.

[c] Note: Teacher salaries includes estimated average annual salary of teachers in public elementary and secondary schools in Kentucky from the National Center for Education Statistics' Digest of Education Statistics.
[d] On-behalf payments are made by other state agencies on behalf of local school districts, such as the employer's portion of life insurance.

Local, state, and federal revenue without on-behalf payments per pupil increased in each quintile. The difference between Quintiles 1 and 5 decreased by $651, and the percentage of total local, state, and federal revenue without on-behalf payments decreased by 4 percentage points.

Table 3.3
Financial Data Comparison In 2020 Dollars
FY 1990 To FY 2020

Characteristic	Fiscal Year	Quintile 1	2	3	4	5	Difference Between Quintiles 1 And 5
Property wealth per pupil	1990*	$141,969	$208,930	$275,268	$356,012	$556,120	$414,151
	2020	300,832	456,148	597,261	755,849	956,177	655,345
	1990	9%	13%	18%	21%	38%	29**
	2020	10	15	18	25	33	23**
Equivalent tax rates	1990	53.8%	52.7%	51.2%	54.2%	69.7%	15.9**
	2020	77.2	71.1	75.8	77.8	78.1	0.9**
Local and state revenue without on-behalf payments per pupil	1990*	$5,280	$5,531	$5,713	$6,342	$8,367	$3,087
	2020	8,886	8,803	9,297	9,421	11,858	2,972
	1990	17%	18%	19%	19%	28%	11**
	2020	18	18	18	20	26	8**
Local, state, and federal revenue without on-behalf payments per pupil	1990*	$6,349	$6,326	$6,352	$6,919	$9,082	$2,733
	2020	11,311	10,695	10,860	10,572	13,393	2,082
	1990	18%	18%	19%	18%	27%	9**
	2020	20	19	18	19	25	5**

*FY 1990 dollar amounts are in 2020 constant dollars.
**Percentage points.
Note: Numbers have been rounded to the nearest dollar and percentage. This table uses 2021 SEEK input; the hypothetical SEEK changes use 2020 SEEK input.
Source: Staff analysis of data from the Kentucky Department of Education.

When on-behalf payments are included in the weighted average per-pupil local and state revenue, the greatest funding gap compared to Quintile 5 was in Quintile 2, followed by Quintile 1, Quintile 4, and Quintile 3.

Table 3.4 shows the weighted average local and state revenue with on-behalf payments per pupil in FY 2020. The change over time is not shown because on-behalf payments were not part of education funding in FY 1990. The greatest difference from Quintile 5 was in Quintile 2, followed by Quintile 1, Quintile 4, and Quintile 3.

Table 3.4
Average Local And State Revenue
With On-Behalf Payments Per Pupil
FY 2020

Quintile	FY 2020 Average Per-Pupil Amount	FY 2020 Difference From Quintile 5
1	$12,219	$3,508
2	11,844	3,884
3	12,454	3,273
4	12,398	3,330
5	15,728	N/A

Note: Numbers have been rounded to the nearest dollar. This table uses 2021 SEEK input; the hypothetical SEEK changes use 2020 SEEK input.
Source: Staff analysis of data from the Kentucky Department of Education.

Compared to FY 1990, weighted average per-pupil expenditures in FY 2018 decreased for administration expenditures, increased for instruction expenditures, and increased for total current expenditures.

Weighted Per-Pupil Expenditures. Table 3.5 shows the weighted average per-pupil expenditures for administration, instruction, and total current expenditures between FY 1990 and FY 2018, the most recent year for which data was available. Compared to previous comparisons, these expenditures include federal funds. Using FY 1990 in 2018 constant dollars, the expenditures in each category increased over time. The dollar amount difference between Quintiles 1 and 5 decreased for administration expenditures, increased for instruction expenditures, and increased for total current expenditures. The difference in percentage of total expenditures decreased by 4 percentage points for administration expenditures, decreased by 3 percentage points for instruction expenditures, and decreased by 2 percentage points for total current expenditures.

Table 3.5
Weighted Average Per-Pupil Expenditures
FY 1990 To FY 2018

Characteristic	Fiscal Year	Quintile 1	2	3	4	5	Difference Between Quintiles 1 And 5
Administration	1990*	$432	$417	$385	$432	$551	$119
	2018	1,067	993	974	963	1,132	65
	1990	19%	19%	18%	18%	26%	7**
	2018	21	19	18	19	23	3**
Instruction	1990*	$3,528	$3,475	$3,524	$3,827	$4,876	$1,348
	2018	7,363	7,036	7,184	6,830	8,792	1,430
	1990	18%	18%	19%	18%	27%	8**
	2018	20	19	18	18	25	5**
Total current expenditures	1990*	$6,004	$5,769	$5,771	$6,184	$8,134	$2,130
	2018	12,586	11,920	11,953	11,390	15,541	2,955
	1990	19%	18%	19%	18%	27%	8**
	2018	20	19	18	18	26	6**

* FY 1990 dollars are in 2018 constant dollars.
**Percentage points.
Note: Numbers have been rounded to the nearest dollar and percentage.
Source: Staff analysis of data from the National Center for Education Statistics' Common Core of Data.

Potential Changes To The SEEK Funding Formula And Equity Analyses

Some hypothetical changes to the SEEK funding formula altered existing variables, and others created new variables.

This section reviews hypothetical changes to the SEEK funding formula and the resulting change in equity by quintile. Some models alter existing variables, and others create new variables.

Changing Student Count

The formula bases student count on prior-year end-of-year AADA plus growth. Several models explore whether changing counting methods affects equity.

The SEEK funding formula bases student count on prior-year end-of-year adjusted average daily attendance plus growth (AADA PG). The following models explore whether changing the way students are counted affects equity. All analyses are based on FY 2020 state and local revenue without on-behalf payments.

This model uses a 3-year average of attendance data when districts' student count decreased for 2 consecutive years. Prior-year AADA PG is used for districts whose attendance did not decline. Equity improved by $4 in Quintile 1, by $76 in Quintile 2, and by $81 in Quintile 4, but did not improve in Quintile 3.

Student Count Changed To 3-Year Average AADA Plus Growth When District Student Count Decreased Over Time. To address concerns that rapidly declining enrollment negatively affects district funding, this model used a 3-year average of attendance data when districts' student count decreased for 2 consecutive years. For districts whose attendance did not decline, this model continued to use prior-year AADA plus growth. This method allowed districts to benefit from higher student counts in previous years. Data for this model was from the SEEK Final Data

for SY 2018 through SY 2020, available on KDE's website. The per-pupil average assessment was recalculated, and the guaranteed base per-pupil funding amount was adjusted to $3,966.09 so that the new total state SEEK was within $1 of the original. If fully funded, this change would increase total state SEEK dollars by $27.2 million.

Table 3.6 shows the change in equity using this method. Equity improved by $44 in Quintile 1, by $76 in Quintile 2, and by $81 in Quintile 4, but did not improve in Quintile 3.

Table 3.6
Effect On SEEK Distribution Of Changing Student Count To 3-Year Average AADA PG When District Student Count Decreased Over Time, By Wealth Quintile School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

This model used a 3-year average of student count for all districts. Equity increased by $31 in Quintile 1, by $63 in Quintile 2, and by $90 in Quintile 4, but decreased by $23 in Quintile 3.

Changing Student Count To 3-Year Average AADA Plus Growth. Similar to the previous model, this model used a 3-year average of student count for all districts. In districts with growing populations, this results in a lower student count than the most recent AADA student count because prior years bring down the average. The per-pupil guaranteed base amount was adjusted to $3,973.12, and the new total state SEEK amount was within $1 of the original total. Equity improvements were lower than in the previous model, resulting in an increase of $31 in Quintile 1, an increase of $63 in Quintile 2, a decrease of $23 in Quintile 3, and an increase of $90 in Quintile 4. If fully funded, this change would increase total state SEEK dollars by $21.5 million.

Changing Student Count To Membership. This model changed the student count to membership using data from the 2019 SAAR Summary Report. This model was chosen because 21 states use membership instead of ADA in their funding models. In addition, using ADA negatively affects districts with higher percentages of at-risk students because at-risk students miss more days of instruction. The per-pupil assessments were recalculated, and the guaranteed base per-pupil funding amount was adjusted to

$3,699.55 so that the new total state SEEK amount was within $1 of the original total. If fully funded, this change would increase total state SEEK dollars by $258.6 million.

This model changed student count to membership. Equity increased by $364 in Quintile 1, by $424 in Quintile 2, by $383 in Quintile 3, and by $472 in Quintile 4.

Table 3.7 shows the change in weighted per-pupil funding within each quintile and the change in equity when student count is changed to membership. The difference between Quintile 1 and Quintile 5 decreased, which increased equity by $364 per-pupil in Quintile 1. Greater increases were seen in Quintile 2 ($424), Quintile 3 ($383), and Quintile 4 ($472).

Table 3.7
Effect Of Changing Student Count To Membership
On SEEK Distribution, By Wealth Quintile
School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

Changes To Existing Add-Ons

The SEEK funding formula includes four add-ons that adjust the guaranteed base per-pupil funding amount to provide additional funds for groups of students.

The SEEK funding formula includes four add-ons that adjust the guaranteed base per-pupil funding amount to provide additional funds for groups of students. Staff changed each add-on individually to reallocate current funds to determine the impact on equity.

The at-risk add-on provides an additional 15 percent of the guaranteed base per-pupil funding amount to students who receive free meals under the National School Lunch Program.

Changing The At-Risk Add-On. The at-risk add-on provides an additional 15 percent of the guaranteed base per-pupil funding amount to students who receive free meals under the National School Lunch Program. Currently, this amounts to $600 per at-risk student when the guaranteed base per-pupil funding amount is $4,000. Several changes to the at-risk add-on amount were considered to determine whether changing the way the at-risk add-on is calculated affects equity.

This model increased the at-risk add-on weight from 15 percent to 60 percent. Equity increased by $115 in Quintile 1 and by $2 in Quintile 2. Equity decreased by $107 in Quintile 3 and by $225 in Quintile 4.

Increasing The At-Risk Add-On To 60 percent. *A Review Of The SEEK System,* conducted by Augenblick, Palaich and Associates, suggested that the current at-risk add-on weight in Kentucky is too low compared to the level needed in other states to achieve adequacy; the review recommended a weight of 0.6.[22] Although this OEA report does not address adequacy, this model increased the at-risk add-on weight from 15 percent to 60 percent to determine the effects on equity. The base per pupil was reduced to $3,278.52, and the new total state SEEK amount was within $1 of the original total state SEEK amount. If fully funded, this change would increase total state SEEK dollars by $702.9 million.

Table 3.8 shows that this change improved equity by $115 in Quintile 1 and by $2 in Quintile 2, but equity decreased by $107 in Quintile 3 and by $225 in Quintile 4.

Table 3.8
The Effect Of Increasing The At-Risk Add-On To 60 Percent On SEEK Distribution, By Wealth Quintile
School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

High-Poverty Districts. The following changes to the SEEK formula redistributed the at-risk add-on amount based on the percentage of the student population classified as at-risk. Following the National Center for Education Statistics' definitions of poverty levels, districts with less than 25 percent of students at-risk were considered low poverty, districts with 25.1 percent to 50 percent were considered medium-low poverty, districts with 50.1 percent to 75 percent were considered medium-high poverty, and districts with 75 percent or more were considered high poverty.[23] Research suggests that schools with higher poverty levels need more resources to improve their educational outcomes.[24]

This model provided an add-on based on the percentage of students in poverty. The per-pupil amount increased by $50 as severity of poverty increased. Equity increased by $24 in Quintile 1 and decreased by $10 in Quintile 4.

Percentage Of Students In Poverty. Twenty-two states provide at-risk funding based on the concentration of students from low-income households or provide at-risk funding with another allocation for higher concentrations of low-income students. In this model, districts received an add-on based on the percentage of students in poverty. The per-pupil amount increased by $50 as severity of poverty increased. Low-poverty districts received $494 per at-risk student, medium-low districts received $544, medium-high districts received $594, and high-poverty districts received $644. The guaranteed base per-pupil funding amount remained at $4,000 per student, and the new total state SEEK amount was $527 less than the original total state SEEK amount.[e]

Table 3.9 shows that this change increased equity in Quintile 1 by $24, although equity decreased in Quintile 4.

Table 3.9
Effect Of Categorizing Districts By Percentage Of Students In Poverty On SEEK Distribution, By Wealth Quintile
School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

Percentage Of Students In Poverty, Multiple Add-On Categories. In this model, districts could receive multiple amounts within the poverty add-on. The highest amount was in the lowest-poverty category, with smaller and equal amounts in the higher categories. Low-poverty districts received $407 per at-risk student. Beyond the $407, medium-low poverty districts received an additional $91 per at-risk student. Medium-high poverty districts received that rate plus another $91 per at-risk student. High-poverty districts received the cumulative rate plus a further $91 per at-risk student. For example, a district with 20 percent of students at-risk was considered low poverty and received $407 per at-risk student, while a district with 80 percent of students at-risk was

[e] The original total state SEEK amount was nearly $2.4 billion, and $527 represents a change in the total state SEEK amount of approximately 0.000022 percent.

considered high poverty and received that $407 plus three additional increments of $91 for a total of $680 per at-risk student. The guaranteed base per-pupil funding amount remained at $4,000, and the new total state SEEK was $32,089 less than the original total state SEEK amount.[f]

Table 3.10 shows that equity per pupil with Quintile 5 improved by $44 in Quintile 1 but decreased by $19 in Quintile 4.

Table 3.10
Effect Of Categorizing Districts By Percentage Of Students In Poverty, Multiple Add-On Categories On SEEK Distribution, By Wealth Quintile
School Year 2020

Quintile	2020 Average Per-Pupil Amount	2020 Equity Difference From Quintile 5	New Average Per-Pupil Amount	New Equity Difference From Quintile 5	Change In Equity
1	$8,849	-$2,965	$8,886	-$2,921	$44
2	8,771	-3,043	8,774	-3,033	10
3	9,213	-2,601	9,207	-2,600	1
4	9,353	-2,461	9,327	-2,480	-19
5	11,814	N/A	11,807	N/A	N/A

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

This model divided districts into four categories based on the percentage of students eligible for free lunch. The add-on amount increased as poverty increased. Equity increased in Quintile 1 by $93, in Quintile 2 by $21, and in Quintile 3 by $2; it decreased in Quintile 4 by $39.

Percentage Of Students In Poverty, Multiple Equal Add-On Categories. In this model, districts were divided into four categories based on the percentage of students receiving free lunch. The groups included districts with less than 25 percent of student eligible for free lunch, 25.1 percent to 50 percent eligible, 50.1 percent to 75 percent eligible, and more than 75 percent eligible. Districts received an add-on of at least $192.30. The amount increased in multiples of $192.30 based on category. For example, a district with 18 percent of students at-risk would receive $192.30 per at-risk student, and a district with 45 percent of students at-risk would receive $384.60. Districts with more than 75 percent of students eligible for free lunch would receive an add-on of $773.20 for each student eligible for free lunch. The guaranteed base per-pupil funding amount remained at $4,000, and the new total state SEEK figure was $11,324 less than the original total state SEEK amount.

Table 3.11 shows that this change increased equity by $93 in Quintile 1, by $21 in Quintile 2, and by $2 in Quintile 3, but it decreased equity by $39 in Quintile 4.

[f] The difference of $32,089 is represents a change in the total state SEEK amount of within 0.0001 percent.

Table 3.11
Effect Of Categorizing Districts By Percentage Of Students In Poverty, Multiple Equal Add-On Categories On SEEK Distribution, By Wealth Quintile School Year 2020

Quintile	2020 Average Per-Pupil Amount	2020 Equity Difference From Quintile 5	New Average Per-Pupil Amount	New Equity Difference From Quintile 5	Change In Equity
1	$8,849	-$2,965	$8,927	-$2,872	$93
2	8,771	-3,043	8,778	-3,021	21
3	9,213	-2,601	9,200	-2,599	2
4	9,353	-2,461	9,298	-2,501	-39
5	11,814	N/A	11,799	N/A	N/A

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

Changing The Exceptional Child Add-On

The exceptional child add-on provides additional funding to districts based on number and exceptionality. Current weights are 2.35 for low-incidence disabilities ($9,400 per pupil), 1.17 for moderate-incidence disabilities ($4,680 per pupil), and 0.24 for high-incidence disabilities ($960 per pupil).

The exceptional child add-on provides additional funding to districts based on the number and exceptionality classification of exceptional children, determined from the prior-year December 1 child count. Different weights are applied for each category of exceptionality. Currently, the weights are 2.34 for low-incidence disabilities ($9,400 per pupil), 1.17 for moderate-incidence disabilities ($4,680 per pupil), and 0.24 for high-incidence disabilities ($960 per pupil), based on the guaranteed base per-pupil funding amount of $4,000. Kentucky and 16 other states use a multiple weight funding model.

This model used the percentage of students with an exceptionality as the exceptional child add-on. Equity increased by $887 in Quintile 1, by $614 in Quintile 2, by $518 in Quintile 3, and by $222 in Quintile 4.

Nine other states use a census model, but Kentucky's census does not differentiate between counts of exceptional children attending county districts and counts of exceptional children attending independent districts within counties.

The Exceptional Child Add-On Weighted By Percentage. Two states use a funding model based on percentage of special education students. The model in this report used the percentage of students with an exceptionality in each district to reallocate the exceptional child add-on. Districts with 15 percent or less of students with an exceptionality received a weight of 2.5 per student with a moderate- or high-incidence disability. Districts with more than 15 percent received the weighting of 2.5 per pupil plus an additional weight of 1.38 per student with a moderate- or high-incidence disability above the 15 percent threshold. The weight for students with low-incidence disabilities remained at 2.35. The guaranteed base per-pupil funding amount was adjusted to $3,171.43, and the new total state SEEK amount was within $1 of the original total state SEEK amount. If fully funded, this

change would increase the total state SEEK amount by $817 million.

Table 3.12 shows the change in equity when the exceptional child add-on is weighted by percentage as explained above. Equity increased by $887 in Quintile 1, by $614 in Quintile 2, by $518 in Quintile 3, and by $222 in Quintile 4.

Table 3.12
Effect Of Using An Exceptional Child Add-On Weighted By Percentage On SEEK Distribution, By Wealth Quintile
School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

This model increased the weights for the exceptional child add-on from 2.35 to 6 for low-incidence disabilities, from 1.17 to 3 for moderate-incidence disabilities, and from 0.24 to 1.3 for high-incidence disabilities. Equity increased by $306 in Quintile 1, by $131 in Quintile 2, by $109 in Quintile 3, and by $21 in Quintile 4.

Increased Exceptional Child Add-On Weights. *A Review Of The SEEK System* summarized 10 adequacy studies that found that other states used higher weights when providing funding for exceptional children. These weights ranged from 0.50 to 1.30 for mild incidence, from 1.25 to 3.00 for moderate incidence, and 3.00 to 6.00 for severe incidence.[25] Following this recommendation, this model increased the weight for low-incidence disabilities from 2.35 to 6, increased the weight for moderate-incidence disabilities from 1.17 to 3, and increased the weight for high-incidence disabilities from 0.24 to 1.3. The guaranteed base per-pupil funding amount was adjusted to $3,199.55. If fully funded, this change would increase the total state SEEK amount by $798.7 million.

Table 3.13 shows that this change increased equity by $306 in Quintile 1, by $131 in Quintile 2, by $109 in Quintile 3, and by $21 in Quintile 4.

Table 3.13
Effect Of Increased Exceptional Child Add-On Weights
On SEEK Distribution, By Wealth Quintile
School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

Additional changes to the SEEK funding formula could consider each school's exceptional child costs and reimburse districts, or use the number of teachers and aides needed in each district. Because of time constraints and the inability to conduct site visits, OEA was unable to explore such models.

Additional Exceptional Child SEEK Funding Formula Changes. Eight other states provide for a reimbursement model. An alternative reimbursement model could consider each school's exceptional child costs and reimburse districts on a percentage basis. Additionally, an alternative resource allocation model could compare the number of exceptional child students with the number of teachers and aides needed in each district. Because of time constraints and the inability to conduct site visits, OEA was unable to explore similar models, but these may be areas for future research to address.

Incorporating New Add-Ons To The SEEK Funding Formula

Staff created several new add-ons incorporated into the SEEK funding formula to explore equity if funding were provided based on additional groups of students and school characteristics.

Staff created new add-ons incorporated into the SEEK funding formula to explore equity if funding were provided based on additional groups of students and school characteristics. These include add-ons for foster care children as well as small, rural, and micropolitan districts

Foster Care Add-On. Children in foster care are more likely to need more resources because of trauma, moving from home to home, and moving between schools and districts. In addition, foster care students are more likely to repeat a grade, to perform worse on standardized tests, and to drop out of school. This model includes a foster care add-on calculated using the number of foster care children in A1 schools and a weight of 0.125 (the same weight applied to LEP students in the hypothetical model discussed below). This add-on was included in the total calculated base SEEK and Tier I calculations. The base per-pupil amount was adjusted to $3,998.47, and the new total final SEEK amount was within $1 of the original total state SEEK amount. If fully funded,

this add-on would increase total state SEEK dollars by $1.2 million.

This model created an add-on for foster care students. Equity changed very little.

Table 3.14 shows that including the foster care add-on weight of 0.125 increased equity between Quintiles 1 and 5 by $2 and caused very little change in equity overall.

Table 3.14
Effect Of Including A Foster Care Add-On Of 0.125
In The SEEK Funding Formula On SEEK Distribution, By Wealth Quintile
School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

Foster Care Add-On Alternative. An alternative foster care weight of 0.096 was also considered in the equity model. The results were not notably different from those for the weight of 0.125. If fully funded, this change would increase total state SEEK dollars by approximately $938,000.

Rural District Add-Ons In Other States. Currently, Kentucky and 21 other states do not provide funds for rural/remote or small or isolated schools or districts. Five states use a flat rate based on size, and 15 use a multiplier weight funding system. Three states use a resource allocation method, and five use a categorical or block grant.

Rural District Add-On. The SEEK Summit of 2001 held by KDE suggested that the cost of living varies in different areas of Kentucky, which affects recruitment and retention of teachers as well as the cost of operating a school including those for services, property, construction, and business operations. The summit suggested that cost of living be incorporated into the SEEK funding formula.[26] Chapter 1 discussed differences among rural, micropolitan, and metropolitan districts. Students in rural districts are more likely to be living in poverty and more likely to be classified for special education, and a lower percentage of rural students meet ACT reading and math benchmark scores. In addition, total local, state, and federal revenues are lower in

rural districts. As a proxy for cost-of-living differences and to take these differences between rural and nonrural districts into account, this model includes a rural district add-on in the SEEK funding formula.

Rural districts were defined as not being part of a metropolitan or micropolitan area. Metropolitan counties are part of a metro area with a population of 50,000 or more in the core urban area. Micropolitan areas contain an urban core of 10,000 to 50,000 people.[27]

This model included a rural district add-on in the SEEK funding formula. Rural districts were defined as not being part of a metropolitan or micropolitan area. Equity increased by $629 in Quintile 1, by $290 in Quintile 2, by $110 in Quintile 3, and by $25 in Quintile 4.

In this model, districts classified as rural received a weight of 0.239 per AADA PG student count. This add-on was included in the total calculated base SEEK and Tier I calculations. The guaranteed base per-pupil funding amount was adjusted to $3,830.95, and the new total state SEEK amount was within $1 of the original total state SEEK amount. If fully funded, this add-on would increase total state SEEK dollars by nearly $140.6 million.

Table 3.15 shows the change in equity between Quintiles 1 through 4 and Quintile 5 when a rural district add-on is included in the SEEK funding formula. Quintile 1 is improved by $629 per student, Quintile 2 by $290, Quintile 3 by $110, and Quintile 4 by $25.

Table 3.15
Effect Of Including A Rural District Add-On
In The SEEK Funding Formula On SEEK Distribution, By Wealth Quintile
School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

This model included a rural add-on and a micropolitan add-on. Equity increased by $667 in Quintile 1, by $378 in Quintile 2, by $161 in Quintile 3, and by $52 in Quintile 4.

Rural And Micropolitan District Add-Ons. An additional model included a weight of 0.239 for rural districts and a weight of 0.06 for micropolitan districts. It followed the same methodology as the rural add-on model. The guaranteed base per-pupil funding amount was adjusted to $3,797.72, and the new total state SEEK amount was within $1 of the original. If fully funded, these add-ons would increase the total state SEEK amount by $169.7 million.

Table 3.16 shows the change in equity between Quintiles 1 through 4 and Quintile 5. Similar to the rural add-on, the rural and micro districts add-ons increased equity by $667 in Quintile 1, by $378 in Quintile 2, by $161 in Quintile 3, and by $52 in Quintile 4.

Table 3.16
Effect Of Including Rural And Micropolitan District Add-Ons In The SEEK Funding Formula On SEEK Distribution, By Wealth Quintile
School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

Future research could involve conducting a study to identify existing statewide cost-of-living differences that may affect various districts' costs.

Additional Rural Funding Formula Changes. Additional research could involve conducting a study to identify existing cost-of-living differences throughout Kentucky instead of attempting to identify cost impacts specific to urban versus rural areas. Such an analysis may more accurately identify district cost differences in hiring and retaining qualified personnel and may be a useful tool for addressing a variety of issues.

Small District Add-On. A small district add-on provides an additional weight for districts based on size, with smaller districts receiving larger weights than larger districts. Membership was used instead of AADA PG because membership counts every student served by the district. In each of the following models, this add-on was included in the calculated base SEEK and the Tier I calculations.

Small District, One Category. This model assigned a weight to districts based on district size, as shown in Table 3.17, and districts could receive only one add-on amount. For example, a district with 450 pupils received a weight of 0.239, and a district with 1,500 pupils received a weight of 0.071. Districts with 10,000 students or more did not receive an add-on. Districts with per-pupil assessments higher than the state equalization level did not receive this add-on regardless of size.

Table 3.17
Small District Add-On Weights

Students In District	Weight
Fewer than 500	0.239
500 to 999	0.143
1,000 to 2,999	0.071
3,000 to 6,999	0.023
7,000 to 9,999	0.009
10,000 or more	0

This model includes an add-on for small districts. Districts could receive only one add-on. Districts with 10,000 students or more and districts with per-pupil assessments higher than the state equalization did not receive this add-on. Equity increased by $269 in Quintile 1, by $198 in Quintile 2, by $128 in Quintile 3, and by $54 in Quintile 4.

The add-on was included in the total calculated base SEEK and Tier I calculations. The guaranteed base per-pupil funding amount was adjusted to $3,898.97, and the new total state SEEK was within $1 of the original amount. If fully funded, this add-on would increase the total state SEEK amount by nearly $82.1 million.

Table 3.18 shows the change in equity when this small district add-on is included in the SEEK funding formula. Equity improved by $269 in Quintile 1, by $198 in Quintile 2, by $128 in Quintile 3, and by $54 in Quintile 4.

Table 3.18
Effect Of Including A Small District Add-On, One Category, In The SEEK Funding Formula On SEEK Distribution, By Wealth Quintile
School Year 2020

Quintile	2020 Average Per-Pupil Amount	2020 Equity Difference From Quintile 5	New Average Per-Pupil Amount	New Equity Difference From Quintile 5	Change In Equity
1	$8,849	-$2,965	$8,991	-$2,696	$269
2	8,771	-3,043	8,841	-2,845	198
3	9,213	-2,601	9,213	-2,473	128
4	9,353	-2,461	9,279	-2,407	54
5	11,814	N/A	11,686	N/A	N/A

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

This model is similar, except districts could receive multiple weights. Equity increased by $513 in Quintile 1, by $436 in Quintile 2, by $226 in Quintile 3, and by $149 in Quintile 4.

Small District, Multiple Categories. This model used the same weights as the previous model, but districts could receive multiple weights based on size. For example a district with 600 students would receive a weight of 0.239 for the first 499 students and a weight of 0.143 for the next 500 students. The add-on was included in the total calculated base SEEK and Tier I calculations. The guaranteed base per-pupil funding amount was adjusted to $3,787.50, and the total final SEEK was within $1 of the original amount. If fully funded, this add-on would increase total state SEEK dollars by $178.7 million.

Table 3.19 shows the equity analysis of including this small district add-on into the SEEK funding formula. Equity increased by $513 in Quintile 1, by $436 in Quintile 2, by $266 in Quintile 3, and by $149 in Quintile 4.

Table 3.19
Effect Of Including A Small District Add-On, Multiple Categories, In The SEEK Funding Formula On SEEK Distribution, By Wealth Quintile
School Year 2020

Quintile	2020 Average Per-Pupil Amount	2020 Equity Difference From Quintile 5	New Average Per-Pupil Amount	New Equity Difference From Quintile 5	Change In Equity
1	$8,849	-$2,965	$9,093	-$2,452	$513
2	8,771	-3,043	8,938	-2,607	436
3	9,213	-2,601	9,211	-2,335	266
4	9,353	-2,461	9,233	-2,312	149
5	11,814	N/A	11,545	N/A	N/A

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

Small District Add-On Alternative Model. Another version of the small district multiple categories model was considered, in which districts received smaller weights by a differing membership level, as shown in Table 3.20. Compared to the results for the weights in Table 3.17, the improvements in equity were 30 percent lower in Quintile 1, 34 percent lower in Quintiles 2 and 3, and 59 percent lower in Quintile 4. If fully funded, this change would increase the total state SEEK amount by $122 million.

Table 3.20
Alternative Small District Add-On Weights

Students In District	Weight
Fewer than 500	0.2
500 to 999	0.1
1,000 to 2,999	0.05
3,000 to 5,999	0.02
6,000 or more	0

Several models excluded districts that serve only kindergarten through grade 8 from the small district add-on, but these changes resulted in very little effect on equity.

Excluding K-8 Districts From The Small District Add-On. *School Finance: A Primer* recommended including a size formula that accounts for districts that are small by design rather than by default because of their distance or geography, so districts that serve only kindergarten through grade 8 students were excluded from the small district add-on models.[28] However, this change resulted in very little effect on equity in each model compared to the models in which all eligible districts received this add-on.

A density add-on was created for districts with one-fourth the state average of gross transported pupil density per square mile, excluding districts with per-pupil assessments higher than the state equalization level, districts that did not transport students, and districts that service only K-8. Equity increased by $303 in Quintile 1, by $255 in Quintile 2, by $88 in Quintile 3, and by $26 in Quintile 4.

Density Add-On. An add-on was created for districts with one-fourth the state average of gross transported pupil density per square mile, using FY 2020 Final Pupil Transportation Calculation data available on KDE's website. This add-on weight was 0.1. Districts were excluded if they met any of the following conditions:

- Per-pupil assessment was greater than the state equalization level
- District did not transport students
- District served only kindergarten through grade 8
- Gross transported pupil density per square mile was greater than one-fourth of the state average

The density add-on was included in the Calculated Base SEEK and Tier I calculations. The guaranteed base per-pupil funding amount was adjusted to $3,895.37, and the new total state SEEK was within $1 of the original. If fully funded, the density add-on would increase the total state SEEK amount by nearly $85.6 million.

Table 3.21 shows the change in equity when the density add-on is added to the SEEK funding formula. Equity increased by $303 in Quintile 1, by $255 in Quintile 2, by $88 in Quintile 3, and by $26 in Quintile 4.

Table 3.21
Effect Of Including A Density Add-On In The SEEK Funding Formula On SEEK Distribution, By Wealth Quintile
School Year 2020

Quintile	2020 Average Per-Pupil Amount	2020 Equity Difference From Quintile 5	New Average Per-Pupil Amount	New Equity Difference From Quintile 5	Change In Equity
1	$8,849	-$2,965	$9,019	-$2,662	$303
2	8,771	-3,043	8,894	-2,788	255
3	9,213	-2,601	9,169	-2,513	88
4	9,353	-2,461	9,246	-2,436	26
5	11,814	N/A	11,682	N/A	N/A

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

This model adjusted the guaranteed base per-pupil funding amount to $4,768.68 to adjust for inflation. Equity increased by $156 in Quintile 1, by $84 in Quintile 2, and by $46 in Quintile 3. Equity did not improve in Quintile 4.

Adjusting The Guaranteed Base Per-Pupil Funding Amount For Inflation. According to the Bureau of Labor Statistics' Consumer Price Index Inflation Calculator, the 2021 buying power of the guaranteed base per-pupil funding amount in 1991 ($2,305) was $4,768.68. This model changed the guaranteed base per-pupil funding amount to $4,768.68 to adjust for inflation. The new total state SEEK amount was nearly $613.8 million greater than the

original amount using $4,000 as the guaranteed base per-pupil funding amount.

Table 3.22 shows the equity analysis of this change. Equity improved by $156 in Quintile 1, by $84 in Quintile 2, and by $46 in Quintile 3, and did not improve in Quintile 4.

Table 3.22
The Effect Of Adjusting Guaranteed Base Per-Pupil Funding Amount For Inflation On SEEK Distribution, By Wealth Quintile
School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

This model increased the local effort from 30 cents to 35 cents. Equity increased by $354 in Quintile 1, by $268 in Quintile 2, by $193 in Quintile 3, and by $105 in Quintile 4.

Increasing Local Effort To 35 Cents. Two-thirds of states have a larger local contribution than Kentucky currently requires. The SEEK Summit of 2001 held by KDE suggested that Kentucky's local effort is lower than that of other states.[29] Local effort is currently set at 30 cents per $100 in assessed value of property and motor vehicles. This model changes local effort to 35 percent, which affects Tier I. This change does not cause any district to increase its tax rate, because the lowest tax rate was 42.4 cents in FY 2020. The base per-pupil amount was changed to $4,218.42 to bring the new total state SEEK amount within $1 of the original. If funded at the current per-pupil amount of $4,000, this change would result in a new total state SEEK amount that is $169.5 million less than the original.

Table 3.23 shows the effects on equity when local effort is increased to 35 cents and the base per-pupil amount is raised to $4,218.42. Equity increased by $354 in Quintile 1, by $268 in Quintile 2, by $193 in Quintile 3, and by $105 in Quintile 4.

Table 3.23
Effect Of Increasing Districts' Local Effort To 35 Cents
On SEEK Distribution, By Wealth Quintile
School Year 2020

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

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

This model increased the guaranteed base per-pupil funding amount to $4,768.68 for inflation and increased the local effort to 35 cents. Equity increased by $465 in Quintile 1, by $331 in Quintile 2, by $230 in Quintile 3, and by $106 in Quintile 4.

Adjusting The Guaranteed Base Per-Pupil Funding Amount For Inflation And Increasing Local Effort To 35 Cents. This model represents a joint effort for local districts and the state to contribute to SEEK funding by increasing the base per-pupil guarantee to $4,768.68 and changing the local effort to 35 cents. The total state SEEK amount increased by $438.1 million. Table 3.24 shows the effects on equity. Equity increased by $465 in Quintile 1, by $331 in Quintile 2, by $230 in Quintile 3, and by $106 in Quintile 4.

Table 3.24
Effect Of Adjusting Guaranteed Base Per-Pupil Funding Amount For Inflation
And Increasing Local Effort On SEEK Distribution, By Wealth Quintile
School Year 2020

Quintile	2020 Average Per-Pupil Amount	2020 Equity Difference From Quintile 5	New Average Per-Pupil Amount	New Equity Difference From Quintile 5	Change In Equity
1	$8,849	-$2,965	$9,833	-$2,500	$465
2	8,771	-3,043	9,622	-2,712	331
3	9,213	-2,601	9,963	-2,371	230
4	9,353	-2,461	9,976	-2,355	106
5	11,814	N/A	12,334	N/A	N/A

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

This model increased Tier I from 15 percent to 30 percent. Equity increased by $473 in Quintile 1, by $366 in Quintile 2, by $246 in Quintile 3, and by $122 in Quintile 4.

Increasing Tier I. Tier I was intended to allow districts to raise funds above the base guaranteed amount for programs that are required to fulfill state constitutional requirements but cost more than the base provides, or for programs that are desired but not related to constitutional requirements. *A Review Of The SEEK System* suggested that Tier I at 15 percent is reasonable if the base is adequate to fund education in Kentucky, but the report indicated

that this is not the case.[30] Although this OEA report does not address adequacy, this model changed Tier I from 15 percent to 30 percent to determine effects on equity. The guaranteed base per-pupil funding amount was adjusted to $3,812.06, and the new total state SEEK amount was within $1 of the original amount. If fully funded, this change would increase the SEEK total by nearly $155.4 million.

Table 3.25 shows the change in equity when Tier I is changed to 30 percent. Equity increased by $473 in Quintile 1, by $366 in Quintile 2, by $246 in Quintile 3, and by $122 in Quintile 4.

Table 3.25
Effect Of Increasing Tier I To 30 Percent On SEEK Distribution, By Wealth Quintile
School Year 2020

Quintile	2020 Average Per-Pupil Amount	2020 Equity Difference From Quintile 5	New Average Per-Pupil Amount	New Equity Difference From Quintile 5	Change In Equity
1	$8,849	-$2,965	$9,085	-$2,492	$473
2	8,771	-3,043	8,900	-2,677	366
3	9,213	-2,601	9,221	-2,355	246
4	9,353	-2,461	9,237	-2,339	122
5	11,814	N/A	11,576	N/A	N/A

Note: Numbers have been rounded to the nearest dollar.
Source: Staff analysis of data from the Kentucky Department of Education.

Additional models increased Tier I to 20 percent and 25 percent. While equity improved in these models, the increase was less than the model where Tier I was increased to 30 percent.

Tier I Alternative Changes. Two alternative changes to Tier I were also calculated. Equity improvements were approximately 30 percent lower when Tier I was changed to 25 percent and approximately 64 percent lower when Tier I was changed to 20 percent. The total state SEEK amount would increase by $108 million if changing Tier I to 25 percent were fully funded, and it would increase by nearly $54.8 million if changing Tier I to 20 percent were fully funded.

Tier II allows districts to generate up to 30 percent above the adjusted base guarantee and Tier I funds; thus, changes in Tier I affect Tier II. Tier II is local revenue, not equalized by the state. OEA found that 36 districts exceed Tier II by nearly $366.6 million, with 83 percent of this total in Quintile 5 and 0.3 percent in Quintile 1.

Tier II Considerations. Tier II allows districts to generate up to 30 percent above the adjusted base guarantee and Tier I funds; thus, changes in Tier I affect Tier II. However, Tier II is local revenue and is not equalized by the state. *An Evaluation Of The Impact Of Changes In Kentucky's School Finance System* found that Tier II does not result in inequities and recommended that Tier II should be adjusted only if the number of districts approaching the limit use of Tier II increases, particularly if its use increases in wealthy districts.[31] House Bill 44 of 1979 allowed districts to raise revenue by 4 percent and raise local revenue in excess of the Tier II cap. KDE does not track Tier II funding to ensure that districts do not exceed the allowable 30 cents currently

or historically.[32] OEA determined that 36 districts exceeded Tier II by a total of nearly $366.6 million, although it is not clear whether this is allowable under HB 44.This may be an area for future research.

Of the 36 districts that exceeded Tier II, 8 percent were in Quintile 1 and another 8 percent were in Quintile 5. However, Quintile 1 accounted for 0.3 percent of the $366.6 million while Quintile 5 accounted for 83 percent. Quintile 2 had 19 percent of districts and 2 percent of the total. Quintile 3 had 31 percent of districts and 5 percent of the total. Quintile 4 had 33 percent of districts and 10 percent of the total.

SEEK Formula Changes With Little Impact On Equity

Several changes to the SEEK funding formula did not result in positive or notable changes in equity.

Several changes to the SEEK funding formula did not result in a positive or notable change in equity to all quintiles, or had very little impact on equity. These are discussed below.

A model including students who qualified to receive reduced lunch resulted in very little change in equity in all quintiles.

At-Risk Add-On Including Students Eligible For Reduced-Price Lunch. The at-risk add-on includes only students who qualify to receive free lunch under the National School Lunch Program. *A Review Of The SEEK System* recommended including students who qualified to receive reduced-price lunch in the count of at-risk students.[33] A model was created that included students who qualified to receive reduced-price lunch in 2019, and the guaranteed base per-pupil funding amount was adjusted to $3,980.05 to bring the new total state SEEK amount within $1 of the original. Including reduced-price lunch students made very little difference in equity. Equity in Quintile 1 was reduced by $1, and no quintile's equity was improved by more than $10. If fully funded, this change would increase the total state SEEK amount by $15.9 million.

Changing the equalization level from 150 percent to 125 percent decreased equity in all quintiles.

Equalization Level To 125 percent. The SEEK Summit of 2001 suggested that Kentucky's local effort was lower than that of other states and could be raised to increase local contributions.[34] Currently, the state equalization level is 150 percent of the statewide average per-pupil assessment and is set in the budget bill each biennium by the General Assembly. In 2020, the equalization level was $834,000. This model changed equalization to 125 percent, or $695,000. The guaranteed base per-pupil funding amount was adjusted to $4,055.48, and the new total state SEEK amount was within $1 of the original. This change decreased equity in Quintile 1 by $54, but greater decreases were seen by Quintile 2 ($85), Quintile 3 ($114), and Quintile 4 ($103). If

funded at the current guaranteed base per-pupil funding amount of $4,000, this change would decrease total state SEEK dollars by nearly $43.7 million.

Using full-time enrollment data for the count of exceptional children included an additional 3,111 students with exceptionalities in the SEEK funding formula. Equity improved by less than $100 in each quintile.

Exceptional Child Count By FTE. This model used 2019 exceptional child full-time enrollment data from Open House for A1 schools instead of the December 1 count used in the original calculation, resulting in inclusion of an additional 3,111 students with exceptionalities in the funding formula. As with the original formula, low-incidence disabilities were weighted at 2.35, moderate-incidence disabilities were weighted at 1.17, and high-incidence disabilities were weighted at 0.24. The per-pupil amount was adjusted to $3,989.32, and the new total state SEEK amount was within $1 of the original. Equity improved by $66 in Quintile 1, by $95 in Quintile 2, by $68 in Quintile 3 and by $75 in Quintile 4.

Using grade span funding by membership instead of AADA PG for the guaranteed base per-pupil funding amount decreased equity in all quintiles.

Grade Span Funding. This model used grade span funding by membership instead of AADA PG for the guaranteed base per-pupil funding amount, while add-ons were still based on AADA PG. The total state SEEK amount was approximately $51,810 less than the original amount. Districts received $3,544 per elementary school student, $3,669 per middle school student, and $3,792 per high school student. Per-pupil assessment was recalculated using membership. Equity decreased in all four quintiles. If fully funded, this change would increase the total state SEEK amount by $8.5 million.

Grants Included In SEEK Funding Through The Base. *An Evaluation Of The Impacts Of Changes In Kentucky's School Finance System* recommended that all state-mandated education programs and all programs operated on a voluntary, pilot, or competitive grant basis for 5 years be funded through SEEK.[35] To determine whether this recommendation affected equity, two models incorporated certain grants into SEEK. In each model, the total grant amount distributed to districts was added to the total state SEEK amount to determine the goal for the new SEEK amount. Then, the guaranteed base per-pupil funding amount was increased until the new SEEK amount reached this goal.

Including Family Resource and Youth Services Centers, the Kentucky Education Technology Systems, the Extended School Services, and Safe Schools grants in the base increased equity by $25 in Quintile 1 and by less than $2 in Quintile 2, and decreased equity in Quintiles 3 and 4.

The first model included Family Resource and Youth Services Centers, Kentucky Education Technology Systems, Extended School Services, and Safe Schools grants, increasing the total SEEK amount by $104.4 million to total $2.49 billion. To reach this amount, the per-pupil base was increased to $4,130.97. This change increased equity in Quintile 1 by $25 but increased equity

in Quintile 2 by less than $2 and decreased equity in Quintiles 3 and 4.

Including preschool grants in the base increased equity in Quintile 1 by $28 but decreased equity in Quintiles 2, 3, and 4.

The second model included preschool grants, increasing the total state SEEK amount by nearly $77 million to total $2.46 billion. To reach this amount, the per-pupil base was increased to $4,096.57. This change increased equity in Quintile 1 by $28 but decreased equity in the remaining quintiles.

Including the preschool grants in the SEEK funding formula as an add-on decreased equity in Quintile 1 and increased equity in Quintiles 2, 3, and 4 by no more than $33.

Grants Included In SEEK Funding Formula Through A Preschool Add-On. *An Evaluation Of The Impacts Of Changes In Kentucky's School Finance System* also recommended that grant programs that serve specific children should be included in the SEEK funding formula as an add-on. This model included an add-ons for preschool students based on the amount of preschool grants received by districts. The total grant amount was added to the total SEEK amount to determine the goal for the new SEEK amount. Then districts received $6,700 per preschool student who was considered at-risk or had a high- or moderate-incidence exceptionality, and $13,400 per preschool student with a low-incidence exceptionality. This add-on was included in the total calculated base SEEK and Tier I calculations. Lastly, the guaranteed base per-pupil funding amount was adjusted to $3,894.56 until the new SEEK amount reached the goal SEEK amount. This change decreased equity in Quintile 1 and increased equity in Quintiles 2 through 4 by no more than $33.

Removing hold harmless from the SEEK funding formula increased equity by approximately $6 in each quintile.

Hold Harmless Removed From The SEEK Funding Formula. In 1990, the Task Force on Education Reform recommended that state aid per pupil remain at 1989-1990 levels for 4 years during the phase-in period, after which no district should receive hold harmless funds.[36] To examine the impact of this recommendation on equity, this model removed hold harmless from the SEEK funding formula. The per-pupil amount was adjusted to $4,000.95, and the new total state SEEK amount was within $1 of the original total state SEEK amount. This change increased equity by approximately $6 in each quintile. If funded at the current guaranteed base per-pupil funding amount of $4,000, this change would decrease the total state SEEK amount by approximately $756,000.

Limited English Proficiency. The LEP add-on is based on 9.6 percent of the guaranteed base per-pupil funding amount for LEP students receiving instruction using prior year data. Currently, this amounts to $384 per LEP student when the guaranteed base

per-pupil amount is $4,000. Several models were created to alter the LEP add-on to try to increase equity.

Using grade span funding in the LEP add-on did not affect equity by more than $1.

LEP Add-On By Grade Level. This model used grade span funding to reallocate the LEP add-on. Districts received $375 per elementary LEP student, $390 per middle school LEP student, and $410 per high school LEP student. The per-pupil base remained $4,000. Equity was not affected by more than $1.

Increasing the LEP add-on weight from 0.096 to 0.125 decreased equity in each quintile but did provide more funding for LEP students.

LEP Add-On Increased To 1.25 And 0.125. *A Review Of The SEEK System* suggested that LEP weights should range from 0.40 to 1.25.[37] Two versions of this suggestion were calculated. The first model increased the LEP add-on weight from 0.096 to 0.125 and adjusted the per-pupil base to $3,995.75 to bring the new total state SEEK to within $1 of the original. Equity decreased by up to $14 in every quintile but did provide more funds for LEP students. If fully funded, this change would increase total state SEEK dollars by nearly $3.4 million.

Increasing the LEP add-on from 0.096 to 1.25 decreased equity by $503 in Quintile 1, by $457 in Quintile 2, by $426 in Quintile 3, and by $287 in Quintile 4.

The second model increased the LEP add-on weight from 0.096 to 1.25 and adjusted the per-pupil base to $3,837.67. This change decreased equity by $503 in Quintile 1, by $457 in Quintile 2, by $426 in Quintile 3, and by $287 in Quintile 4. If fully funded, this change would increase total state SEEK dollars by nearly $134.8 million and decrease equity by $487 in Quintile 1, by $455 in Quintile 2, by $431 in Quintile 3, and by $298 in Quintile 4.

Changing the LEP add-on to categories of support using Assessing Comprehension and Communication in English State-to-State (ACCESS) test scores did not affect equity by more than $1.

LEP Add-On Weighted By Test Scores. The amount of LEP funding was redistributed into categories of support using Assessing Comprehension and Communication in English State-to-State (ACCESS) test scores provide by KDE. One version used three categories, where Category 1 included scores of 1 to 2.9, Category 2 included scores of 3 to 4.9, and Category 3 included scores of 5 to 6. Another version used six categories, where Category 1 included scores of 1 to 1.9, Category 2 included scores of 2 to 2.9, Category 3 included scores of 3 to 3.9, Category 4 included scores of 4 to 4.9, Category 5 included scores of 5 to 5.9; and Category 6 included scores of 6. Districts received various levels of funding per LEP student based on category. In both models, the guaranteed base per-pupil funding amount remained $4,000. Equity was not affected by more than $1 in either model.

Future research could consider changing the LEP add-on to reimbursement based on cost or basing the LEP add-on on the number of necessary personnel.

Additional LEP SEEK Funding Formula Changes. Additional models could change the LEP add-on to reimbursement based on cost or base the LEP add-on on the number of teachers and support

staff needed for the number of LEP students. These may be areas for future research to address.

Including teacher retirement through the base decreased equity in each quintile when the model included 20 percent of Teachers' Retirement System (TRS) on-behalf payments and also when it included the total TRS on-behalf payments.

Teacher Retirement Included In SEEK Funding Through The Base. *School Finance: A Primer* recommended equalizing retirement programs by requiring all districts to pay a portion of teacher retirement costs. In this scenario, wealthier districts would pay a higher proportion because they are able to pay more and have more staff, which results in higher retirement costs than occur in less wealthy districts.[38] Two models included retirement in the SEEK funding formula. In each model, the amount of Teachers' Retirement System (TRS) funding was added to the total state SEEK amount to determine the goal for the new SEEK amount. Then the guaranteed base per-pupil funding amount was adjusted until the new SEEK amount reached this goal. The first model included 20 percent of TRS on-behalf payments, and the guaranteed base per-pupil funding amount was adjusted to $4,018.64. Equity decreased in all quintiles by $10 to $16. The second model included the total TRS on-behalf payments, and the guaranteed base per-pupil funding amount was adjusted to $4,093.15. Equity decreased in all quintiles by $55 to $76.

Three models lowered equalization to 125 percent and raised Tier I to 20 percent, 25 percent, and 30 percent. None of these models increased equity in Quintiles 1 through 4.

Lowering Equalization And Raising Tier I. Three SEEK funding formula models lowered equalization to 125 percent and raised Tier I to 20 percent, 25 percent, and 30 percent.

Raising Tier I to 20 percent and lowering the equalization increased equity in Quintiles 1 and 2 but decreased equity in Quintiles 3 and 4. If fully funded, this change would decrease total state SEEK dollars by $4.9 million.

Raising Tier I to 25 percent and lowering the equalization increased equity in Quintiles 1 and 2 but decreased equity in Quintiles 3 and 4. If fully funded, this change would increase total state SEEK dollars by $30.8 million.

Raising Tier I to 30 percent and lowering the equalization increased equity in Quintiles 1 through 3 but decreased equity in Quintile 4. If fully funded, this change would increase total state SEEK dollars by nearly $60.6 million.

Overview Of SEEK Funding Formula Changes And Equity

Table 3.26 shows the change in equity by quintiles for each change to the SEEK funding formula, sorted by Quintile 1.

Table 3.26 shows the change in equity by quintiles for each change to the SEEK funding formula, sorted by Quintile 1. Changing the

exceptional child add-on to weights by percentage had the greatest impact on equity in Quintile 1 ($887), followed by the rural and micro district add-ons ($667), the rural district add-on ($629), the small district add-on with multiple categories of small district ($513), and excluding districts with only kindergarten through grade 8 ($506). Appendix Q shows the differences for each district's state and local revenue based on the changes that were made.

Table 3.26
Comparing SEEK Funding Formula Changes And Equity, By School District
School Year 2020

	Quintile			
Model	**1**	**2**	**3**	**4**
Exceptional child add-on weighted by percentage	$887	$614	$518	$222
Including rural and micropolitan district add-ons	667	378	161	52
Including a rural district add-on	629	290	110	25
Including a small district add-on, multiple categories	513	436	266	149
Including a small district add-on, multiple categories, excluding K-8 districts	506	436	267	148
Increasing Tier I to 30 percent	473	366	246	122
Adjusting the guaranteed base per-pupil funding amount for inflation and increasing local effort	465	331	230	106
Including a small district add-on, multiple categories, excluding K-8 districts excluded, smaller add-ons version	389	306	185	62
Changing student count to membership	364	424	383	472
Including a small district add-on, multiple categories, smaller add-ons	360	286	177	62
Increasing local effort to 35 cents	354	268	193	105
Lowering equalization to 125 percent and raising Tier I to 30 percent	310	195	27	-76
Increasing Tier I to 25 percent	342	254	172	83
Increased exceptional child add-on weights	306	131	109	21
Including a density add-on	303	255	88	26
Including a small district add-on, one category	269	198	128	54
Including a small district add-on, one category, excluding K-8 districts	262	198	128	53
Lowering equalization to 125 percent and increasing Tier I to 25 percent	238	112	-16	-84
Increasing Tier I to 20 percent	177	130	87	42
Adjusting the guaranteed base per-pupil funding amount for inflation	156	84	46	-5
Increasing the at-risk add-on to 60 percent	115	2	-107	-225
Lowering equalization to 125 percent and increasing Tier I to 20 percent	106	13	-62	-94
Categorizing districts by percentage of students in poverty, multiple equal add-on categories	93	21	2	-39
Exceptional child count by full-time equivalent	66	95	68	75
Categorizing districts by percentage of students in poverty, multiple add-on categories	44	10	1	-19
Changing student count to 3-year average when district student count decreased over time	44	76	-11	81
Changing student count to 3-year average AADA PG	31	63	-23	90
Preschool grants included through the base	28	-6	-19	-3
Grants included through the base	25	2	-2	-19
Categorizing districts by percentage of students in poverty	24	6	0	-10
Hold harmless removed	6	6	6	6

Model	Quintile 1	2	3	4
Including a foster care add-on of 0.125	2	2	1	1
Including a foster care add-on of 0.096	2	2	1	1
LEP add-on weighted by test scores, six weights	0	0	0	0
LEP add-on weighted by test scores, three weights	0	0	0	0
LEP add-on by grade level	0	0	0	0
At-risk add-on including reduced-price lunch students	-1	5	10	4
Grants included through a preschool add-on	-8	24	33	9
LEP add-on increased to 0.125	-13	-12	-11	-8
Retirement included through the base, 20 percent of retirement	-15	-14	-11	-11
Grade span funding	-52	-32	-15	-391
Equalization level changed to 125 percent	-54	-85	-114	-103
Retirement included through the base	-76	-55	-61	-65
LEP add-on increased to 1.25	-503	-457	-426	-287

Note: Numbers have been rounded to the nearest dollar. AADA PG = adjusted average daily attendance plus growth; LEP = limited English proficiency.
Source: Staff analysis of data from the Kentucky Department of Education.

Changes To SEEK Transportation

In SY 2020, the General Assembly appropriated $215 million for transportation. KDE estimated transportation costs of $392 million. Districts use general funds to make up the difference. The SEEK transportation formula is complex, not fully funded, and not implemented correctly by KDE. This report presents changes to SEEK transportation using the fully funded, unprorated amount.

In school year 2020, the General Assembly appropriated $215 million for the transportation component of SEEK. KDE estimated that districts had $392 million in transportation costs in the same period. Because the costs of student transportation exceeded the amount appropriated by the General Assembly, school districts had to pay transportation costs with money from their general funds. The amount school districts received is determined by the SEEK transportation formula. SEEK transportation is complex, not fully funded, and not implemented correctly by KDE.[g] In presenting changes to SEEK transportation, staff present the fully funded, unprorated, amount. These changes are not fully funded. Unless transportation is fully funded, these changes would mostly impact Tier I and Tier II funding.[h]

Summary Of KDE's SEEK Transportation Methodology

In calculating transportation reimbursements, KRS 157.370 requires nine density groups; a smoothed graph of these groups; separate calculation of county and independent districts; no more per pupil day to independent districts than to any county district; and multiplication of attendance of students with disabilities by 5.0.

KRS 157.370(6) requires KDE to determine the average cost per pupil day in districts having similar student densities. KDE is required to group districts by student density into nine groups.[i] KDE is required to construct a smoothed graph for each of the nine groups of similarly dense districts. KRS 157.370(6) requires

[g] OEA's issues with KDE's methodology for determining SEEK transportation are discussed in depth in Chapter 4.
[h] Tier I and Tier II are calculated as if all add-ons in the adjusted SEEK base are fully funded. Any components not fully funded by the General Assembly must be included in full before the calculation is made.
[i] Measured in transported students per square mile.

county and independent districts to have their costs calculated separately. Independent districts are not allowed to receive more money per pupil day than the county district with the lowest cost per pupil day. Students with disabilities whose require special transportation have their attendance multiplied by 5.0 and added to the district's aggregate days' attendance, which is multiplied by the graph-adjusted cost per pupil day to calculate districts' formula adjusted cost for transportation.[j]

KDE calculates districts' formula-adjusted cost for student transportation using a multistep process. The process begins with KDE selecting which districts to use in constructing its smoothed graphs separating county and independent districts. KDE then fits the data from the selected districts' nonlinear regression model. Using the coefficients from that model, KDE fits district data to a nonlinear graph in order to determine a district's graph-adjusted cost per pupil day. That cost is multiplied by the district's number of days funded in SEEK and net ADA (with handicapped students).[k] Because the costs are not fully funded by the state, a prorated amount is calculated for each district.

KDE deviates from prescribed methodology in two major ways: It calculates seven groups based on costs per pupil day instead of nine groups based on student density, and it does not use the ADA with handicapped students at the correct step in the calculation.

KDE deviates from the prescribed methodology in two major ways. Instead of determining nine groups based on student density, KDE calculates seven groups based on costs per pupil day. Instead of using the transported ADA with handicapped students only in the last part of the process, KDE uses the ADA with handicapped students to calculate the nonlinear curve. By determining seven groups, KDE's practice violates statute but does not necessarily impact transportation funding. Using the net ADA with students transported to calculate the graph-adjusted values has the effect of lowering transportation costs per pupil day and the graph-adjusted transportation costs. In recalculating SEEK transportation for different scenarios, staff kept the same seven groupings; however, staff used the ADA without the added handicapped weighting in calculating its graph-adjusted costs.[l]

[j] This gives districts five times the funding for transporting students with disabilities. These students receive a greater weighting because it costs more to transport them.

[k] 702 KAR 5:100, Handicapped, reimbursement for, sets forth requirements for students who require special transportation. It states "[w]hen a student is handicapped as recognized by the categories of exceptionality set forth in KRS 157.200(1) and to the extent that transportation needs require special arrangements, special equipment, or a special vehicle, the school district's admissions and release committee shall qualify the student for special transportation."

[l] The net ADA with handicapped students was included in the final transportation calculation.

This model increased the handicapped transportation factor from 5.0 to 10.0. The unprorated cost increased from $392 million to $438 million.

Handicapped Weighting Increased To 10.0. KRS 157.370(9) requires handicapped students who qualify for a special type of transportation to and from school to have their aggregate days' attendance multiplied by 5.0. Staff determined that if the handicapped factor was increased to 10.0, the unprorated cost would increase from $392 million to $438 million. By increasing the handicapped weighting to 10.0, at the current appropriation level, transportation would be funded at 49.0 percent. The difference in the state portion of Tier I would be approximately $1.7 million.

This model included students who live less than 1 mile from school in the transportation calculation. The unprorated cost increased from $392 million to $420 million.

Funding For Students Transported Less Than 1 Mile. KRS 157.370(3) requires the transportation calculation to include all students who live 1 mile or more from school. Staff determined that if students who lived less than 1 mile from school were also included in the transportation calculation, the unprorated cost would increase from $392 million to $420 million. By including students who were transported less than 1 mile in the transportation calculation, at the current appropriation level, transportation would be funded at 51.1 percent. The difference in the state portion of Tier I would be approximately $1.2 million.

This model included both county and independent districts in the same graph calculation. The unprorated cost increased from $392 million to $412 million.

Funding If Independent Districts Were Included In County Graph Adjustment. KRS 157.370(6) requires the transportation calculation to differentiate between county and independent districts. Staff determined that if county and independent districts were included in the same graph calculation, the unprorated cost would increase from $392 million to $412 million. By including independent districts in the same graph as county districts, at the current appropriation level transportation would be funded at 52.1 percent. The difference in the state portion of Tier I would be approximately $1.2 million.

This model changed bus depreciation to 10 years at 100 percent. The unprorated cost decreased from $392 million to $387 million.

Funding If Bus Depreciation Is Reduced To 100 Percent And 10 Years. KRS 157.370(2) requires KDE to regulate the depreciation of school transportation vehicles. 702 KAR 5:020 allows districts to depreciate their vehicles 124 percent over a period of 14 years. Staff determined that if buses were depreciated for 10 years and at 100 percent, the unprorated cost would decrease from $392 million to $387 million. If buses were depreciated for 10 years and 100 percent, at the current appropriation level, transportation would be funded at 55.4 percent. Tier I would decrease by $309,213.

Future Areas Of Research

This study was limited in scope, time, and ability to survey districts. Future research could make additional alterations to the SEEK funding formula.

This study was limited in scope, time, and ability to survey districts. Future areas of research include several additional alterations to the SEEK funding formula:

- The SEEK funding formula could consider each school's exceptional child costs and reimburse districts on a percentage basis or compare the number of exceptional child students with the number of teachers and aides needed.
- A study identifying existing cost-of-living differences throughout Kentucky could identify district cost differences and be a useful tool for equitable funding and addressing a variety of issues.
- The LEP add-on could be changed to reimbursement based on cost or based on the number of teachers and support staff needed for the number of LEP students.
- KDE does not track Tier II funding to ensure that districts do not exceed the allowable 30 cents. OEA identified 36 districts exceeding Tier II, although it is not clear whether this is allowable under HB 44. Districts exceeding Tier II could be an area of future research.
- Transportation could be changed from district level to a regional or cooperative level in which districts transport other districts' students. This could address situations such as bus driver shortages.
- Industrial revenue bonds issued by cities and counties and revenue in lieu of taxes both reduce the property tax base of school districts, which affects elements of the SEEK funding formula. Lower property wealth districts receive less local funding and receive more SEEK funding from the state.[39] These issues are not factored into the SEEK formula.
- The role of locally elected property value administrators and accurate property assessments are an important part of the SEEK funding formula, as mentioned in Chapter 1. Understanding equity and the SEEK formula could benefit from future research examining this process.

Chapter 4

Concerns And Issues With SEEK Funding

Introduction

While conducting this study, OEA staff found some issues relating to topics such as school transportation funding, district annual financial reports, and SEEK funding for preschool students.

This chapter discusses some concerns and issues OEA staff found while conducting this study, such as misalignment of the transportation calculation with statute and regulations, incorrect coding on district annual financial reports, inconsistency in recording transportation revenue from transporting private school students, and SEEK funding for special education preschool students.

KDE Method For Determining Transportation Reimbursement

KRS 157.370 requires KDE to determine the average cost per pupil day in districts having similar pupil densities. Costs for county and independent districts are calculated separately, with no independent district receiving more money per pupil than any county district. The attendance of students with disabilities is multiplied by 5.0 in the transportation formula.

KRS 157.370(6) requires KDE to determine the average cost per pupil day in districts having similar student densities. KDE is required to group districts by student density into nine groups.[a] KDE is also required to construct a smoothed graph for each of the nine groups of similarly dense districts. KRS 157.370(6) requires that the costs of county and independent districts be calculated separately. An independent district is not allowed to receive more money per pupil day than the county district with the lowest cost per pupil day. The attendance of students with disabilities who require special transportation is multiplied by 5.0 and added to the district's aggregate days' attendance, which is multiplied by the graph-adjusted cost per pupil day to calculate districts' formula-adjusted cost for transportation.[b]

KDE did not fully comply with KRS 157.370 in determining transportation funding.

After analyzing data from KDE and interviewing KDE staff, OEA staff determined that KDE did not comply with KRS 157.370 in determining transportation funding. KDE staff did not multiply the attendance of students with disabilities by 5.0; they multiplied it by 2.0. The formula that KDE uses to determine the graph-adjusted cost penalizes districts with a greater percentage of disabled students because the number of disabled students is put into the denominator instead of the numerator. In other situations, KDE's

[a] Measured in transported students per square mile.
[b] This gives districts five times the funding for transporting students with disabilities. These students receive a greater weighting because it costs more to transport them.

practice of determining transportation funding arbitrarily rewarded some districts with low transportation costs too generously and punished some districts with high costs.

KDE's errors in calculating transportation funding were of minimal importance for most districts but affected the calculation of Tier I funding within SEEK.

Student transportation is not fully funded by the General Assembly. For most districts, the errors KDE committed in calculating transportation reimbursement are of minimal importance; however, the mistakes made in transportation reimbursement reverberate through the SEEK calculation because the unprorated calculations are used in determining Tier I funding. There were also some districts for which KDE's misunderstanding of the transportation reimbursement calculation may have over- or underreimbursed transportation funding by more than $100,000.

Graph Adjustment Of Per-Pupil Transportation Costs

Districts' formula-adjusted costs are determined using a multistep process that involves constructing a graph, using a nonlinear regression model, and fitting districts to a new graph. The formula-adjusted costs are then prorated to match the SEEK transportation appropriation.

KDE calculates districts' formula-adjusted cost for student transportation using a multistep process that begins with KDE selecting which districts to use in constructing its smoothed graphs separating out county and independent districts. KDE then fits the data from the selected districts' nonlinear regression model. Using the coefficients from that model, KDE fits district data to a nonlinear graph in order to determine a district's graph-adjusted cost per pupil day. That cost is multiplied by the district's number of days funded in SEEK and net ADA (with handicap students). Because the costs are not fully funded by the state, a prorated amount is calculated for each district.

KDE uses the gross transported pupil density per square mile and the cost per pupil day as inputs for its graph calculation.

Gross Transported Pupil Density And Cost Per Pupil Day. To calculate transportation costs, KDE uses two variables as inputs: the gross transported pupil density per square mile and the cost per pupil day. Below are the formulas for calculating the two input variables. These are calculated for each district.

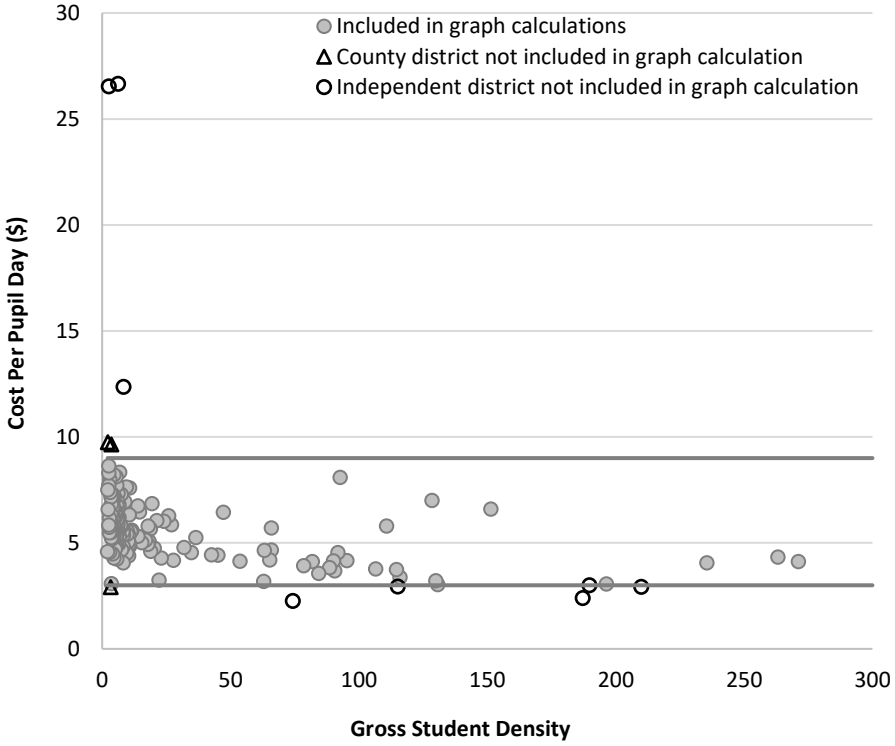
$$Gross\ transported\ pupil\ density\ (x) = \frac{\text{Gross ADA transported by district buses}}{\text{Total area served by the district in square miles}}$$

$$Cost\ Per\ Pupil\ Day\ (y) = \frac{\left(\begin{array}{c}\text{The gross amount spent transporting students}\\ -\ \text{The amount reimbursed by federal, state, or local sources}\\ -\ \text{The amount spent on bus replacement}\\ +\ \text{Bus depreciation}\end{array}\right)}{\text{Gross ADA Plus Handicapped Factor}}$$

Plotting Cost Per Pupil Day And Student Density. The gross pupil density is plotted on the x axis, and the cost per pupil day is plotted on the y axis. KDE staff then use personal judgment to exclude districts from the graph calculations that they view as

outliers. Districts that had transportation costs per pupil day above $9 or below $3 were excluded from the graph calculation in school year 2020. Figure 4.A shows all districts plotted on one graph.

Figure 4.A
Cost Per Pupil Day By Gross Transported Pupil Density By District
School Year 2019



Note: Each marker represents a school district. Four districts did not transport students. The reference lines represent the thresholds for exclusion in the graph calculations.
Source: Staff analysis of data from the Kentucky Department of Education.

Districts that have a cost per pupil day between $3 and $9 are put in two categories: county and independent districts. These groups are separately fitted to a nonlinear regression model.

Nonlinear Regression Model. Districts that have a cost per pupil day between $3 and $9 are then separated into two categories: county and independent districts. These two groups are then separately fitted to the following nonlinear regression model:

$$Cost\ Per\ Pupil\ Day = A + B^{\left(\frac{1}{Gross\ Transported\ Student\ Density}\right)}$$

The coefficients *A* and *B* from the nonlinear regression model are calculated.

Coefficients from the nonlinear regression model are used to determine the graph-adjusted cost per pupil day.

Graph Adjustment. Coefficients from the nonlinear regression model are then used to determine the graph-adjusted cost per pupil day using the formulas below.[c] Districts that are not included in the graph are given the lowest graph-adjusted cost per pupil day of any county district.[d]

$$Net\ transported\ pupil\ density\ = \frac{\text{(Net ADA transported by district buses)} - \text{(Handicapped transported ADA)}}{\text{Total area served by the district in square miles}}$$

$$Graph\text{-}Adjusted\ Cost\ Per\ Pupil\ Day = A + B^{\left(\frac{1}{Net\ Transported\ Student\ Density}\right)}$$

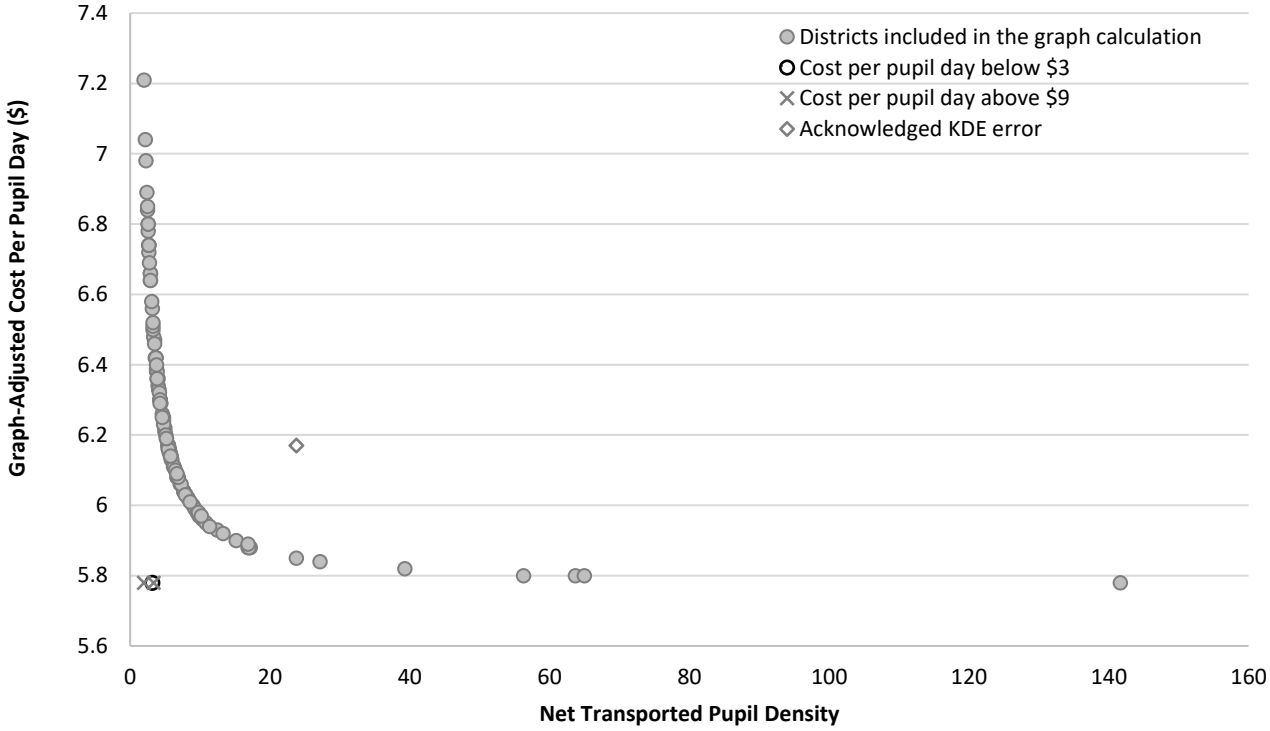
Within the county district graph calculation, 117 of 120 county districts were included in the graph. The two districts that had the greatest costs of any county districts received the same amount as the lowest-cost county district.

County District Calculations. Figure 4.B shows the graph-adjusted per-pupil costs and net transported pupil densities for county districts. Within the county district graph calculation, 117 of the 120 county districts were included in the graph. The three other districts received $5.78 per pupil day, which was Jefferson County's graph-adjusted cost per pupil day. The two districts that had the greatest costs of any county districts received the same amount as Jefferson County, which received the smallest amount of graph-adjusted funding per pupil day.

[c] For county districts, A = 4.7713923 and B = 6.2111227. For independent districts, A = 3.5043606 and B = 1914466.5.

[d] The county district with the lowest graph-adjusted cost per pupil day has always been Jefferson County.

Figure 4.B
Graph-Adjusted Per-Pupil Transportation Costs By Net Transported Pupil Density, County School Districts
School Year 2019



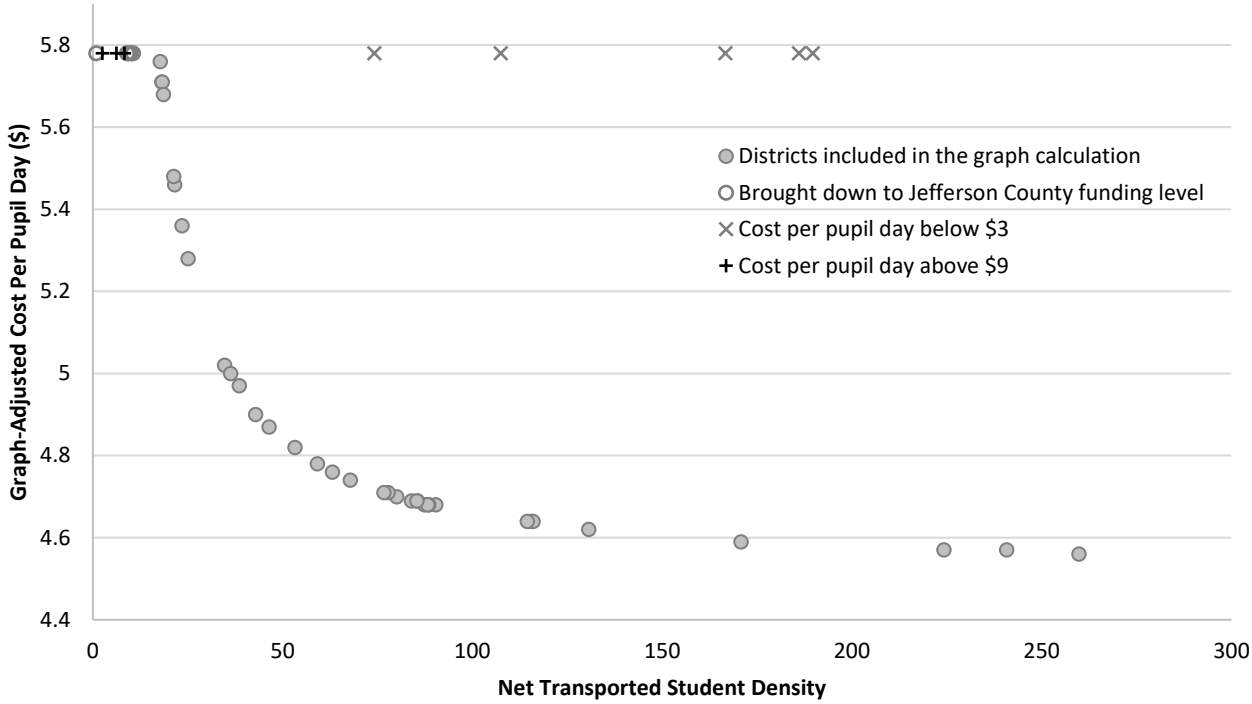
Note: Each marker represents a school district. KDE acknowledged making an error in transcribing and calculating one district's graph-adjusted costs.
Source: Staff analysis of data from the Kentucky Department of Education.

In the independent district graph calculation, 40 of the 48 districts that transported students were included. Five districts were not included because their gross per-pupil costs were under $3. Despite these low costs, these districts received a graph-adjusted cost per pupil of $5.78.

Independent District Calculations. Figure 4.C shows the graph-adjusted per-pupil costs and net transported pupil densities for independent districts. In the independent district graph calculation, 40 of the 48 districts that transported students were included. After the graph-adjustment formula was applied, five districts had graph-adjusted per-pupil costs above those of the lowest county district, Jefferson County. KRS 157.370(6) does not permit an independent district to receive a greater cost per pupil day than the county district receiving the lowest per-pupil cost. Not included in the graph were three districts that had the highest costs of any in the commonwealth. Those districts received a reimbursement of $5.78 per pupil day as required by KRS 157.370(6). Five districts were not included in the graph because their gross per pupil-costs were less than $3. Despite these low costs, these districts received a graph-adjusted cost per pupil of $5.78. One district that was excluded from the graph calculation had a per-pupil cost of $2.99.

That district would have received a graph-adjusted rate of $4.58 per pupil had it been included in the graph.[e]

Figure 4.C
Graph Adjusted Per-Pupil Transportation Costs By Net Transported Pupil Density, Independent School Districts
School Year 2019



Note: Each marker represents a school district that transported students. Four independent school districts did not transport students.
Source: Staff analysis of data from the Kentucky Department of Education.

KDE calculated the formula-adjusted cost for pupil transportation based on the days funded in SEEK, the number of students the district transported, and the days they were in attendance.

Formula-Adjusted Cost For Pupil Transportation. Once the graph-adjustments were applied, KDE calculated the formula-adjusted cost for pupil transportation. These calculations were based on the days funded in SEEK, the number of students the district transported, and the days they were in attendance.

Graph-Adjusted Cost Per Pupil Day
× *Days Funded In SEEK*
× *Net ADA Transported with Handicapped*
= *Formula-Adjusted Cost for Pupil Transportation*

[e] For the district with the next highest cost per pupil day, the cost was $3.02. Its determined graph-adjusted cost per pupil day was $4.62.

Kentucky has not fully reimbursed districts for their formula-adjusted costs for pupil transportation since 2004. The total formula-adjusted cost for pupil transportation for SY 2020 was $392 million; $215 million was appropriated, and districts received a prorated amount of 54.8 percent of their formula-adjusted cost for pupil transportation.

Proration Transportation Costs. Kentucky has not fully reimbursed school districts for their formula-adjusted costs for pupil transportation since 2004. In school year 2020, the total formula-adjusted cost for pupil transportation was $392,066,066. In school year 2020, the General Assembly appropriated $214,752,800 for student transportation. Because of the shortfall, districts received a prorated amount of 54.8 percent of their formula-adjusted cost for pupil transportation. Districts must make up the rest of their transportation costs using money from their general funds. While districts do not receive the unprorated amount, the unprorated amount is used in calculating Tier I and Tier II funding.[f]

SEEK Transportation Issues

OEA found inconsistencies between KDE practice in calculating transportation funding and the associated statutory and regulatory requirements.

During the review of the SEEK transportation calculation, OEA staff found several issues in the way KDE calculates transportation funding. OEA found inconsistencies between KDE practice in calculating transportation funding and the associated statutory and regulatory requirements. OEA found the following issues:

- KDE calculated square mileage incorrectly.
- KDE did not correctly audit districts' transportation codes for students transported more than a mile.
- KDE grouped districts into seven groups instead of nine.
- In creating the seven cost groups, KDE did not use an objective methodology. Instead, staff used subjective professional judgment to create groupings of districts.
- KDE grouped districts into groups by calculated cost per pupil day instead of by density.
- KDE multiplied the number of handicapped students by 2.0 instead of the statutory requirement of 5.0.
- KDE used the gross ADA plus handicapped amount in determining the cost per pupil day in the nonlinear regression model. It may have been better to use the gross ADA without handicapped students in this part of the calculation.
- KDE gave any district that was not included in its graph calculation the same graph-adjusted cost per pupil day as Jefferson County.

[f] Tier I and Tier II are calculated as if all add-ons in the adjusted SEEK base are fully funded. Any components not fully funded by the General Assembly must be included in full before the calculation is made. For example, transportation is not currently fully funded, so districts' full transportation costs as determined by the transportation formula must be reflected to calculate Tier I and Tier II. Tier II receives no state funding.

- For several years up until 2021, KDE made an error in transcribing districts' graph adjusted costs, with one district consistently receiving too much money.
- KDE lacks expertise in the computer programs and mathematical formulas that are used in determining the formula-adjusted cost for student transportation. This problem was identified nearly 20 years ago by an LRC report and has not been addressed despite an LRC recommendation.[40]
- There is a regulation that refers to a report that KDE is unable to produce.
- In 2021, the depreciation for district school buses was not taken into account when calculating transportation costs.

Under KRS 157.370(4), the area served by transportation is determined by taking the total area in square miles of the district and subtracting the area not served by transportation. OEA determined that for county districts that contain independent districts, KDE did not subtract the square mileage for the independent district from the area served by the county district.

District Square Mileage. KRS 157.370(4) requires that the square miles of area served by transportation be determined by taking the total area in square miles of the district and subtracting the area not served by transportation, in accordance with administrative regulations.[g] In discussions with KDE staff, OEA determined that for county districts that contain independent districts, KDE did not subtract the square mileage for the independent district from the area served by the county district.[41] This method overstated the area served by county districts that contain independent districts. Overstating the districts' square mileage caused the districts to have lower pupil densities per square mile, which led to higher graph-adjusted costs per pupil day for county districts that contain independent districts.

Recommendation 4.1

Recommendation 4.1

When calculating Support Education Excellence in Kentucky program transportation, the Kentucky Department of Education should subtract the square mileage of independent districts from the square mileage of county districts within their county in accordance with KRS 157.370(4).

KRS 157.370(3) requires that the aggregate and average daily attendance of transported pupils include all public school pupils transported at public expense who live 1 mile or more from school based on radius. KDE measures by road miles instead of radius.

Auditing Student Transportation Codes. KRS 157.370(3) requires that the aggregate and average daily attendance of transported pupils include all public school pupils transported at public expense who live 1 mile or more from school. This language suggests that districts receive funding for students who live beyond a 1-mile radius from the school; however, KDE staff

[g] If one district authorizes another district to provide transportation services for a part of its area, this area shall be deducted from the area served by the authorizing district and added to the area served by the district actually providing the transportation. No districts currently transport students for another district.

indicated that in auditing school districts' transportation codes, KDE calculates students' distance from school based on miles driven to school rather than a 1-mile radius.[42] KDE staff said they use road miles because they can use MapQuest or similar mapping applications to determine mileage. However, other applications measure distance by radius and would allow KDE to comply with statutory requirements. By using websites that measure by road miles instead of radius, districts could potentially include students who do not qualify for transportation funding. In addition, 702 KAR 5:020 uses route distance from a student's residence to school, which conflicts with statute.

Recommendation 4.2

Recommendation 4.2

When calculating Support Education Excellence in Kentucky program transportation and performing transportation audits, the Kentucky Department of Education should ensure that students live beyond a 1-mile radius from their schools if they are listed as being transported more than 1 mile, in accordance with KRS 157.370(3).

According to statute, the transportation calculation should have nine density groups for determining the average cost per pupil per day of transporting students. The calculation KDE is currently using includes only seven groups, and instead of grouping districts by density, KDE is grouping them by calculated cost per student day.

Density Grouping. According to KRS 157.370(1), the transportation calculation should have nine density groups for determining the average cost per pupil per day of transporting students in districts having a similar density of transported students per square mile of area served. The calculation KDE is currently using includes only seven groups, and instead of grouping districts by similar density, KDE is grouping them by calculated cost per student day. The seven groups that are currently being used to calculate the graph are:

- Districts that do not transport students
- Independent districts that have transportation costs below $3 per pupil day
- County districts that have transportation costs below $3 per pupil day
- Independent districts that have transportation costs above $3 and below $9 per pupil day
- County districts that have transportation costs above $3 and below $9 per pupil day
- Independent districts that have transportation costs above $9 per pupil day
- County districts that have transportation costs above $9 per pupil day

KDE staff could not verify their groupings of school districts.[43]

Recommendation 4.3

Recommendation 4.3

When calculating Support Education Excellence in Kentucky program transportation, the Kentucky Department of Education should determine the average cost per pupil per day of transporting pupils in districts having a similar density of transported pupils per square mile of area served by not fewer than nine density groups, in accordance with KRS 157.370(1).

In grouping school districts to complete the graph calculation, KDE did not use an objective methodology. Instead, KDE staff used professional judgment and grouped districts based on whichever ones fit within their estimation. OEA recommends that KDE use an objective measure.

Subjective Methodology For Grouping School Districts. In grouping school districts to complete the graph calculation, KDE did not use an objective methodology. Instead, KDE staff used professional judgment and sorted districts into groups based on whichever districts fit within their estimation.[44]

KDE provided OEA with a list of districts excluded as outliers in SY 2019 and SY 2020 using staff's professional judgment. OEA research analysts determined outliers using one standard deviation from the mean and compared the resulting outlier districts to the outlier districts identified by KDE. Using the method of one standard deviation from the mean resulted in identification of outliers different from the ones found by KDE. OEA suggests using a consistent, objective method of determining outliers.

Recommendation 4.4

Recommendation 4.4

When calculating Support Education Excellence in Kentucky program transportation, the Kentucky Department of Education should use an objective methodology to determine groups of districts to be included in graph calculations.

KRS 157.370(9) requires that the ADA of students with disabilities be multiplied by 5.0 and added to the district's aggregate attendance days. Although the net cost plus handicapped factor was correct on KDE's website, in calculating the graph-adjusted costs, KDE multiplied the cost by 2.0.

Handicapped Factor And Formula-Adjusted Cost For Pupil Transportation. KRS 157.370(9) requires that the ADA of students with disabilities that qualify for special transportation to and from school be multiplied by 5.0 and added to the part of the district's aggregate days that is multiplied by the districts' graph-adjusted cost per pupil day in order to determine the districts' formula cost for pupil transportation. Although the net cost plus handicapped factor was correct on KDE's website, in calculating the graph-adjusted costs, KDE did not multiply the costs by 5.0; it multiplied them by 2.0. KDE was not aware of the error because staff lack expertise in the program used to calculate the graph adjustment.[45]

Recommendation 4.5

Recommendation 4.5

When calculating Support Education Excellence in Kentucky program transportation, the Kentucky Department of Education should multiply the aggregate days' attendance of qualified pupils for which the district provides special transportation by 5.0 and add it to that part of the district's aggregate days' attendance that is multiplied by the district's adjusted cost per pupil per day in determining the district's pupil transportation program cost for allotment purposes in accordance with KRS 157.370(9).

KDE included the handicapped factor in determining the cost per pupil day. This had the effect of lowering districts' reported costs. This error was mitigated in part by KDE's use of a handicapped factor of 2.0 instead of 5.0. Because transportation costs were prorated, the error increased Tier I spending by $275,651.

Handicapped Factor And Cost Per Pupil Day. KRS 157.370(9) requires that the ADA of students with disabilities that qualify for special transportation to and from school be multiplied by 5.0 and added to the part of the district's aggregate days that is multiplied by the districts' graph-adjusted cost per pupil day in order to determine the districts' formula cost for pupil transportation. Because KDE included the handicapped factor in determining the cost per pupil day, each handicapped student made the denominator larger when calculating costs per pupil day. That larger denominator led to lower graph-adjusted costs per pupil day for each handicapped student. This error was mitigated in part by another KDE error—using a handicapped factor of 2.0 instead of 5.0—but it was still impactful. The unprorated cost would increase from $392 million to $399 million. By not including the handicapped factor in determining the cost per pupil day, but including it when determining the overall formula-adjusted cost for pupil transportation, at the current appropriation level transportation would be funded at 53.9 percent. The difference in the state portion of Tier I would be approximately $275,651.

Recommendation 4.6

Recommendation 4.6

When calculating the cost per pupil day to include in the nonlinear regression model, the Kentucky Department of Education should use the gross number of pupils without the handicapped factor.

Districts not used in the graph calculation were assigned a graph-adjusted per-pupil cost equal to the county district with the lowest such cost per pupil day. For independent districts that had a cost per pupil day below $3, it would have been more appropriate to assign the lowest independent district's graph-adjusted cost per pupil day. It would also be more appropriate to assign county districts with costs in excess of $9 per pupil day the same graph-adjusted cost as the highest county district included in the graph calculation.

Districts Not Used In Graph Calculation. Districts that were not used in the graph calculation were automatically assigned a graph-adjusted per pupil cost of $5.78, the same amount as the county district with the lowest graph-adjusted cost per pupil day—Jefferson County. For independent districts that had a cost per pupil day below $3, it would have been more appropriate to assign them the lowest independent district's graph-adjusted cost per pupil day. By assigning independent districts with the lowest costs per pupil the same amount as the independent districts with the highest costs per pupil day, districts with slightly higher transportation costs per pupil may be treated unfairly. Similarly, it is unfair for county districts with the highest transportation costs per pupil day to receive the same graph-adjusted cost per pupil day as the county district with the lowest cost per pupil day. It would be more appropriate to assign county districts with costs in excess of $9 per pupil day the same graph-adjusted cost as the highest county district that was included in the graph calculation.

Recommendation 4.7

Recommendation 4.7

When assigning the graph-adjusted cost per pupil day to districts outside the graph calculation, the Kentucky Department of Education (KDE) should consider giving independent districts that were below the threshold for inclusion in the graph calculation the same amount as the independent district with the lowest graph-adjusted cost per pupil day. Likewise, KDE should consider giving county districts that were above the threshold for inclusion in the graph calculation the same amount as the county district with the highest graph-adjusted cost per pupil day.

For several years up until 2021, KDE made an error in transcribing districts' graph-adjusted costs, with one district consistently receiving too much money.

Transcription Error. For several years up until 2021, KDE made an error in transcribing districts' graph-adjusted costs, with one district consistently receiving too much money. This was due to a mistake in the computer program. For FY 2020, KDE listed the district's graph-adjusted cost per pupil day as $5.85 on the SAS statistical software package and $6.17 on Excel. Due to this error, that district received over $100,000 more than what it was to be reimbursed. KDE has since noticed the error and corrected it for future years.[46]

In 2002, an LRC report made recommendations concerning KDE's understanding of the computer programs that calculate SEEK transportation. The concerns still exist.

Program Used To Calculate Graph Adjustment. The SEEK transportation component is calculated using the SAS statistical software package. In 2002, an LRC report noted that KDE officials indicated that no one in the Division of School Finance understands the SAS program code. If the program should

experience a problem and start to produce inaccurate information, division staff may have difficulty identifying the problem, so in addition to improving the validity of data used in the calculation, KDE should improve the process and staff's understanding of the process.[47] Consultation with KDE staff indicates that nothing has changed in staff's understanding of the SAS program code.[48] Furthermore, without expertise in the SAS program code, KDE was unaware of any of the mistakes made in calculating the graph-adjusted transportation costs. There were many instances where the calculations that were completed in SAS did not match what was posted on the KDE website.

Recommendation 4.8

Recommendation 4.8

The Kentucky Department of Education should ensure that staff who perform Support Education Excellence in Kentucky program (SEEK) transportation calculations receive training to ensure they understand how the overall system works, how to use the programs that calculate SEEK transportation, and how to make any modifications.

702 KAR 5:020(2) requires that, for a county district's students who are transported more than a mile, the net ADA be determined from the local superintendent's annual statistical report. It was not readily apparent from the regulation that SAAR was the report being referenced.

Superintendent Annual Statistical Report. 702 KAR 5:020(2) requires that, for a county district's pupils transported 1 mile or more to school, the net ADA shall be determined from the local superintendent's annual statistical report for the district. In discussions with KDE staff, OEA was told that SAAR was the report being referenced.[49] It was not readily apparent from the regulation that SAAR was the report being referenced; furthermore, the data from the report was not posted to the KDE website.

Recommendation 4.9

Recommendation 4.9

702 KAR 5:020(2) requires that the net average daily attendance for a county district's pupils transported 1 mile or more to school shall be determined from the local superintendent's annual statistical report for the district. The Kentucky Board of Education should consider changing the language in this regulation to more accurately describe which statistical report it is referencing, and the Kentucky Department of Education should consider posting the data from the report to its website.

KDE did not update depreciation of school transportation vehicles in school year 2021.

Depreciation Issues. KRS 157.370(2) states that the annual depreciation of pupil transportation vehicles shall include all current costs for each district plus annual depreciation. During

the 2021 Regular Session, the General Assembly passed HB 206, which allowed school districts to use attendance data in the 2020-2021 and 2021-2022 SEEK calculation pursuant to Senate Bill 177 of the 2020 Regular Session. Section 11 of SB 177 states that school districts may, when submitting the Superintendent's Annual Attendance Report, substitute SY 2019 attendance data for SY 2020 attendance data. If a school district submits SY 2019 data, this data is used to calculate the average daily attendance that will be used in calculating SEEK and any other state funding based in whole or in part on average daily attendance for the district. Although KDE is calculating the SEEK attendance correctly, it used the prior year's bus depreciation in the SEEK calculation, which is not allowed in the bill. KDE should have updated the school districts' depreciation in calculating transportation costs.

While reviewing depreciation amounts that KDE used in the 2020 SEEK funding of transportation, OEA staff found one district that had over $100,000 too much in its depreciation schedule.

While reviewing the depreciation amounts KDE used in the 2020 SEEK funding of transportation, OEA staff found one district that had over $100,000 too much in its depreciation schedule. This caused it to receive too much transportation funding for that year. Because KDE used the same depreciation amounts in calculating 2021 SEEK transportation funding, this district received too much funding for 2 years in a row.

KDE is allowing districts to include depreciation of hybrid and propane-powered buses in their transportation costs. That is not permitted by 702 KAR 5:020(12).

702 KAR 5:020(12) permits depreciation only of diesel vehicles and gasoline-powered vehicles purchased prior to 1987. There are no longer any gasoline buses in service. Some districts currently use hybrid and propane-powered buses that are not mentioned in the regulation, but KDE allows them to include the depreciation of these hybrid and propane buses in their transportation costs.

702 KAR 5:020 allows districts to depreciate their vehicles 124 percent over 14 years. This was instituted to incentivize districts to buy diesel vehicles that are more fuel efficient and to retire gas-powered buses. Currently, almost all district vehicles use diesel fuel.

Fourteen-Year Depreciation Schedule. KRS 157.370(2) requires KDE to regulate the depreciation of school transportation vehicles. 702 KAR 5:020 allows districts to depreciate their vehicles 124 percent over a period of 14 years. This policy was initially instituted to incentivize districts to purchase diesel vehicles that are more fuel efficient and to retire gas powered buses. Currently almost all district vehicles use diesel fuel. Appendix M reviews school bus purchases and depreciation schedules in other states. Depreciating vehicles at 100 percent of their cost, and no higher, is common practice in many states. Staff determined that if buses were depreciated only for 10 years and at 100 percent, the unprorated cost would decrease from $392 million to $387 million. By allowing districts to depreciate their vehicles for only 10 years instead of 14 years, at the current appropriation level transportation would be funded at 55.4 percent. The difference in the state portion of Tier I would be approximately $309,213.

Recommendation 4.10

Recommendation 4.10

The Kentucky Board of Education should consider amending 702 KAR 5:020 to allow districts to depreciate school transportation vehicles for 10 years and 100 percent of their value.

Annual Financial Reports

Examination of districts' annual financial reports identified several issues that affect SEEK calculations.

Examination of districts' annual financial reports identified several issues that affect SEEK calculations. Some of the issues were systemic issues that KDE needs to address; other issues need to be addressed at the district level with guidance from KDE to ensure uniformity in data collection.

Systemic Issues In Data Collection

AFRs indicated that there were systemic issues in data collection when independent and county districts merged.

AFRs indicated that there were systemic issues in data collection when independent and county districts merged, in recording districts' activity funds, transportation of private school students, and recording data for students in foster care.

When an independent district merged with a county district, transportation expenses and depreciation were not included with the county district transportation funding for the first year of the merger.

Independent And County District Mergers. When an independent district merged with a county district in the past, the prior-year cost of transportation expenses and depreciation was not included with the county district transportation funding for the first year of the merger. This shortchanged county districts in transportation funding during the first year of the merger.

Recommendation 4.11

Recommendation 4.11

The Kentucky Department of Education should consider allowing county districts that merged with an independent district to include the independent district's prior-year transportation costs, including depreciation of school transportation vehicles, during the first year of the merger.

KDE does not require that districts' activity funds be recorded in MUNIS. Without such records, it is difficult to determine the extent to which district activity funds affect district equity.

District Activity Funds. KDE does not require that districts' activity funds be recorded in MUNIS. Although school activity funds are mandated, they were not all entered into MUNIS for the FY 2020 annual financial report. OEA recommends that KDE mandate the recording of district activity funds in MUNIS, due to equity concerns. Without a record of the data in MUNIS, it would be difficult to determine the extent to which district activity funds have an impact on district equity.

OEA reviewed two districts with similar ADA that entered their activity funds into MUNIS. These two districts have very different counts of students eligible for free or reduced-price lunch. District A is in Quintile 4 (a wealthier district) and has an ADA of 3,591, with 47 percent of its students receiving FRPL. District B is in Quintile 1 (a poorer district) and has an ADA of 3,581, with 80 percent of its students eligible for FRPL. District A received an extra $294.67 per student of local funds for district activity funds, but District B received only $6.10 per student in local funding. This is an equity difference of District A receiving $288.57 more per student. In order for OEA to fully review the equity of local and state funding, KDE should mandate the recording of district activity funds in the MUNIS financial system.

Recommendation 4.12

Recommendation 4.12

The Kentucky Department of Education should require districts to record their district activity funds on their annual financial reports.

KRS 158.115 allows county governments to spend money from their general funds to provide transportation for pupils attending nonpublic schools. These funds are reimbursed, but there is no consistency in the way they are recorded in MUNIS.

Transportation Of Private School Students. KRS 158.115 allows county governments to spend money from their general funds to provide transportation for pupils attending nonpublic schools. Several local boards of education contract with their local fiscal court to provide such transportations. These expenses are reimbursed each year. OEA staff contacted several districts to determine how these students are recorded in the student transportations tracking system (IC) and how the revenue is being recorded in MUNIS. All districts reported that these students are not recorded in IC. These students are not being counted in the transportation calculation. However, there is no consistency in the way they are recorded in MUNIS. KDE does not provide districts guidance on how to include the information in MUNIS. One Northern Kentucky district received $581,427 in FY 2020 from its fiscal court for transporting private school students. The revenue was recorded with the district's transportation expenses. This district overstated its school transportation expenses by over half a million dollars. Of the seven districts contacted about this issue, only one independent district was recording this revenue as a negative transportation expense on the annual financial report, thereby reducing its expenses to get an accurate transportation cost. Other districts record the private school transportation funding as revenue, which overstates their transportation cost for public school students.

Recommendation 4.13

Recommendation 4.13

The Kentucky Department of Education should work with school districts to record fiscal court revenue received for transporting private school students as a negative expenditure on annual financial reports to properly reflect the transportation expenditures for public school students to and from school.

District Issues In Data Collection

Districts had several issues in collecting data on education transportation expenditures. These issues related to special education transportation expenditures and districts that did not transport students.

Districts had several issues in data collection. Without consistent data collection, accurate comparisons could not be made between districts, and districts may over- or underreport expenses to KDE or other stakeholder groups. OEA noted issues in the way special education transportation expenditures were recorded, as well as the recording of data by districts that did not transport students daily.

OEA staff reviewed FY 2019 AFRs to determine how much was spent on special education transportation and discovered that 37 districts reported no special education transportation costs. There should have been only 10 such districts.

Special Education Transportation Expenditures. OEA staff reviewed FY 2019 AFRs to determine how much was spent on special education transportation and discovered that 37 districts reported no special education transportation costs. According to the FY 2020 final Pupil Transportation Calculation, 10 districts transported no special education students. There were 27 districts that should have included special education transportation costs on their AFRs.

In FY 2019 financial reports, two independent districts reported no students transported, but also reported transportation expenses. These districts may have incorrectly coded field trips or athletic expenses to student transportation.

Transportation Expenses With No Students Transported. In FY 2019 annual financial reports, there were two independent districts that reported no students transported, but reported transportation expenses. One independent district reported $113,798 of transportation expenses that included $22,133 in diesel and gas. An additional $23,663 was spent on construction, which should have been coded to function 4000 instead of the transportation function of the 2700 range. Almost $30,000 was coded to salaries and benefits. Another independent district that did not transport students in 2021 reported $27,048 worth of expenses. This district reported $6,841 in gas and diesel costs and $983.65 in salaries but over $4,253 in benefits. The benefits are very high for the small amount in salaries. Since these districts did not transport students to or from school, they may have incorrectly coded field trips or athletic events within student transportation. When performing district attendance audits, KDE should ensure that these funds are coded correctly.

Recommendation 4.14

Recommendation 4.14

The Kentucky Department of Education should work with school districts to ensure that their transportation costs are captured correctly in MUNIS.

Issues With SEEK Funding Formula

In determining the funding for younger students who were not fully included in SEEK, there sometimes could have been greater guidance in the inclusion or exclusion of certain populations from the SEEK calculation.

SEEK Add-Ons

Preschool students are not included in the SEEK funding formula. Districts receive funding for only half-days of kindergarten AADA. KDE counts preschool students in determining exceptional child counts, and kindergarten is included fully in all SEEK add-ons.

Preschool students are not included in the SEEK funding formula. Preschool is funded through a separate appropriation by the General Assembly. KRS 157.320 defines *kindergarten full-time equivalent pupil in average daily attendance* as no more than half-days attended by kindergarten pupils in a public school divided by the actual number of school days is in session. While preschool and kindergarten students are not fully counted in ADA, KDE counts preschool students in determining exceptional child counts, and kindergarten is included fully in all SEEK add-ons despite having only half ADA.

Preschool students are not included in the SEEK base funding and receive grant funding separate from SEEK. In the FY 2020 SEEK funding, there were 5,174 preschool students for whom districts received SEEK funding for exceptional children at a cost of almost $8.2 million.

Preschool Special Education. KRS 157.3175(3) requires preschool programs to be funded by a grant from the General Assembly to local school districts. This grant is calculated based on the number of at-risk students and students with disabilities in preschool. While reviewing the raw data for students receiving the SEEK add-on for exceptional children, OEA staff noted that preschool students are also receiving this add-on. Preschool students are not included in the SEEK base funding and receive grant funding separate from SEEK. In the FY 2020 SEEK funding, there were 2,571 preschool students for whom districts received SEEK funding for exceptional children at a cost of almost $8.2 million.

Recommendation 4.15

Recommendation 4.15

The Kentucky Department of Education should discontinue using preschool students in calculating the exceptional child add-on in the Support Education Excellence in Kentucky program formula.

Kindergarten students received half of the SEEK base funding, but they received full funding for all SEEK add-ons.

Kindergarten Funding. While conducting the SEEK study, OEA staff noted that although kindergarten students received half of the SEEK base funding, these students received full funding for all SEEK add-ons. For example, if a kindergarten student was eligible for free lunch and was an LEP student, the district would receive full funding for the at-risk and LEP add-ons.[h] Although OEA did not find this to be a violation of statute, it needs to be brought to the attention of the General Assembly.

Full-Day Kindergarten Funding

HB 382 (2021 Regular Session) appropriated up to $140 million to provide full-day kindergarten for SY 2022. Because the equalization level was not changed in the budget bill, most districts received more funding than expected.

HB 382 (2021 Regular Session) appropriated up to $140 million to provide full-day kindergarten for SY 2022. Because the equalization level—defined as 150 percent of average per-pupil assessment—was not changed in the budget bill, most districts received more funding than expected for full-day kindergarten.

Per-Pupil Assessments. Each biennium, the General Assembly determines the equalization level. The equalization level is 150 percent of average per-pupil assessments. In funding for full-day kindergarten, the budget included kindergarten students in districts' per-pupil assessments. This had the effect of increasing the denominator (prior year ADA plus growth) but not the numerator (total district assessments). When adding the kindergarten ADA, districts' per-pupil assessments were lowered. The equalization level, which had been set at the beginning of the biennium, did not change.[i] Because the equalization level was not changed and the per-pupil assessments were decreased, the ratio of per-pupil assessments to equalization level was lowered. When this ratio is lowered, more state funds are appropriated to districts in situations where funds are equalized. The General Assembly equalizes funding for Tier I and the facilities nickel equivalent tax levies. If the General Assembly were to fund full-day kindergarten, it would have to ensure that the equalization level includes the same number of students that is included in the calculation of per-pupil assessment.

Recommendation 4.16

Recommendation 4.16

If full-day kindergarten is funded in the future, the General Assembly should consider changing the statewide equalization

[h] In 2020, the district would receive an additional $600 for the at-risk add-on and an additional $384 for the LEP add-on. This amount would be the same for students in kindergarten and in grades 1-12. Districts also received full, not half, funding for kindergarten students who were exceptional children.
[i] The equalization level for 2020-2021 was $916,000 per pupil.

level in order to accurately reflect 150 percent of per-pupil assessments.

Appendix A

Funding To Transport Nonpublic Students

In accordance with KRS 158.115, districts that transport nonpublic school students can request and receive transportation funding. Table A.1 lists the counties requesting funding, the number of nonpublic school students transported, the amount requested, and the amount provided. In addition, the table lists the district's annual cost of transporting an individual pupil. When the transportation cabinet has a shortfall in funding, the local fiscal court pays the difference from the amount provided by the Transportation Department to the local board of education. Not all county schools are transporting nonpublic students; Jefferson County is using Louisville Metro instead of the local board.

Table A.1
Participating Counties Requesting Funding To Transport Nonpublic Students
School Year 2020

Requesting County	Number Of Students Transported	Per-Pupil Cost Of Transporting	Total Funding Requested By District	Total Funding Provided By Transportation Cabinet
Boone	498	$553.08	$554,270.00	$518,128.32
Bracken	9	1,067.44	7,654.00	7,154.91
Breckinridge	118	1,152.60	159,058.80	148,687.23
Campbell	418	762.11	316,701.60	296,050.78
Daviess	307	658.95	281,990.02	263,602.60
Franklin	34	629.52	10,701.84	10,004.03
Grayson	3	1,017.90	12,890.00	12,049.50
Hardin	435	599.04	11,657.88	10,897.72
Harrison	17	939.20	15,913.68	14,876.01
Henderson	26	1,025.49	19,896.00	18,598.66
Kenton	1,105	610.95	581,427.08	543,514.60
Louisville/Jefferson	1,991	552.49	1,100,000.00	1,028,273.50
Marion	14	584.73	7,287.61	6,812.42
McCracken	3	934.39	12,497.85	11,682.92
Nelson	215	667.91	143,602.50	134,238.77
Oldham	45	573.00	26,121.81	24,418.51
Union	114	599.76	75,969.60	71,015.93
Washington	25	842.41	21,060.14	19,686.89
Woodford	16	918.80	11,025.64	10,306.70
Total	5,393	$816.10	$3,369,726.05	$3,150,000.00

Source: Staff analysis of data from the Kentucky Transportation Cabinet.

Appendix B

Micropolitan, Metropolitan, And Rural Districts

A metropolitan area contains a core urban area of 50,000 or more population, and a micropolitan area contains an urban core of at least 10,000 (but less than 50,000) population. Because independent districts are not classified, OEA staff put them in the same classification as the county district. For example, Breckenridge County is considered a rural county, so Cloverport Independent was also considered a rural county. Among the 172 school districts in Kentucky, there are 59 metropolitan districts, 44 micropolitan districts, and 69 rural districts.

For the quintile analysis, 39 of the rural districts are in Quintile 1, the lowest quintile. Quintile 2 has 19 rural districts, Quintile 3 has 9, Quintile 4 has 1, and Quintile 5 has 1. Among metropolitan districts, Quintile 5 has 3, and Quintiles 4, 3, and 2 each have 15, leaving only 11 metropolitan districts in Quintile 1.

Table B.1
Micropolitan, Metropolitan, And Rural Districts
2010 Census

Micropolitan Districts	Metropolitan Districts	Rural Districts
Anderson County	Anchorage Independent	Adair County
Ballard County	Ashland Independent	Allen County
Barren County	Augusta Independent	Barbourville Independent
Bath County	Bardstown Independent	Breathitt County
Bell County	Beechwood Independent	Breckinridge County
Berea Independent	Bellevue Independent	Burgin Independent
Boyle County	Boone County	Butler County
Calloway County	Bourbon County	Caldwell County
Campbellsville Independent	Bowling Green Independent	Carlisle County
Caverna Independent	Boyd County	Carroll County
Corbin Independent	Bracken County	Carter County
Danville Independent	Bullitt County	Casey County
Dawson Springs Independent	Campbell County	Clay County
East Bernstadt Independent	Christian County	Clinton County
Frankfort Independent	Clark County	Cloverport Independent
Franklin County	Covington Independent	Crittenden County
Fulton County	Daviess County	Cumberland County
Fulton Independent	Dayton Independent	Elliott County
Glasgow Independent	Edmonson County	Estill County
Graves County	Elizabethtown Independent	Fleming County
Hopkins County	Eminence Independent	Floyd County
Laurel County	Erlanger-Elsmere Independent	Garrard County
Lewis County	Fairview Independent	Grayson County
Lincoln County	Fayette County	Green County
Livingston County	Fort Thomas Independent	Harlan County
Madison County	Gallatin County	Harlan Independent
Mason County	Grant County	Harrison County
Mayfield Independent	Greenup County	Hart County

Micropolitan Districts	Metropolitan Districts	Rural Districts
McCracken County	Hancock County	Hazard Independent
Menifee County	Hardin County	Hickman County
Metcalfe County	Henderson County	Jackson County
Middlesboro Independent	Henry County	Jackson Independent
Montgomery County	Jefferson County	Jenkins Independent
Muhlenberg County	Jessamine County	Johnson County
Murray Independent	Kenton County	Knott County
Paducah Independent	LaRue County	Knox County
Pineville Independent	Ludlow Independent	Lawrence County
Pulaski County	McLean County	Lee County
Rockcastle County	Meade County	Leslie County
Science Hill Independent	Nelson County	Letcher County
Somerset Independent	Newport Independent	Logan County
Taylor County	Oldham County	Lyon County
Whitley County	Owensboro Independent	Magoffin County
	Paris Independent	Marion County
	Pendleton County	Marshall County
	Raceland Independent	Martin County
	Russell Independent	McCreary County
	Scott County	Mercer County
	Shelby County	Monroe County
	Southgate Independent	Morgan County
	Spencer County	Nicholas County
	Trigg County	Ohio County
	Trimble County	Owen County
	Walton Verona Independent	Owsley County
	Warren County	Paintsville Independent
	Webster County	Perry County
	West Point Independent	Pike County
	Williamstown Independent	Pikeville Independent
	Woodford County	Powell County
		Robertson County
		Rowan County
		Russell County
		Russellville Independent
		Simpson County
		Todd County
		Union County
		Washington County
		Wayne County
		Wolfe County

Source: Janet Harrah. "Kentucky Metropolitan Areas Out-Perform Rural And Small Urban Areas." The Community Research Collaborative Blog, n.d. Web.

Appendix C

School District Funding Formulas

Each state distributes funding through a formula that determines the amount of state funding. Table C.1 briefly describes each state's formula.

Table C.1
School District Funding Formula

State	Description
Alabama	Alabama has a primarily resource-based funding formula. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and course materials. Alabama does not provide supplemental funding to cover the additional cost of educating other specific categories of students, but it considers specific grade levels, students with disabilities, and students enrolled in career and technical education programs in the allocation of funding for staff costs. Services for students identified as gifted and some career and technical education services are funded through program-specific allocations.
Alaska	Alaska has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating students in particular environments through adjustments for school size and for local cost of living. The formula also makes adjustments for the additional costs of education-specific categories of students by applying multipliers to the total student count. The categories of students generating supplemental funding in Alaska are English-language learners, students with disabilities, gifted and talented students, students enrolled in career and technical education programs, and students in sparsely populated districts and small schools.
Arizona	Arizona has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by applying multipliers to that amount to generate supplemental funding for those students. The categories of students generating supplemental funding in Arizona are students in certain grade levels, English-language learners, students with disabilities, students identified as gifted, students enrolled in career and technical education programs, and students in sparsely populated districts.
Arkansas	Arkansas has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by adding supplemental dollar amounts to the base amount for each student in those categories and by making program-specific allocations. The categories of students generating supplemental funding in Arkansas are English-language learners, low-income students, students enrolled in career and technical education programs, and students enrolled in alternative learning environments. Services for students identified as gifted, students in sparsely populated districts, and highly disabled students are funded through program-specific allocations.
California	California has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by applying multipliers to that amount to generate supplemental funding for those students. The categories of students generating supplemental funding in California are students in certain grade levels; low-income students, migrant, homeless, and foster youth, and English-language learners, with additional funding support for those in districts serving high concentrations of such students; special education students; and students enrolled in certain necessary small schools. Services for

State	Description
	students enrolled in career and technical education programs and for some students with disabilities are funded through program-specific allocations.
Colorado	Colorado has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students in a variety of ways, including through program-specific allocations, by applying multipliers to the base amount to generate supplemental funding for certain students, and by adding supplemental flat dollar amounts to the base amount for certain students. The categories of students generating supplemental funding in Colorado are some English-language learners (ELLs), low-income students, and students with disabilities. Services for some ELLs, students identified as gifted, students enrolled in career and technical education programs, and students in sparsely populated districts are funded through program-specific allocations.
Connecticut	Connecticut has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by applying multipliers to that amount to generate supplemental funding for those students and by making program-specific allocations. The categories of students generating supplemental funding in Connecticut are English-language learners and low-income students. Services for students enrolled in career and technical education programs and for high-cost disabled students are funded through program-specific allocations.
Delaware	Delaware has a primarily resource-based funding formula. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and course materials. Delaware does not provide supplemental funding to cover the additional cost of educating other specific categories of students. However, Delaware considers specific grade levels, students with disabilities, and students enrolled in career and technical education programs in the allocation of funding for staff costs, and it provides additional funding to some low-income students and English-language learners through a program-specific allocation.
Florida	Florida has a primarily student-based funding formula. The formula assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students.
Georgia	Georgia has a hybrid funding formula incorporating both resource-based and student-based elements. The formula determines the cost of delivering education to a student with no special needs or services based on the per-student cost associated with high school general education programs in the state. This cost is then used as a base amount. It then accounts for the additional cost of educating specific categories of students both by applying multipliers to the base amount to generate supplemental funding for certain students and by making program-specific allocations. In addition to funding for specific categories of students, the state provides resource-based funding for direct instructional costs such as teacher salaries. The categories of students generating supplemental funding in Georgia are students in certain grade levels, English-language learners, students with disabilities, students identified as gifted, and students enrolled in career and technical education programs. Students in sparsely populated districts are funded through a program-specific allocation.
Hawaii	Hawaii has a primarily student-based funding formula. It assigns a cost to the education of an average student, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in Hawaii are students in certain grade levels, English-language learners, low-income students, some students with disabilities, students identified as gifted, and students living on neighbor islands. Services for some students with disabilities and for students enrolled in career and technical education programs are funded through program-specific allocations.

State	Description
Idaho	Idaho has a primarily resource-based funding formula. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and course materials. The state does not provide supplemental funding to cover the additional cost of educating other specific categories of students. However, Idaho considers specific grade levels, students with disabilities, and school district size in the allocation of funding for staff costs. Services for English-language learners and students enrolled in career and technical education programs are funded through program-specific allocations.
Illinois	Illinois has a primarily resource-based funding formula. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and course materials. However, only a small proportion of state education funding is distributed through the formula. The bulk of state education aid is distributed based on historical allocation levels. Illinois does not provide supplemental funding to cover the additional cost of educating other specific categories of students, but it considers specific grade levels, English-language learners, low-income students, and special education program expenses in the allocation of funding for staff costs. Services for students identified as gifted and students enrolled in career and technical education programs, along with some services for English-language learners, are funded through program-specific allocations.
Indiana	Indiana has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by adding supplemental flat dollar amounts to the base amount for certain students. The categories generating supplemental funding in Indiana are students with disabilities and low-income students. Services for English-language learners, students identified as gifted, and students enrolled in career and technical education programs are funded through program-specific allocations.
Iowa	Iowa has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by applying multipliers to that amount to generate supplemental funding for those students. The categories of students generating supplemental funding in Iowa are English-language learners, low-income students, students with disabilities, students concurrently enrolled in high school and community college, students in career and technical education programs, and students receiving instruction from or in a district not their own through a sharing arrangement. Services for students identified as gifted are funded through part of the base amount.
Kansas	Kansas has a primarily student-based formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in Kansas' funding policy are English-language learners, low-income students and students in high-poverty schools or districts, students with disabilities, students enrolled in career and technical education (CTE) programs, students enrolled in small districts, and students in sparsely populated districts. Kansas expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values and a defined percentage of the formula amount. Districts in Kansas are permitted to raise and keep additional local revenues for regular district operations. Supplemental funding for ELLs, low-income students, students enrolled in CTE programs, and students enrolled in small districts is generated through the application of multipliers to the base amount. Services for students with disabilities and students in sparsely populated districts, as well as some CTE services, are funded through program-specific allocations.
Kentucky	Kentucky has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in Kentucky

State	Description
	are English-language learners, low-income students, and students with disabilities. Services for students identified as gifted and for students enrolled in career and technical education programs are funded through program-specific allocations.
Louisiana	Louisiana has a hybrid funding formula incorporating both resource-based and student-based elements. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by applying multipliers to that amount to generate supplemental funding for those students. Additional funding allocations are intended specifically for resource costs, including staff salaries and benefits and certain operating costs. The categories of students generating supplemental funding in Louisiana are students in certain grade levels, English-language learners, low-income students, students with disabilities, students identified as gifted, students enrolled in career and technical education programs, and students in small school districts.
Maine	Maine has a hybrid funding formula incorporating both resource-based and student-based elements. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and course materials, and divides that cost by the district's enrollment to determine a per-student cost. This cost is then used as a base amount. The formula then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in Maine are students in certain grade levels, English-language learners, low-income students, students with disabilities, and students attending small schools in sparsely populated districts. Services for students identified as gifted and for students enrolled in career and technical education programs are funded through program-specific allocations.
Maryland	Maryland has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by applying multipliers to that amount to generate supplemental funding for those students. The categories of students generating supplemental funding in Maryland are English-language learners, low-income students, and students with disabilities. Some services for students enrolled in career and technical education programs are funded through a program-specific allocation.
Massachusetts	Massachusetts has a hybrid funding formula incorporating both resource-based and student-based elements. The state assigns costs to the education of students in several categories, derived from the resource costs associated with educating the students in each category. The categories of students considered for the purposes of calculating resource costs in Massachusetts are students in certain grade levels, English-language learners, students with disabilities, and students enrolled in career and technical education programs. Massachusetts also accounts for the cost of educating low-income students by allocating a variable dollar amount for each low-income student.
Michigan	Michigan has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by adding supplemental flat dollar amounts to the base amount for each student in certain categories, by applying multipliers to the base amount to generate supplemental funding for certain students, and by making program-specific allocations. The categories of students generating supplemental funding in Michigan are high school students, English-language learners, low-income students, and students in some sparsely populated and small districts. Services for students with disabilities, for students enrolled in career and technical education programs, and for students in sparsely populated and small districts are funded through program-specific allocations.
Minnesota	Minnesota has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by making program-specific allocations, by applying multipliers to the base amount to generate supplemental funding for certain students, and by adding supplemental flat dollar amounts to the base amount for other

State	Description
	students. The categories of students generating supplemental funding in Minnesota are students in certain grade levels, English-language learners, and low-income students. Services for students with disabilities, students identified as gifted, students enrolled in career and technical education programs, and students in sparsely populated districts are funded through program-specific allocations.
Mississippi	Mississippi has a hybrid funding formula incorporating both resource-based and student-based elements. It determines the cost of delivering education to a student with no special needs or services based on the cost of the necessary resources, such as staff salaries and maintenance services. This cost is then used as a base amount. The formula then accounts for the additional cost of educating specific categories of students both by making resource-based allocations for particular programs and by applying multipliers to the base amount to generate supplemental funding for certain students.
Missouri	Missouri has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in Missouri are English-language learners, low-income students, and students with disabilities. Services for students enrolled in career and technical education programs and students in small schools are funded through program-specific allocations.
Montana	Montana has a hybrid funding formula incorporating both student-based elements and extensive program-based allocations. It assigns a cost to the education of a student with no special needs or services, called a base amount, and allocates a certain minimum amount to each district as a unit. Both of these amounts vary from district to district. The formula then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by adding supplemental dollar amounts to the base amount for each student in those categories. The categories of students generating supplemental funding in Montana are students in certain grade levels and low-income students. Services for students with disabilities, students identified as gifted, and students enrolled in career and technical education, and a number of other services, are funded through program-specific allocations.
Nebraska	Nebraska has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. The state then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in Nebraska are English-language learners, low-income students, and students in sparsely populated districts. (The base amount used in Nebraska for the principal per-student funding varies from district to district, but the amount used as the base for the calculation of supplemental funding is standardized. See Appendix D, "Base Funding Amount," for a description of this calculation.) Services for students with disabilities and students identified as gifted are funded through program-specific allocations.
Nevada	Nevada has a hybrid funding formula incorporating both student-based and resource-based elements. The state determines the cost of delivering education in a district based on the local cost of the necessary resources, such as staff salaries and transportation expenses, and divides that cost by the district's enrollment to determine a per-student cost. This cost is then used as a district-specific base amount. The state accounts for the additional cost of educating specific categories of students by adding supplemental dollar amounts to the base amount for each student in those categories, by applying multipliers to the base amount to generate supplemental funding for certain students, and by making program-specific allocations. The categories of students generating supplemental funding in Nevada are some English-language learners (ELLs), low-income students, students with disabilities, and students identified as gifted. Services for students in certain grade levels, students identified as gifted, students enrolled in

State	Description
	career and technical education programs, some ELLs, and students enrolled in certain high-poverty schools are funded through program-specific allocations.
New Hampshire	New Hampshire has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by adding supplemental flat dollar amounts to the base amount for each student in those categories and by making program-based allocations. The categories of students generating supplemental funding in New Hampshire are English-language learners, low-income students, and students with disabilities. Services for students enrolled in career and technical education programs are funded through program-specific allocations.
New Jersey	New Jersey has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in New Jersey are students in certain grade levels, English-language learners, low-income students, and students enrolled in career and technical education programs. Services for students with disabilities are partly included in the base amount and partly funded through a program-specific allocation.
New Mexico	New Mexico has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in New Mexico are students in certain grade levels, English-language learners (ELLs), students with disabilities, students identified as gifted, and students enrolled in small schools or districts. Services for low-income students and additional funding for ELLs are provided through program-specific allocations.
New York	New York has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by applying multipliers to that amount to generate supplemental funding for those students and by calculating supplemental funding amounts using formulas. The categories of students generating supplemental funding in New York are English-language learners, low-income students, students with disabilities, students enrolled in career and technical education programs, and students in sparsely populated districts.
North Carolina	North Carolina has a hybrid funding formula incorporating both resource-based calculations and extensive program-based allocations. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and course materials. It also allocates funding for a large number of programs and services for particular categories of students. North Carolina considers specific grade levels, English-language learners (ELLs), and students enrolled in career and technical education programs in the allocation of funding for staff costs. Some additional funding for ELLs and services for students with disabilities and students identified as gifted are provided through program-specific allocations distributed on a per-pupil basis. Additional funding for low-wealth districts and districts serving a high concentration of low-income students is also provided through program-specific allocations.
North Dakota	North Dakota has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in North Dakota are English-language learners, low-income students, and students in sparsely populated or small districts. Services for students with disabilities, students identified as gifted, and

State	Description
	students enrolled in career and technical education programs are funded through program-specific allocations.
Ohio	Ohio has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by adding supplemental flat dollar amounts to the base amount for certain students. The categories of students generating supplemental funding in Ohio are students in certain grade levels, English-language learners, low-income students, and students with disabilities. Services for students identified as gifted, students enrolled in career and technical education programs, and students in sparsely populated districts are funded through program-specific allocations.
Oklahoma	Oklahoma has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students mainly by applying multipliers to that amount to generate supplemental funding for those students. The categories of students generating supplemental funding in Oklahoma are students in certain grade levels, English-language learners, low-income students, students with disabilities, students identified as gifted, and students in small districts. Services for students enrolled in career and technical education programs and for students in sparsely populated districts are funded through program-specific allocations.
Oregon	Oregon has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific grants and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in Oregon are English-language learners, low-income students, and students with disabilities. Services for students enrolled in career and technical education programs and in small and remote schools are provided through program-specific allocations.
Pennsylvania	Pennsylvania has a primarily student-based funding formula. As written, the formula assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the student count, then funding the district in accordance with the inflated student count. However, only a small proportion of state education funding is distributed through its formula; the bulk of state education aid is distributed based on historical allocation levels.
Rhode Island	Rhode Island has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in Rhode Island are English-language learners and low-income students. Services for students enrolled in career and technical education programs and highly disabled students are funded through program-specific allocations.
South Carolina	South Carolina has a hybrid funding formula incorporating both student-based calculations and extensive use of program-based allocations. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in South Carolina are English-language learners, low-income students, students with disabilities, students identified as gifted, and students enrolled in career and technical education programs. Certain elementary- and secondary-specific services, such as career services, physical education, reading coaches, nurses, and services for students enrolled in career and technical education are provided through program-specific allocations.

State	Description
South Dakota	South Dakota has a primarily resource-based formula. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and course materials. It does so by setting a target student-to-teacher ratio and a target statewide average teacher salary. The salary target was $48,645.50 in fiscal year 2018, with annual increases based on inflation or 3 percent, whichever is less. The calculated cost is then increased to cover the cost of providing benefits for instructional staff and both salaries and benefits for noninstructional staff.
Tennessee	Tennessee has a primarily resource-based formula. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and course materials. Low-income students generate supplemental funding in Tennessee. The state does not provide supplemental funding to cover the additional cost of educating other specific categories of students. However, Tennessee considers specific grade levels, populations of English-language learners, services for students with disabilities, and students enrolled in career and technical education programs in the allocation of funding for staff costs. Supplemental funding for sparse school districts is provided through a program-specific allocation.
Texas	Texas has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by applying multipliers to the base amount to generate supplemental funding for those students. The categories of students generating supplemental funding in Texas are some students in certain grade levels, English-language learners, low-income students, students with disabilities, students enrolled in career and technical education programs, and students in small, mid-sized, and remote districts.
Utah	Utah has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories through program-specific allocations. The categories of students generating supplemental funding in Utah include students enrolled in career and technical education programs and students in small and remote schools. Services for students in certain grade levels, students with disabilities, students identified as gifted, and other students needing greater-than-average academic support, including English language learners and low-income students, are funded through program-specific allocations. The state also provides a number of other program-specific allocations.
Vermont	Vermont has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by making program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students. The categories of students generating supplemental funding in Vermont are students in certain grade levels, low-income students, and English-language learners. Services for students with disabilities and students in small districts are funded through program-specific allocations.
Virginia	Virginia has a hybrid funding formula incorporating both resource-based and student-based elements. It determines the cost of delivering education to a student with no special needs or services based on costs associated with the programs and resources mandated through the state's statutory standards of quality. This cost is then used as a base amount. The formula then accounts for the additional cost of educating specific categories of students by applying multipliers to the base amount to generate supplemental funding for certain students, by considering certain categories of students in the allocation of staff units, and by making program-specific allocations. The categories of students generating supplemental funding in Virginia are low-income students, students with disabilities, and students enrolled in career and technical education programs. Specific grade levels, populations of English-language learners, and students identified as gifted are considered in the allocation of funding for staff costs.
Washington	Washington has a primarily resource-based formula. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and course materials. Washington considers specific grade levels, English-language learners, and

State	Description
	career and technical education programs in the allocation of funding for staff costs. Services for students identified as gifted, students enrolled in especially high-poverty districts, and students in sparsely populated districts are provided through program-specific allocations. Services for students with disabilities are funded through the application of a multiplier to the district's average per-pupil cost.
West Virginia	West Virginia has a primarily resource-based formula. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and actual transportation costs. West Virginia considers sparsity in the allocation of funding for staff costs. Services for English-language learners, highly disabled students, and students enrolled in career and technical education programs are funded through program-specific allocations.
Wisconsin	Wisconsin's formula is neither primarily student-based nor primarily resource-based; it relies extensively on program-based allocations. The state does not use a base amount. Services for certain low-income students, students in bilingual education programs, students with disabilities, students identified as gifted, students enrolled in career and technical education programs, and students in sparsely populated districts are funded through program-specific allocations.
Wyoming	Wyoming has a primarily resource-based formula. It determines the cost of delivering education in a district based on the cost of the necessary resources, such as staff salaries and course materials. Wyoming considers specific grade levels, low-income students, English-language learners, students enrolled in career and technical education programs, and sparsity in the allocation of funding for staff costs. Services for students with disabilities and students identified as gifted are provided through program-specific allocations.

Source: Adrienne Fischer, Chris Duncombe, and Eric Syverson. "50-State Comparison: K-12 And Special Education Funding." Education Commission of the States, 2021. Web.

Appendix D

Base Funding Amount

When calculating state education funding, many states use a per-student amount in the education funding formula. Table D.1 lists each state, whether its funding formula uses a base funding amount, and what the base amount is.

Table D.1
School District Funding Amount

State	Description
Alabama	Alabama uses a resource-based funding formula and therefore does not use a base per-student amount as the basis for its funding.
Alaska	Alaska has a fixed base funding amount per student. For FY 2017, the amount was $5,930. An average student with no special needs or disadvantages would, in theory, be funded at that level. In practice, however, the base amount is applied to a student count that has already been adjusted for the sizes of schools within a district and the cost of living in the district, and for the additional cost of educating specific categories of students. These adjustments may sometimes deflate a district's student count.
Arizona	Arizona has a fixed base funding amount per student. For FY 2018, the amount was $3,683.27. An average student with no special needs or disadvantages would, in theory, be funded at that level, but since all students are additionally weighted for grade level, no student is actually funded at the base amount. Additionally, the state adjusts the base funding amount upward in districts where the teacher force is more experienced than the state average.
Arkansas	Arkansas has a fixed base funding amount per student. For FY 2018, the amount was $6,713. An average student with no special needs or disadvantages would be funded at that level.
California	California has per-student base funding amounts that differ by grade level. For FY 2018, the amounts ranged from $7,193 to $8,712. An average student with no special needs or disadvantages would be funded within that range. These base amounts correspond with specific grade spans even before other weights are applied, including a second layer of additional weighted funding for certain grade levels. For FY 2018, students in kindergarten through grade 3 had a base funding amount of $7,193. Students in grades 4-6 had a base funding amount of $7,301. Students in grades 7-8 had a base funding amount of $7,518. Students in grades 9-12 had a base funding amount of $8,712. These base amounts are indexed to the cost of living; the figures for FY 2018 reflect a 1.56 percent cost-of-living increase from the FY 2017 amounts.
Colorado	Colorado has a fixed base funding amount per student. For FY 2017, the amount was $6,367.90. An average student with no special needs or disadvantages would, in theory, be funded at that level, but no student is actually funded at this level because all districts receive an increase to the base amount to account for the cost of living and district size. After total program funding requirements are calculated, a negative factor is applied to reduce state aid proportionally across districts. In FY 2017, the negative factor reduced total funding by approximately 11.51 percent.
Connecticut	Connecticut has a fixed base funding amount per student. For FY 2019, the amount was $11,525. An average student with no special needs or disadvantages would be funded at that level. This funding is also intended to cover a large portion of the costs of serving students with disabilities, who do not automatically generate funding above the base amount.
Delaware	Delaware uses a resource-based funding formula and therefore does not use a base per-student amount as the basis for its funding.

State	Description
Florida	Florida has a fixed base funding amount per student. For FY 2018, the amount was $4,203.95. An average student with no special needs or disadvantages would be funded at that level. Above the base amount, each student generates a share of a number of additional allocations, including funding for instructional materials, digital classrooms, teacher classroom supplies, safe schools, class size reduction, and school recognition.
Georgia	Georgia has a fixed base funding amount per student. For FY 2018, the amount was $2,463.78. An average student with no special needs or disadvantages would be funded at that level.
Hawaii	Hawaii has a fixed base funding amount per student. For FY 2018, the amount was $4,129.53. An average student with no special needs or disadvantages would be funded at that level. Hawaii's executive biennium budget allocates education funding annually to the Department of Education. Hawaii operates as a single statewide school district, and the state's Department of Education distributes this funding directly to each school based on its number of students.
Idaho	Idaho uses a resourced-based funding formula and therefore does not use a base per-student amount as the basis for its funding.
Illinois	Illinois uses a resource-based funding formula and therefore does not use a base per-student amount as the basis for its funding. However, districts continue to receive funding from the state that equals or exceeds the amount they received prior to the state's last major funding reform, which was calculated in part using a base amount.
Indiana	Indiana has a fixed base funding amount per student. For FY 2021, the amount was $5,703. An average student with no special needs or disadvantages would generally be funded at that level.
Iowa	Iowa has a fixed base funding amount per student. For FY 2017, the amount was $6,591. An average student with no special needs or disadvantages would generally be funded at that level. This amount is called the state cost per pupil (SCPP). The district cost per pupil (DCPP) is usually equal to the SCPP, but for historical reasons, average students in some districts are funded at a higher level, up to 103 percent of the state cost per pupil.
Kansas	Kansas has a fixed base funding amount of $4,569 per pupil for Fy 2021.
Kentucky	Kentucky has a fixed base funding amount per student. For FY 2021, the amount was $4,000. An average student with no special needs or disadvantages would be funded at that level.
Louisiana	Louisiana has a fixed base funding amount per student. For FY 2017, the amount was $3,961. An average student with no special needs or disadvantages would be funded at that level.
Maine	Maine has a base funding amount per student that varies from district to district. For FY 2018, the base amount ranged from $5,134 to $7,353. An average student with no special needs or disadvantages would be funded within that range. Differences arise from the structure of Maine's funding formula, which accounts for the costs of certain inputs in each of the state's geographic regions. For each district, elementary and secondary students are counted; resource costs for staff, benefits, and other supports are calculated based on the number of students and on the state's teacher compensation system, which pays teachers in accordance with their training and experience. (There are also set salaries for other school staff members, along with associated amounts for benefits.) Once all staff costs for a district have been calculated, line-item costs are added for other inputs, including supplies, support services, and maintenance. The resulting cost is adjusted for the regional cost of living. This total number is then divided by the number of pupils in the district to provide a district-specific base amount.
Maryland	Maryland has a fixed base funding amount. For FY 2017, the amount was $6,964. An average student with no special needs or disadvantages would be funded at that level. The base amount was set at $6,694 in 2008, and the FY 2017 figure of $6,964 reflects annual adjustments for inflation.
Massachusetts	Massachusetts does not have a single statewide base amount. Instead, it uses several funding amounts that are associated with different categories of students. The state uses a formula that accounts for resource costs and associates different costs with different categories of students. (Categories include regular- and special-education students in different grades; students with limited English skills; and students in career and technical education programs.) The per-

State	Description
	student costs calculated for each category include those for teachers, staff benefits, materials, and professional development, among other resources.
Michigan	Michigan has a base funding amount per student. For FY 2018, the amount was generally $8,289, though there was some variation based on historical district funding levels. The target amount of $8,289 served as the base amount for most districts, but some—those funded at particularly low levels prior to the state's last major funding reform—may currently receive funding below the base amount. These districts' base amount may not be less than a minimum level, which was set at $7,631 in FY 2018. The target base amount is increased each year by an increment specified in legislation. According to statute, districts whose base funding levels fall at the minimum level receive increases at double this increment so that their funding approaches the target base amount and eventually reaches it. Districts whose base funding levels fall between the minimum level and the target base amount receive increases on a sliding scale.
Minnesota	Minnesota has a fixed base funding amount per student. For FY 2018, the amount was $6,188. An average student with no special needs or disadvantages would be funded at that level.
Mississippi	Mississippi has a fixed base funding amount per student. For FY 2018, the amount was $5,382. An average student with no special needs or disadvantages would be funded at that level.
Missouri	Missouri has a fixed base funding amount per student. For FY 2021, the amount was $6,375. An average student with no special needs or disadvantages would be funded at that level. This amount may be adjusted downward when the total state aid requirement exceeds the amount appropriated for it.
Montana	Montana does not have a single statewide base amount. Instead, the state provides both a per-student amount and a per-district amount; both vary from district to district. The per-student amount is dependent on both the district's enrollment size and the grade levels it serves, in accordance with a formula set by the legislature. For FY 2018, the maximum per-student amount a district could receive based on the formula was $7,005. The per-district amount is also dependent on both the district's enrollment size and the grade levels it serves. The basis of the distribution is a lump sum for the first group of students in the district (for instance, $51,149 for the first 250 students in elementary serving districts); then, the state adds to the amount for additional students in accordance with a formula set by the legislature.
Nebraska	Nebraska has a base funding amount that varies from district to district based on student enrollment numbers. Each district's base funding is determined based on the average per-student expenditure amount across a comparison group of the 20 districts closest to it in size, as defined by their student enrollments. This average becomes the district's base amount, meaning an average student with no special needs or disadvantages would be funded at that level. (In calculating the average, the state excludes the two highest- and lowest-spending districts from the comparison group.) However, for districts with fewer than 900 students, base funding is based on the average total expenditures of districts in its comparison group rather than the average per-student expenditure. For the purposes of calculating additional funding for students in certain special-needs categories, multipliers are applied to a standard statewide base amount. This amount is the statewide average level of per-pupil spending and was $10,654.36 in FY 2018.
Nevada	Nevada has a base funding amount per student that varies from district to district. For FY 2018, the base amount ranged from $5,677 to $21,469, and the statewide average base amount was $5,897 per pupil. An average student with no special needs or disadvantages would be funded within that range. Differences arise from the structure of Nevada's funding formula, which accounts for variations in the cost of delivering education from district to district. School-level costs, including salary, transportation, and other education costs are estimated for the state as a whole and divided by a weighted enrollment figure to arrive at a statewide average base amount. This amount is tailored for each school district based on its cost of living, economies of scale, and transportation expenses. The formula also considers local per-pupil expenses for administrative and support services, and the district's wealth, as measured by its ability to raise local revenue above the formula amount.

State	Description
New Hampshire	New Hampshire has a fixed base funding amount. For FY 2018, the amount was $3,636.06. An average student with no special needs or disadvantages would be funded at that level.
New Jersey	New Jersey has a fixed base funding amount. For FY 2017, the amount was $11,009. An average student with no special needs or disadvantages would be funded at that level.
New Mexico	New Mexico has a fixed base funding amount per student. For FY 2017, the amount was $3,979.63. An average student with no special needs or disadvantages would be funded at that level.
New York	New York has a fixed base funding amount. For FY 2018, the amount was $6,422. An average student with no special needs or disadvantages would be funded at that level.
North Carolina	The state of North Carolina uses a resource-based funding formula and therefore does not use a base per-student amount as the basis for its funding.
North Dakota	North Dakota has a fixed base funding amount per student. For FY 2018, the amount was $9,646. An average student with no special needs or disadvantages would be funded at that level. Amounts are set biennially.
Ohio	Ohio has a fixed base funding amount per student. For FY 2021, the amount was $6,020. An average student with no special needs or disadvantages would be funded at that level.
Oklahoma	Oklahoma has a fixed base funding amount per student. For FY 2018, the amount was $3,042.40. An average student with no special needs or disadvantages would be funded at that level. This figure for FY 2018 is the sum of two kinds of aid: foundation aid in the amount of $1,583.00, and salary incentive aid in the amount of $1,459.40.
Oregon	Oregon has a fixed base funding amount per student. For FY 2018, the amount was $4,500. An average student with no special needs or disadvantages would, in theory, be funded at that level, but no student is actually funded at this level, because the base amount for each district is adjusted to reflect the district's staff costs. This adjustment is based on the "Teacher Experience Difference," which is the amount by which the average number of years of teacher experience in the district exceeds that average statewide. This amount, which may be positive or negative, is multiplied by $25 and added to the $4,500 base to create a new, district-specific per-student base amount. After teacher experience adjustments are made, the new base amounts are adjusted by a ratio that ensures that all money appropriated for the formula will distributed to school districts. In FY 2018, the statewide average base funding level was $7,680.
Pennsylvania	Pennsylvania does not have a single statewide base amount. Instead, it provides a per-district amount that is based on the district's weighted student count and varies depending on the legislature's appropriation for education. Pennsylvania's funding formula applies only to state education funds appropriated above FY 2015 nominal funding levels. For FY 2018, less than 8 percent of the state's total education funding was distributed through this formula. This funding is divided among districts in accordance with their formula calculations. For FY 2018, each district received a pro-rated share of $453 million based on its weighted student count, adjusted for local income and local tax effort.
Rhode Island	Rhode Island has a fixed base funding amount per student. For FY 2018, the amount was $9,163. An average student with no special needs or disadvantages would be funded at that level. This amount is assumed to include the cost of salaries, supplies, materials, and a portion of the benefits expenses for specialists and the materials they use, including costs attaching to the education of children with special needs, which are not funded separately in the state's formula.
South Carolina	South Carolina has a fixed base funding amount per student. For FY 2018, the amount was $2,425. An average student with no special needs or disadvantages would be funded at that level.
South Dakota	South Dakota uses a resource-based formula and therefore does not use a base per-student amount as the basis for its funding. However, South Dakota does calculate a per-student equivalent amount, which is used for funding calculations that are determined on a per-student basis, such as the calculation of aid for sparse school districts. The per-student equivalent is the per-student cost of teacher salaries and overhead costs, assuming a student-to-teacher ratio of 15 to 1.

State	Description
Tennessee	Tennessee uses a resource-based funding formula and therefore does not use a base per-student amount as the basis for its funding.
Texas	Texas has a fixed base funding amount per student. For FY 2020, the amount was $6,160. An average student with no special needs or disadvantages would be funded at that level, but in districts where the local maintenance and operations tax rate is lower than the expected rate, the base funding is proportionally reduced. (See Appendix E, "Expected Local Share," for an account of how the expected rate is set for each district.) In addition, in certain small and remote districts, base funding is provided on the basis of an inflated number of students rather than on the basis of the actual student count
Utah	Utah has a fixed base funding amount per student. For FY 2018, the amount was $3,311. An average student with no special needs or disadvantages would be funded at that level.
Vermont	Vermont does not use a fixed base funding amount per student. An average student with no special needs or disadvantages is funded at a level that varies depending on the district, as determined by the per-pupil spending approved by voters in the school district. For the purposes of generating additional funding for students with particular disadvantages, multipliers are applied to the student count. However, a base amount from a previous incarnation of the funding formula is used to distribute funding for certain program-specific allocations, such as for career and technical education centers and support of small schools
Virginia	Virginia has a base funding amount per student that varies from district to district. Average students with no special needs or disadvantages would be funded in accordance with their district's base amount. Each district's per-pupil base amount is determined by the state's Joint Legislative Audit and Review Commission based on the cost of meeting the state's mandated standards of quality. Differences arise from the structure of Virginia's funding formula, which accounts for the costs of certain inputs, including staff, supplies and materials, utilities, and adjustments for inflation and the district's enrollment level. Certain costs used in the calculation of each district's base amount are specified in statute. Others are derived using a linear weighted average to determine the prevailing statewide rate for a specific resource
Washington	Washington uses a resource-based funding formula and therefore does not use a base per-student amount as the basis for its funding.
West Virginia	West Virginia uses a resource-based funding formula and therefore does not use a base per-student amount as the basis for its funding.
Wisconsin	Wisconsin uses a program-based funding formula and does not use a base per-student amount as the basis for its funding. However, in addition to its program-based allocations, the state provides a flat amount of per-pupil aid to each district. This aid was set at $450 per student for FY 2018 and $654 for FY 2019.
Wyoming	Wyoming uses a resource-based funding formula and therefore does not use a base per-student amount as the basis for its funding.

Source: EdBuild. "FundEd: State Policy Analysis—A Detailed Look At Each State's Funding Policies." EdBuild.org, n.d.

Appendix E

Expected Local Share

For each state, Table E.1 lists how much a local school district must contribute in local revenue to fund education. Most states' funding formulas set expected local and state contributions. Local contributions are not the same in each district or state and are based on several funding formulas.

Table E.1
Expected Local Share

State	Description
Alabama	Alabama expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values: Each district is expected to contribute $10 for every $1,000 of assessed local property wealth. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.
Alaska	Alaska expects most school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values: Each district is expected to contribute $2.65 for every $1,000 of assessed local property wealth. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. The expected local contribution cannot exceed 45 percent of the district's formula amount.
Arizona	Arizona expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values and a tax rate that varies depending on the grade levels it serves. For FY 2018, Arizona expected elementary and high school districts to impose property taxes of $20.234 for every $1,000 of assessed local property wealth and expected unified school districts to impose $40.468 for every $1,000 of assessed local property wealth. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.
Arkansas	Arkansas expects localities to contribute revenue to the funding of public schools. The amount each locality is expected to raise is based on its property values and its revenue from other local sources: Each locality is expected to contribute $25 for every $1,000 of assessed local property wealth, along with revenue from a variety of other sources, including local sales and use taxes. (See Appendix G, "Other Local Taxes For Education," for a description of these additional sources of local revenue.) Once the state calculates the amount of funding necessary to educate students in a district, it estimates the value of 98 percent of the expected local contribution, subtracts that amount, and provides the difference in the form of state education aid.
California	California expects school districts to contribute a minimal amount of revenue to the funding of public schools. The amount each district is expected to raise is based on the district's school funding history. Each county collects property tax at a rate of $10 for every $1,000 of assessed local property wealth. Districts receive a portion of revenue from this property tax. The portion that each district receives is based on formulas specified in a 1979 statute and varies widely from county to county. Once the state calculates the amount of funding necessary to educate students in a district, it estimates the value of the expected local contribution, subtracts that amount, and provides the difference in the form of state education aid. The state must contribute at least $200 for every student to all districts, regardless of their local ability to pay for schools.

State	Description
Colorado	Colorado expects school districts to contribute some revenue to the funding of public schools through the imposition of property taxes and the collection of vehicle registration fees, but no specific amount is expected of each district. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the revenue from local property taxes and vehicle registration fees and provides the difference in the form of state education aid.
Connecticut	Connecticut expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income, as well as other indicators of economic health. Once the state calculates the amount of funding necessary to educate students in a district, it determines what percentage of this amount the state will provide in the form of state education aid. It bases this calculation on information about the district's property values (weighted at 70 percent in the formula) and its median household income (weighted at 30 percent). For the state's 19 most economically burdened districts (based on a state ranking that awards points based on factors such as income, unemployment, families receiving temporary assistance, property values, and property tax rate), the state increases its support by a prescribed amount. Additionally, the formula requires the state to fund a minimum of 1 percent of each district's necessary funding, regardless of its local wealth. This minimum level rises to 10 percent for certain low-performing school districts.
Delaware	Delaware expects school districts to raise some revenue for the funding of public schools through the imposition of property taxes, but no specific amount is expected of each district. Once the state calculates the amount of funding necessary to educate students in a district, it provides that entire amount in the form of state education aid. No local share is subtracted in this calculation. One part of Delaware's funding formula provides units of funding in amounts that are responsive to both the local per-student property tax valuation and the district's level of property tax effort relative to the statewide average property tax effort. The state funding provided for staff salaries is intended, though not required, to cover 70 percent of a recommended average total competitive starting salary.
Florida	Florida expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate students in a district. Each year, the legislature prescribes a statewide amount of education funding that must be covered by local revenue. Once the state calculates this amount, it considers this figure, the total local share required for the year, and the value of taxable property statewide to set a statewide property tax rate ($4.308 for every $1,000 of assessed local property wealth in FY 2018). This rate is adjusted for various local levels of property wealth and for differences in districts' property assessment policies. Adjustments are also made to ensure that no district is responsible locally for more than 90 percent of the amount of funding calculated by the state to be necessary. In FY 2018, districts' final adjusted property tax rates ranged from $1.608 to $4.308 for every $1,000 of assessed local property wealth. The state calculates the amount of funding necessary for each district, subtracts the expected local contribution, and provides the difference in the form of state education aid. Districts may also levy additional discretionary property taxes (see Appendix F, "Property Tax Floors And Ceilings," for more information). If the district's discretionary operations tax generates less than the state average because of low property wealth, the state will provide additional aid to close the gap between the district's receipts and state average receipts.
Georgia	Georgia expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values: Each district is expected to contribute at least $5 for every $1,000 of assessed local property wealth (minus certain exempted property). For districts in which a tax rate of $5 for every $1,000 of assessed local property wealth would generate 20 percent or more of the amount calculated by the state to be necessary to educate students in a district, the amount of the expected local share is adjusted using a formula that takes into account the property values of all districts in the state. Once the state calculates the necessary amount of funding, it subtracts the expected local

State	Description
	contribution and provides the difference in the form of state education aid. Separate from each district's expected local contribution, the state provides grants to certain districts meant to compensate for disparities in property wealth. Districts with lower-than-average property wealth receive these grants to fill the gap between the property tax revenue the districts are able to raise and what they would raise if they had the state average property value. In order to receive this funding, districts must have levied tax rates of at least $13 for every $1,000 of assessed local property wealth by July 2017, at least $13.50 for every $1,000 of assessed local property wealth by July 2018, and at least $14 for every $1,000 of assessed local property wealth by July 2019.
Hawaii	Hawaii is one statewide school district. Education revenue is collected by the state and distributed directly to schools.
Idaho	Idaho does not expect districts to contribute revenue to their public schools, but school districts are permitted, with voter approval, to impose taxes to generate supplemental revenue for maintenance and operations.
Illinois	Illinois expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based primarily on its property values. A district's expected local share (called the local funding capacity) is calculated through a multistep formula that considers the ratio of a district's assessed property wealth to its necessary funding amount; average property values in the state as a whole; and the district's revenue from the state's corporate personal property replacement tax. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. Additionally, districts continue to receive funding from the state that equals or exceeds the amount they received prior to the state's last major funding reform. Although this funding comes from the state, it is counted along with each district's local funding capacity because it is guaranteed to all districts. A ratio is calculated of the district's local funding capacity to its local education costs, and this is the proportion expected to be covered out of local funds. The remainder of the district's formula amount is meant to be funded by the state. Because the state plans to move toward full formula funding over a number of years, annual increases in funding are distributed to districts that have the greatest need for state assistance. Districts are sorted into tiers according to the degree to which their local funding capacity can be expected to cover their local education costs, and a greater percentage of available state aid is distributed to districts with lesser funding capacity.
Indiana	Indiana does not expect districts to contribute revenue to their public schools, but school districts may impose taxes to generate supplemental revenue for specific purposes such as capital improvement, transportation, and debt service, and for operating costs if voters approve the taxes. Actual state education aid disbursements are limited to the amount appropriated for that purpose and are prorated as necessary so that each district receives state aid in proportion to the amount calculated by the state to be necessary to educate students in that district.
Iowa	Iowa expects its school districts to raise revenue to support their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate students in that district. Each district is expected to contribute $5.40 for every $1,000 of assessed local property wealth. Additionally, once the state provides funding for up to 87.5 percent of the cost per pupil, the remaining 12.5 percent must be covered out of local property taxes as well. Districts are also limited in how much they can spend. They may not spend more than an authorized budget amount, which includes the district's regular program district cost as well as various supplemental amounts, budget adjustments, and revenues from sources outside the funding formula. Because the funding formula amount that is subject to this state/local share arrangement is based on the number of full-time-equivalent students in the district, districts with declining enrollment see reductions in available resources. To provide time for such districts to adjust their spending, they may request a guaranteed regular program district

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	cost of up to 101 percent of the prior year's regular program district cost. This is called a budget adjustment amount.
Kansas	Kansas expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate its students. The formula amount—the base amount for each student and the supplemental funding for students and districts in specified categories—is fully funded by the state, less the district's remaining funds from prior years, tuition for students residing outside the district, and some federal aid dollars. However, districts are required to adopt budgets exceeding the formula amount by a minimum of 15 percent. These required additional dollars are funded by a combination of local and state dollars, in a ratio determined by the district's per-pupil property valuation. Districts with lower levels of assessed property value per pupil receive more state support in funding the above-formula portion of their budgets. State aid decreases as per-pupil property values increase, and districts at the highest levels of property valuation per pupil—at the 81.2 percentile or above for the state—must fund the entire additional amount from local dollars. However, even the districts with the highest property valuations per pupil receive state funding for the formula amount itself. Districts are also required to contribute revenue to the fund that supports public schools statewide. They must impose a tax of $20 for every $1,000 of assessed local property wealth. The revenue raised from this tax is not retained by the district; except for proceeds necessary to finance certain kinds of school district bonds, districts must remit this money to the state for deposit in the state school district finance fund. The state school district finance fund is used to fund all districts' formula amounts.
Kentucky	Kentucky expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values: Each district is expected to contribute $3 for every $1,000 of assessed local property wealth. Once the state calculates the amount of funding necessary to educate the students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.
Louisiana	Louisiana expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on a combination of its property values and its revenue from other local sources, adjusted to satisfy a statewide expected local contribution. Louisiana works to maintain a taxation arrangement in which the state shoulders 65 percent of the burden of education funding and local school districts absorb 35 percent of the cost. The state computes expected local property tax and sales tax rates for each district to maintain this ratio. If a community's property value sees an increase greater than 10 percent, the state caps the increase in locally contributed property tax revenue at 10 percent. Similarly, if a community's sales tax base sees an increase greater than 15 percent, the state caps the increase at 15 percent. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. Additionally, the state funds a minimum of 25 percent of each district's necessary funding, regardless of its local wealth. The state also provides incentive funding to encourage districts to locally raise and spend more than the expected amount of money.
Maine	Maine expects its municipalities to raise revenue to support their public schools. The amount each municipality is expected to raise is based either on its property values, with rates set to satisfy a statewide expected local contribution share, or on a defined share of the amount calculated by the state to be necessary to educate students in the municipality's local school district. Districts in Maine generally encompass multiple towns. Each town is expected to contribute either the proceeds from a given tax rate (in FY 2019, $8.48 for every $1,000 of assessed local property wealth) or a share of the district's total needed funding in proportion to the number of district students residing in the municipality, whichever is less. The expected tax rate is set annually based on local property values and a statutory target for the statewide share of education funding to be covered by local revenue. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. Towns in Maine that choose to

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	do so may locally raise less or more than the expected amount of money, but when a district's actual local contribution falls below what is expected, state aid is reduced by the same percentage by which the district is underfunding its local share.
Maryland	Maryland expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values, its residents' income, and a defined share of the base amount calculated by the state to be necessary to educate its students. Maryland expects districts to contribute half of the base cost of education. To calculate the statewide expected local contribution rate, Maryland takes half the total enrollment in the state's public schools, multiplies that figure by the base amount, and divides that quantity by the sum of the wealth in all Maryland school districts. This quotient is the local contribution rate; the rate is multiplied by each district's wealth to determine its expected local contribution. (For these purposes, wealth is defined through a compound measure that considers both the property values and the amount of taxable income in each district.) By design, if the state as a whole is financially healthier, districts are expected to raise less as the denominator representing statewide wealth increases. Conversely, if enrollment drastically increases, districts are expected to raise more. Additionally, each district is required to raise at least the same amount of revenue in the current year as it did in the prior year. The state may not contribute less than 15 percent of the amount of funds calculated by the state to be necessary to educate the students in each district, regardless of that district's local wealth.
Massachusetts	Massachusetts expects municipalities to contribute revenue to their public schools. The amount each school district is expected to raise is based on a combination of its property values, residents' income, and defined share of the amount calculated by the state to be necessary to educate its students. In Massachusetts, districts do not directly raise revenue; rather, municipalities raise revenue for schools. The state annually sets required local contributions for municipalities in order to gradually transition each municipality's tax rate toward its target local share. Each municipality's target local share is based on a statewide target for the proportion of education funding to be covered by state and local funds, and on the municipality's property values and resident incomes. Municipalities, in total, are expected to cover 59 percent of the statewide foundation budget, and the state is expected to cover 41 percent. The target local share differs for each municipality depending on its property wealth and its residents' income, weighted equally. The target calculation also sets the maximum local share of the formula amount at 82.5 percent.
Michigan	Michigan expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values: Each district is expected to contribute $18 for every $1,000 of assessed local property wealth (excluding the value of principal residences and agricultural properties). In calculating the amount of funding necessary for each district, the state considers the number of students enrolled in the district (other than students with disabilities, for whom education costs are covered entirely by the state and are not subject to the local contribution requirement). Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.
Minnesota	Minnesota expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values. Each district is expected to impose two property taxes: one designated for education costs and one designated for facilities costs. The primary local education tax is currently set at $3 for every $1,000 of assessed local property wealth, which is the rate required to raise $20 million statewide. Districts must also impose taxes sufficient to raise funding for facilities costs in amounts that vary depending on their enrollment numbers and the square footage of their facilities. The state also expects districts to contribute the revenue received from a number of county funds. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. The state provides partial matching funds to districts raising supplemental

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	local revenue. The state also provides support for districts whose property values have declined since the most recent valuation.
Mississippi	Mississippi expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values: Each district is expected to contribute $28 for every $1,000 of assessed local property wealth (subject to different assessment ratios for different classes of property). As a matter of policy, the state should not contribute less than 73 percent of the amount it deems necessary to educate the students in each district, regardless of a district's local wealth. In practice, however, the state may provide a smaller share of districts' needed funding if the legislature appropriates funding insufficient to cover the 73 percent requirement. Once the state calculates the amount of funding necessary for each district, it subtracts the expected local contribution and provides the difference in the form of state education aid. Additionally, taxpayers may claim an exemption from taxes on homesteads; the state provides a small reimbursement to the school districts to offset this exemption.
Missouri	Missouri expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values, its revenue from other local sources, and historical property values: Each district is expected to contribute $34.30 for every $1,000 of assessed local property wealth, as assessed in school year 2005. If the local valuation has decreased below its valuation in that year, the state aid will rise to compensate, but districts are not expected to increase their contribution if the local valuation increases. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected revenue from local property taxes as well as other sources of revenue distributed to districts, and it provides the difference in the form of state education aid.
Montana	Montana expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate its students. Each district receives both a per-district amount and a per-student amount (see Appendix D, "Base Funding Amount," for a description of these allocations). The state automatically funds 44.7 percent of each of these amounts for every district. The next 35.3 percent of both of these amounts, along with 40 percent of the per-student allocations for special education (see Appendix I, "Special Education Funding," for a description of these allocations), is funded through a local property tax. For districts whose local property tax base is insufficient to fully support these percentages, the state provides additional aid. The remaining 20 percent of the per-district amount and the per-student amount must be covered entirely with local funds. Since 2015, the state limits aid for districts receiving revenue from oil and gas production. In addition to the first 44.7 percent of the per-district and per-student allocations and the aid to districts with low tax bases, the state funds a number of allocations in their entirety, without any local funding expected. These allocations include the funding for low-income students and support for certain targeted programs for Native Americans. In each year, districts must budget at least 80 percent of the per-district amount and the per-state amount, along with the amounts fully covered by the state. It is optional for districts to budget for, and impose taxes to fund, the remaining 20 percent of the per-district amount and the per-student amount.
Nebraska	Nebraska expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values: Each district is expected to contribute $10.203 for every $1,000 of assessed local property wealth (subject to different assessment ratios for different classes of property). Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. Nebraska provides a mixture of additional targeted adjustments and income tax rebates to districts before providing state aid.
Nevada	Nevada expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on a combination of its property values and its sales and use tax base. Each county's board of commissioners is required to impose a

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	property tax of $7.50 for every $1,000 of assessed local property wealth for the purposes of funding its schools. One-third of the revenue from this tax, equivalent to that raised by a tax of $2.50 for every $1,000 of property wealth, is counted toward the county school district's local share of education funding. The state also expects counties to contribute all receipts from the local school support tax (LSST), a sales and use tax of 2.6 percent. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. If local revenues from the property tax and LSST are less than expected, the state makes up the difference with increased aid; if revenues are greater than expected, the difference is deducted from the state aid amount.
New Hampshire	New Hampshire expects its school districts to raise revenue to support their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate its students. Statewide, districts are expected to contribute a total of $363 million to public education. The Department of Revenue Administration determines the property tax base in each municipality and sets a uniform education tax rate that will produce $363 million in local revenue when applied to the tax base in all municipalities. This target was set in 2005 and has not been adjusted for inflation. In FY 2018, this tax rate was $2.26 for every $1,000 of assessed local property wealth. Each municipality gives the revenue directly to its local school district. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.
New Jersey	New Jersey expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income. Each year, the state sets both a theoretical property rate and an income rate. The local share of each district's adequacy budget—the amount calculated by the state to be necessary to adequately educate its students—is equal to the average of its local assessed property wealth times the property rate and its local income level times the income rate. The two rates are set such that, once the state calculates the amount of necessary funding in each district and subtracts the amount appropriated for state education aid, the overall local contribution will cover the remaining amount of necessary funding.
New Mexico	New Mexico expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values and the revenue it raises from other local sources: Each district is expected to contribute $0.50 for every $1,000 of assessed local property wealth, and the revenue received from federal Impact Aid (excluding revenue targeted for special education) and the Forest Reserve fund. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts 75 percent of the expected local contribution and provides the difference in the form of state education aid.
New York	New York expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income. Each district must contribute the lesser of two per-pupil amounts, produced through two formulas that consider local property values and levels of local income. The first formula uses property wealth per student count, weighted for student need, and adjusts for local property wealth and local income levels in the district. The second formula uses state sharing ratios, which are adjusted slightly for high-need districts, and also accounts for local property wealth and local income levels. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.
North Carolina	North Carolina does not expect school districts to contribute revenue to their public schools' instructional and operational expenses, but all facilities expenses are the responsibility of county governments. In calculating the amount of funding necessary to educate students in a district, the state considers only instructional and operational expenses. The state provides this entire amount in state education aid. Separate from this calculation, county governments are

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	expected to raise all revenue necessary for their districts' school facilities, including long-term capital investments and day-to-day maintenance costs. The amount counties must contribute is dependent only on local expenses and not on any measure of the local ability to pay.
North Dakota	North Dakota expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values and its revenue from other local sources: Each district is expected to contribute $60 for every $1,000 of assessed local property wealth and revenue from a number of other sources, including mobile home taxes, telecommunications taxes, and taxes on the distribution and transmission of electric power. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. However, the final determination of state aid makes adjustments for districts with very low property values, for districts whose property values have increased significantly from the prior year, for districts with very high end-of-year fund balances, and for changes to the district's calculated aid amount since FY 2013.
Ohio	Ohio expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income. Once the state calculates the amount of funding necessary to educate students in a district, it calculates the share of the amount that will be covered by state aid, through a multistep formula that considers local property valuation per pupil compared to statewide property value per pupil, as well as local and statewide income levels. However, the state may not contribute less than 5 percent or more than 90 percent of each district's necessary funding, regardless of its local wealth. The rest of the district's necessary funding is expected to be covered by local tax revenue. Certain program-based allocations are covered entirely by the state. Additionally, the state provides separate aid, called Capacity Aid, to property-poor districts. The amount of this aid is calculated using the value that would be produced by a tax rate of $1 for every $1,000 of assessed local property wealth in the district; the value that would be produced by such a tax rate statewide; and the value that would be produced by such a tax in all districts with below-median property values.
Oklahoma	Oklahoma expects both school districts and counties to contribute revenue to the funding of public schools. The amount each district or county is expected to raise is based on its property values and its revenue from seven state collections. Each district is expected to raise $15 for every $1,000 of assessed local property wealth and is authorized to impose two separate and additional taxes. Both of these additional taxes are levied as a matter of course at the maximum level in all districts. Each county is expected to impose a tax of $15 for every $1,000 of assessed local property value, of which $5 is earmarked for the county's school districts, and to impose a separate tax of $4 for every $1,000 of assessed local property value, all of which is for education. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the amount that should be raised by the district-imposed $15 tax and 75 percent of the amount that should be raised by the county-imposed $4 tax. The state also subtracts revenue from a number of state revenue sources, which is distributed to counties and districts; these include motor vehicle collections, gross production collections, Rural Electric Association Cooperative taxes, and earnings on state school lands. The state also provides Salary Incentive Aid, which supports staff salaries in districts; the state calculates an amount for each district, subtracts the amount that would be raised by the remaining three taxes combined ($20 for every $1,000 of assessed local property wealth), and provides the difference in the form of Salary Incentive Aid. Separate from all of the above, districts are empowered to impose two additional taxes: a tax of up to $5 for every $1,000 of assessed local property wealth for the district's building fund and a tax to support the district's sinking fund, which may be as high as necessary to support the construction bonds issued by the district.
Oregon	Oregon expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values and its revenue from other local sources. Each district is expected to contribute the lesser of a rate that differs by county in a way that is related to the county's historical tax rates, or $5 for every $1,000 of real

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	market value. Each district must also contribute revenue from other local sources, such as revenue from federal and state lands. The state expects districts to contribute revenue received from other sources, including federal forest reserve revenues, revenue from state-managed forest lands, and revenues from state lands dedicated to public schools, called the Common School Fund. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.
Pennsylvania	Pennsylvania expects school districts to contribute revenue to the funding of public schools. The amount of state formula funding a district receives is based on its local property tax effort, property values, and income, but no specific tax rate is expected of each district. Pennsylvania distributes formula funding in amounts based on each district's level of tax effort and its tax capacity. The state compares each district's local property tax rate to the state median, adjusting for the neediness of the student population that the district serves. To determine the tax capacity of a district, the state estimates how much it could raise based on the total market value of its properties and the total personal income of its residents and compares this amount to the estimated state median. Districts with a higher tax effort and with lower tax capacity than the state medians will receive more in state aid, on the assumption that the remainder of education expenditures will be covered out of local tax dollars.
Rhode Island	Rhode Island expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its students' level of financial need. Once the state calculates the amount of funding necessary for core instruction in each district, it calculates the share of the amount that will be covered by state aid, through a multistep formula that considers local property values, statewide property values, and the percentage of district students eligible for free or reduced-price lunch under the National School Lunch Program. After the state calculates this share, the rest of the district's necessary funding is expected to be covered by local tax revenue. Districts in Rhode Island may locally raise less or more than the expected amount of money.
South Carolina	South Carolina expects its school districts to raise revenue to support their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate its students. Statewide, school districts are expected to contribute approximately 30 percent of the cost of public education. The collective local share percentage is multiplied by a district-specific index of tax-paying ability (a measure of its property wealth relative to the level of property wealth statewide) to determine the share of funding that each district is expected to raise locally. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.
South Dakota	South Dakota expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values and its revenue from other local sources. Districts are expected to contribute revenue from a property tax whose rate varies based on the type of property, as well as revenue from six other local sources. For general education, districts are expected to contribute $1.507 for every $1,000 of assessed agricultural property wealth, $3.372 for every $1,000 of assessed owner-occupied property wealth, and $6.978 for every $1,000 of all other types of assessed local property wealth. For special education, districts are expected to contribute $1.261 for every $1,000 of assessed local property wealth. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. Between FY 2017 and FY 2022, revenue from six additional revenue sources, including the utility tax, bank franchise tax, and wind farm tax, will be phased in as part of districts' expected local contribution, increasing the local share of the formula amount and decreasing districts' state aid allocations. Districts that rely heavily on these sources of revenue may keep their funding at FY 2016 levels until increases to their allocations as a result of inflation compensate for the loss of funding.

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Tennessee	Tennessee expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values, its residents' income, and an estimate of its revenue from local sales taxes, with rates set to satisfy a statewide expected local contribution share. Tennessee's resource-based formula considers three categories of resources: instructional components, funded 70 percent by the state; classroom components, funded 75 percent by the state; and nonclassroom components, funded 50 percent by the state. These contribution levels hold true on average across the state, but each district is expected to contribute a different amount according its ability to pay, as measured equally by two indices. The first index considers only the county's ability to raise education funding through property and sales taxes. The second considers property values, taxable sales, student enrollment, and per capita income. The combined measure of fiscal capacity is applied at the county level. Therefore, the state and local shares for a county-level school system would be the same as the state and local shares for a city-level school system in the same county. In FY 2017, districts' measured fiscal capacity ranged from 0.04 percent to 15.26 percent. This figure is multiplied by the district's resource costs in each category and then by the statewide average local share for that category (such as 70 percent for classroom components) to determine the dollar amount of the district's expected local contribution. School districts may locally raise less or more than the expected amount of money.
Texas	Texas expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on its property values. Schools districts are generally expected to contribute $9.30 for every $1,000 of assessed local property wealth, but this rate may be reduced if the state as a whole sees a sufficient year-to-year increase in property values or if specific districts see year-to-year increases in local property values. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. When a district's expected rate generates more funding than the amount calculated to be necessary, the state recaptures the excess and uses it to support other districts. When the state's total property tax base has increased in value by more than 2.5 percent from the previous year, the general expected rate is reduced in accordance with a statutory formula that considers the rate of value growth. In districts where the value of the local property tax base has increased by up to 2.5 percent since the previous year, the expected tax rate is limited to the prior-year expected tax rate. In districts where the value of the local property tax base has increased by 2.5 percent or more since the previous year, the expected tax rate is reduced in accordance with a statutory formula that considers property values from both the current year and the previous year. When that formula produces a calculated rate that is less than 90 percent of the state's highest local expected rate, the district's rate is instead set at its prior-year expected rate.
Utah	Utah expects its school districts to raise revenue to support their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate students in that district. The expected tax rate is calculated annually to satisfy a statewide expected local contribution. In FY 2018, each district was expected to contribute $1.596 for every $1,000 of assessed local property wealth. Each year, the state sets a total statewide local contribution amount and the tax rate that would be required to produce the amount. In FY 2018, the total local contribution amount was $399 million, and districts were required to impose $1.596 for every $1,000 of assessed local property wealth. The state provides aid based on this expected tax rate, less the rate that would raise $75 million statewide. If the required tax rate, less the rate that would raise $75 million statewide, raises at least the amount of funding determined by the state as necessary to educate students in that district, the district receives no state aid. If this tax rate generates more funding than is calculated to be necessary for the district, the excess is rebated to the state Department of Education and redirected to aid other districts. School districts may impose additional taxes to generate supplemental revenue.

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Vermont	Vermont does not expect school districts to contribute revenue to their public schools. Instead, education is supported through a statewide education property tax, less federal and state grants and other sources of revenue to a district. The state imposes a uniform nonresidential tax rate and a minimum residential tax rate. With voter approval, districts may choose a higher level of per-pupil spending than the level called for in the funding formula. The state sets a district-specific residential tax rate based on the level of per-pupil spending approved by voters in the district and based on the expected revenue for a property tax of $10 per $1,000 of assessed property wealth statewide. (Because towns approve a per-pupil spending level, multipliers applied to the student count for students with particular disadvantages reduce the tax rate towns would pay.) For FY 2018, the expected revenue for a property tax of $10 per $1,000 of assessed property wealth statewide is $10,160. For households with incomes below $90,000, the statewide education tax is based on income rather than property value. The state sets an income yield—$11,990 in FY 2018—meaning that for every $11,990 per pupil a district sets as its budget, eligible taxpayers pay 2 percent of their household income. Tax rates are further limited for households with incomes under $47,000. Once the state calculates the amount of funding necessary to educate students in a district, it provides that amount in the form of state education aid.
Virginia	Virginia expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values, its residents' income and economic activity, and an estimate of its revenue from local sales tax receipts, adjusted to satisfy a statewide expected local contribution. Once the state calculates the amount of funding necessary to educate students in a district, it calculates the share of the amount that each district should be able to pay, through a multistep formula that considers local property valuation, local income levels, and, to a lesser extent, local taxable retail sales. Adjustments are then made so that the average local share of each district's necessary funding amount is 45 percent and the average state share is 55 percent. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. Separately, the state distributes 1.125 percent of state sales tax revenue to districts in proportion to their estimated school-age population. This amount is subtracted from the aid computation, reducing both the state and local shares of the program.
Washington	Washington does not expect school districts to contribute revenue to their public schools, but districts may impose taxes to generate supplemental revenue, such as for transportation. A district that imposes supplemental taxes may be eligible for a partial or full matching amount of additional state aid, with higher optional maintenance and operations tax rates generating more additional aid.
West Virginia	West Virginia expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values: Each district is expected to contribute $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), and $7.76 for every $1,000 of other assessed local property wealth. These rates are established annually by the legislature. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts 90 percent of the expected local contribution, deducts 4 percent as an allowance for discounts and nonpayment, and provides the difference in the form of state education aid.
Wisconsin	Wisconsin expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values, in accordance with a multistep calculation. Wisconsin provides aid in an amount based on a district's actual prior-year expenditures from general aid and property taxes and relative property wealth per member. The state aid amount functions as a cost reimbursement: for each district, there is a calculation of "shared costs"—defined as the amount a district expended in the prior year on general educational expenditures that were supported with either property tax revenue or state

State	Description
	general aid. Once the state calculates the district's shared costs, it determines the expected local proportion at three tiers of shared costs.
Wyoming	Wyoming expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based primarily on its property values: Each district must contribute $25 for every $1,000 of assessed local property wealth. Additionally, each county must impose a tax of $6 for every $1,000 of assessed local property wealth, with the revenue to be pooled at the county level and then allocated to the districts in the county in proportion to their enrollment. The state also expects districts to contribute revenue received from a number of other sources, including both school district and county taxes, federal forest reserve revenues, and railroad car company taxes. Once the state calculates the amount of funding necessary to educate students in a district, it subtracts the expected local share and provides the difference in the form of state education aid. When a district's expected local contribution exceeds the amount calculated by the state to be necessary, the excess revenue is rebated to the state Department of Education and redirected to aid other districts. Actual state education aid disbursements are limited to the amount appropriated for that purpose and the excess revenue received, and they are prorated as necessary so that each district receives state aid in proportion to the amount calculated by the state to be necessary to educate students in that district. No district may receive less total revenue than it did in FY 2006, except as justified by a decrease in student enrollment.

Source: EdBuild. "FundEd: State Policy Analysis—A Detailed Look At Each State's Funding Policies." EdBuild.org, n.d.

Appendix F

Property Tax Floors And Ceilings

State funding formulas generally include an expected local contribution toward education costs, but school districts are not always required to raise the expected amount from local taxes. They may be allowed to raise more or less than the expected amount, within limits. To limit disparities in district property tax rates, states may set a minimum and/or maximum local property tax rate, or they may set rules for how districts can raise property taxes above a given level. Table F.1 lists the policies of each state and whether it sets bounds on permissible local property tax rates.

Table F.1
Property Tax Floors And Ceilings

State	Description
Alabama	Alabama sets a floor for local property tax rates, as well as a level above which voter approval is required. Though school districts do not directly impose property taxes, counties must levy at least $10 for every $1,000 of assessed local property wealth for school funding, or the equivalent from other local sources. Counties and special school tax districts may levy several types of local property taxes, totaling $15 for every $1,000 of assessed local property wealth. All of these taxes are limited by the state constitution and must be approved by voters in a referendum. Counties, municipalities, and other taxing authorities may increase the rate beyond totaling $15 for every $1,000 of assessed local property wealth if they impose, by a vote of the taxing authority, a local act passed by the state legislature and by majority voter approval in a local referendum.
Alaska	Alaska sets both a floor and a ceiling for local property tax rates. School districts must impose at least $2.65 for every $1,000 of assessed local property wealth, and they are limited to a rate that may vary depending on the district's formula amount. City and borough school districts must raise at least $2.65 for every $1,000 of assessed local property wealth, but they may not raise more than this required local contribution plus the greater of $2 for every $1,000 of assessed local property wealth or 23 percent of the formula amount.
Arizona	Arizona sets a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts require voter approval in order to raise more than the rate sufficient to reach their formula amount; even with voter approval, they are limited to 15 percent above their formula amount for operating costs. Districts are limited in how much money they may raise locally. Districts' budgets are limited to the total amount of funding that the state calculates to be necessary to educate students within a district, including transportation funding, but districts may exceed this limit with voter approval. Districts may impose taxes sufficient to add an additional 15 percent to their operating budgets, and further funding for specific programs and for capital outlays, with voter approval. In addition, districts may raise taxes for certain specific costs outside of the formula, like desegregation costs and costs associated with small districts. If a district's expected tax rate would produce enough revenue to cover the entire amount of funds calculated by the state to be necessary to educate the students within the district, it is subject to a floor for local property tax rates and must impose a local property tax of at least 50 percent of the expected rate. If the money generated by this 50 percent rate exceeds the district's necessary funding, the excess is transferred to the state general fund for redistribution to other districts.
Arkansas	Arkansas sets a floor for local property tax rates, as well as a level above which voter approval is required. School districts must impose at least $25 for every $1,000 of assessed local property wealth, and they may impose a higher rate with voter approval. With voter approval,

State	Description
	districts may levy a tax rate higher than the expected rate for maintenance and operations and may impose an additional tax for debt service.
California	California sets a level above which property tax rates require voter approval. In order to exceed a rate based on historical assessments, school districts require two-thirds voter approval. Counties may impose a property tax of up to 1 percent, a portion of which is used for districts. Each district receives a share of the revenue from this tax based on its proportionate countywide share of property taxes during the mid-1970s, when this limit was put in place. Districts may exceed this limit by collecting property taxes set at a fixed amount per parcel of property, called parcel taxes. Parcel taxes may be levied only with the approval of two-thirds of voters. The rate-based property tax is limited to 1 percent of the county assessment of the value of property on the 1975-1976 tax bill, or the assessed value of real property if it is newly purchased, it is newly constructed, or its ownership changed after the 1975 assessment. After a property is sold, increases in its assessed value are limited to 2 percent per year.
Colorado	Colorado sets a ceiling and a level above which voter approval is required. School districts may impose a tax rate of up to $27 for every $1,000 of assessed local property wealth without voter approval; with voter approval, they may set a higher rate that varies depending on the district. The property tax rate for education is limited to $27 for every $1,000 of assessed local property wealth for most districts. The ceiling is frozen at a lower level for districts that were levying less than $27 for every $1,000 of assessed local property wealth in FY 2008. With voter approval, districts may exceed this limitation by up to 25 percent (30 percent for small rural districts) of their formula amount, or $200,000, whichever is greater. Districts may also exceed their caps to raise funds for specific purposes, including transportation, full-day kindergarten, school construction, and technology. In particular, districts may levy up to $10 for every $1,000 of valuation for 3 years to maintain or construct schools or to purchase and install school technology.
Connecticut	Connecticut does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. School districts may not directly impose taxes; property taxes for education are imposed by municipalities. Municipalities may levy and collect a property tax on motor vehicles of up to $45 for every $1,000 of assessed local property wealth. Some of the revenue from this tax may be used to fund public schools. Connecticut does not set a ceiling for other types of property taxes.
Delaware	Delaware does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, property tax rates for some types of school district levies always require voter approval, regardless of the rate being set. Districts levy four types of local property taxes: current expense, debt service, match, and tuition taxes. Rates for current expense taxes, which fund general operating costs, and for debt service must be approved regularly by voters in referenda. Rates for match taxes, which fund specific programs for which districts receive state matching funds, and tuition taxes, which fund special-needs students, are set by local school boards without voter involvement.
Florida	Florida sets a floor for local property tax rates, as well as a level above which voter approval is required. School districts must impose a rate that is set annually by the state and varies based on the district's property wealth and formula amount. Districts are also limited in the rate they may impose without voter approval. Districts must impose a property tax rate that varies based on the district's property wealth and formula amount. In FY 2018, this ranged from $1.608 to $4.308 for every $1,000 of assessed local property wealth. Districts may also raise more than this required property tax rate: Without voter approval, districts may impose additional discretionary taxes for operations (limited to $0.748 for every $1,000 of assessed local property wealth) and capital outlay and maintenance (limited to $1.50 for every $1,000 of assessed local property wealth). With voter approval, districts may also impose additional property taxes for operations up to $10 for every $1,000 of assessed local property wealth in total, including both the required and discretionary taxes. However, this limit may be exceeded by additional property taxes for operating and capital expenses subject to more frequent voter approval (every 2 years), and for debt service.

State	Description
Georgia	Georgia sets a floor for local property tax rates, as well as a level above which voter approval is required. School districts must raise at least $5 for every $1,000 of assessed local property wealth and may not levy more than $20 for every $1,000 of assessed local property wealth without voter approval. However, this limitation does not apply to districts that were authorized to levy more than $20 for every $1,000 of assessed local property wealth in 1983. In addition, districts must levy a certain property tax rate in order to receive state funding intended to compensate for property wealth disparities.
Hawaii	Hawaii is one statewide school district that cannot directly levy taxes of any kind. The state collects education revenue and distributes it to schools.
Idaho	Idaho sets a level above which local property tax rates require voter approval. School districts are not required to impose local property taxes for education, but they may impose several supplemental property taxes for operations and facilities costs, which require varying levels of voter approval. Districts may levy several supplemental levies, most of which require voter approval: Supplemental maintenance and operations levies must be authorized through a referendum, though they may be reduced by the board of trustees. Districts may impose a levy of up to $2 for every $1,000 of assessed local property wealth for school plant facilities, with the approval of 55 percent of voters; between $2 and $3 for every $1,000 of assessed local property wealth with the approval of 60 percent of voters; and up to $4 for every $1,000 of assessed local property wealth with the approval of two-thirds of voters. Districts do not require voter approval to impose emergency levies to account for an increase in the student count or to impose a tort levy to fund a liability plan.
Illinois	Illinois sets ceilings for local property tax rates, and a level above which voter approval is required. Limits differ depending on the type of school district and the type of tax. For educational purposes, most elementary and secondary districts may levy tax rates of $9.20 for every $1,000 of assessed local property wealth without voter approval and $35 with voter approval; K-12 districts may levy a tax rate of $18.40 for every $1,000 of assessed local property wealth without voter approval and $40 with voter approval. For operations and maintenance purposes, elementary and secondary districts may levy rates of $2.50 for every $1,000 of assessed local property wealth without voter approval and $5.50 with voter approval; K-12 districts may levy a rate of $5 for every $1,000 of assessed local property wealth without voter approval and $7.50 with voter approval. Districts are also limited in the tax rates they may impose for specific purposes: For special education, elementary and secondary districts may levy rates of $0.20 for every $1,000 of assessed local property wealth without voter approval and $4 with voter approval; K-12 districts may levy a rate of $0.40 for every $1,000 of assessed local property wealth without voter approval and $8 with voter approval. Other levies for specific purposes—including those to fund vocational building programs, capital improvements, transportation, and summer school programs—are subject to their own limits and voter approval requirements. The law also provides for counties to opt into a different set of property tax limitations. In counties that do so, districts are exempt from the limit on the tax rate for educational purposes. They are instead limited to property tax increases of the lesser of 5 percent, or the increase in the national Consumer Price Index for the year preceding the levy year. Tax rate increases exceeding this limit require voter approval. Additionally, property taxes imposed by the board of Chicago Public Schools are bound by different limits on tax rates for educational purposes, capital improvements, and employer contributions to the Public School Teachers' Pension and Retirement Fund of Chicago.
Indiana	Indiana sets a level above which property tax rates require the approval of two-thirds of voters. Any property tax imposed by a local government unit, including by a school district, is limited to a percentage of the property's value that varies depending on the type of property. Property taxes that are approved by voters in a referendum are not subject to these limits. Indiana does not require districts to impose a minimum tax rate. Districts may impose supplemental levies for specific purposes such as transportation, debt service, and capital projects. Additionally, they must impose taxes at rates sufficient to pay their debt service obligations. Property taxes, including those levied by districts, are capped at 1 percent of property value for homesteads,

State	Description
	2 percent for residential property and agricultural land, and 3 percent for nonresidential properties. With voter approval, however, districts may impose property taxes that exceed these caps. Districts may impose several supplemental levies without voter approval: a tax of up to $4.17 for every $1,000 in assessed local property wealth for capital projects, and a tax rate sufficient to pay transportation costs and to replace buses. Districts in Allen County that have been the target of constitutional challenges regarding racial segregation may petition their local government to raise taxes to fund a racial balance initiative.
Iowa	Iowa sets a floor for local property tax rates. School districts must impose at least $5.40 for every $1,000 of assessed local property wealth. Iowa sets no limit on how much districts may raise, but it does limit how much they may spend. The state funding formula sets a maximum authorized budget that is the sum of the district's formula amount and funding generated by supplemental taxes and revenue from sources outside of the funding formula. Districts may not levy taxes to fund spending in excess of this budget amount, but school boards may levy taxes to increase their cash reserves, which are not included in the maximum authorized budget. Though these levies are not limited, they are reviewed annually by the School Budget Review Committee, a state entity that may require a district to reduce its levy. Districts may impose supplemental levies for a number of purposes, including instructional support, education improvement, physical plant and equipment (for every $1,000 of assessed local property wealth, limited to $0.33 without voter approval and $1.34 with voter approval), playground and recreational spaces (limited to $0.135 for every $1,000 of assessed local property wealth), certain liability costs, school district reorganization, and disaster recovery (limited to $0.27 for every $1,000 of assessed local property wealth). These are included in the maximum authorized budget. Debt service levies are limited to $4.05 for every $1,000 of assessed local property wealth, with voter approval.
Kansas	Kansas sets a floor and a ceiling for local property tax rates. Each school district must impose a tax rate of $20 for every $1,000 of assessed local property wealth; the proceeds of this tax are remitted to the state and used to fund all districts' formula amounts. School districts are limited to a tax rate that differs based on their formula amounts, and taxes above a certain level may require voter approval. Separately, districts are required to adopt budgets exceeding their formula amounts by at least 15 percent. A combination of local and state dollars funds these increased budgets, and districts are expected, though not required, to levy local property taxes sufficient to fund the local portion. Districts may adopt budgets exceeding the formula amount by up to 33 percent, or by a lower percentage announced annually by the state board of education. Because districts may only impose taxes sufficient to fund the local portion of the adopted budget, this ceiling on the local budget amount functions as a cap on local property taxes for school operations as well. If the district adopts a budget exceeding, the formula amount by more than 27.5 percent, it must publicize its intention to do so, and taxpayers may petition to prevent the increase. If 10 percent of district voters sign a petition, a referendum is held to adopt or reject the budget. School districts in Kansas may impose supplemental levies for many purposes, including to address expenses related to high local costs of living (limited to qualifying districts and to levels calculated based on home values in the district and in the state as a whole); to fund the opening of new school facilities in districts experiencing rapid enrollment growth (limited to levels that vary based on the district's enrollment); or to support capital expenditures such as acquiring, repairing, or equipping school buildings (limited to $8 for every $1,000 of assessed local property wealth).
Kentucky	Kentucky does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, if a local taxing district, including a school district, increases the property tax rate by more than 4 percent over the previous year, taxpayers may petition to prevent the tax increase. If 10 percent of taxpayers who voted in the last presidential election sign a petition, a referendum will be held to adopt or reject the tax rate.
Louisiana	Louisiana sets a ceiling on local property tax rates, as well as a level above which voter approval is required. School districts may impose up to $5 for every $1,000 of assessed local property wealth, without voter approval, with the exception of Orleans Parish, which may impose $13 for

State	Description
	every $1,000 of assessed local property wealth. With voter approval, districts may impose a further tax of up to $70 for every $1,000 of assessed local property wealth.
Maine	Maine does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. School districts do not directly impose property taxes, but municipalities are not limited in what they may levy for schools. Municipalities impose property taxes in accordance with the school budgets approved by voters. Maine has a limit on municipal property taxes, but it does not apply to property taxes raised for schools. Additionally, although there is no minimum level of property taxation for education, there is a penalty for districts that raise less than the local share expected by the state. When a district's actual local contribution falls below the expected local contribution, state aid is reduced by the same percentage by which the district is underfunding its local share.
Maryland	Maryland sets a floor for local property tax rates. Local jurisdictions must impose taxes sufficient to provide the greater of their local share or the same amount of revenue they provided in the previous year. School districts do not directly impose property taxes; they rely on local jurisdictions, including counties and the city of Baltimore, for local funding. Each local jurisdiction must provide at least the greater of its local share, or the same amount of revenue in the current year as it provided in the prior year, and therefore must set tax rates sufficient to raise this amount. Local governments may apply to the Maryland State Board of Education for temporary waivers to this requirement.
Massachusetts	Massachusetts sets both a floor and a ceiling for local property tax rates. School districts may not directly impose taxes; property taxes for education are imposed by municipalities, which must raise a local contribution that varies based on the district's contribution in the previous year, on a target based on property and income wealth, and on student need. Massachusetts also sets limits on municipalities' overall tax rate: A municipality may not impose a property tax rate of more than $25 for every $1,000 of taxable property wealth or increase the tax rate by more than 2.5 percent from year to year. With voter approval, however, in order to pay for certain capital projects or to meet specified debt service costs, municipalities may impose taxes at rates above these limitations. These exceptions require a vote of two-thirds of the municipality's governing body, and the approval of a majority of voters.
Michigan	Michigan sets a ceiling for local property tax rates. School district property tax rates are limited to $18 for every $1,000 of local property wealth (excluding the value of principal residences and agricultural properties). If necessary, certain districts may impose further taxes on both homestead and nonhomestead property to raise as much revenue as they received in FY 1994. Moreover, certain districts whose property values have risen faster than the rate of inflation may be required to reduce their tax rates to offset this increase. With voter approval, districts may impose additional taxes to pay for capital projects, or to purchase land for future building projects. With voter approval, intermediate school districts may impose a further $3 for every $1,000 of local property wealth for operations.
Minnesota	Minnesota sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. Limitations vary by district. School districts must impose property taxes for general education and for facilities expenses. Districts are also limited with regard to approximately 50 types of tax rates they may impose, including those related to costs of issues such as declining enrollment, English-language learners, and pensions. These levies are used to generate a limitation for each district. With voter approval, districts may impose additional property taxes. Additional revenue generated from a voter-approved operating levy tax was capped at $1,891 per pupil unit for FY 2017 and is adjusted annually for inflation. Districts that are eligible for increased funding for being sparse districts are not subject to this cap. In addition, voters may approve a bond issue that exceeds these limitations.
Mississippi	Mississippi sets a floor and a ceiling for local property tax rates. School districts must impose a tax rate of at least $28 for every $1,000 of taxable property wealth and may not raise more than $55 for every $1,000 of assessed local property wealth. However, levies to fund debt service may be imposed in excess of $55 for every $1,000 of assessed local property wealth.

State	Description
Missouri	Missouri sets a floor for local property tax rates. To receive state funding, school districts must impose a tax rate of at least $27.50 for every $1,000 of taxable property wealth. Missouri does not set a threshold above which voter approval is required, but setting property tax rates always requires voter approval regardless of the rate being set. Each year, the school board is required to prepare an estimate of the tax rate required for operating costs and for capital projects and submit the question to voters. If the board believes it necessary, or if a petition is submitted with signatures from 10 percent of the number voters who voted for the school board member receiving the greatest number of votes, the board may ask for voter approval to increase the property tax rate.
Montana	Montana sets a floor and a ceiling on local property tax rates, as well as a level above which voter approval is required. Limitations vary by school district. Districts must impose a levy sufficient to meet their expected local contribution amount (see Appendix E, "Expected Local Share," for a description of how this amount is calculated). With voter approval, districts may impose further taxes to meet a maximum, equal to 100 percent of the district's per-district amount and a per-student amount and other program-specific allocations. With voter approval in limited cases, districts may also exceed this maximum up to the prior year's spending plus the highest optional levy ever imposed. Districts do not need voter approval for levies for transportation, bus depreciation, tuition, and adult education.
Nebraska	Nebraska sets a level above which local property tax rates require voter approval. School district tax rates are limited to $10.50 for every $1,000 of taxable property wealth, but districts may exceed this limit with voter approval. If two-thirds of school board members approve a resolution, or if at least 5 percent of registered voters submit a petition, the district will hold a referendum on imposing a property tax rate that exceeds the limitation. Moreover, bond principle and interest are excluded from the limitation.
Nevada	Nevada sets both a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts may not directly impose property taxes; property taxes for education are imposed by counties on behalf of county school districts. County governments must levy and collect a property tax of exactly $7.50 for every $1,000 of assessed property wealth for the purposes of funding the schools in their districts. Counties must also levy property taxes sufficient to pay the interest and redemption costs of school district bonds. In addition, with the approval of a majority of voters in a county referendum, county governments may levy one supplemental tax to fund general capital improvements in schools, and a second to fund the construction of new school buildings as required by a rise in enrollment. If the county school district has fewer than 25,000 pupils, these taxes are each limited to $7.50 for every $1,000 of assessed local property wealth. If the district has 25,000 pupils or more, these taxes are limited to a combined $5 for every $1,000 of assessed local property wealth.
New Hampshire	New Hampshire sets a floor for local property tax rates. School districts do not directly impose property taxes. Municipalities impose a statewide education property tax at a rate set by the state, and they may also impose local education property taxes. The Department of Revenue Administration determines the property tax base in each municipality and sets tax rates that raise $363 million in local revenue when applied to the tax base in all municipalities. In FY 2018, this tax rate was $2.26 for every $1,000 of assessed local property wealth. In practice, however, the rate for the statewide education property tax has varied from municipality to municipality. In addition, for school purposes, municipalities may raise additional local property taxes, which are not limited.
New Jersey	New Jersey does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, school districts may not increase property taxes by more than 2 percent per year unless a majority of voters approve, or in certain exceptional cases. The governing body of a district may submit a property tax increase that exceeds 2 percent for voter approval in a referendum. The 2 percent cap is adjusted upward in certain cases, including when districts see increases in required pension contributions or health care costs

State	Description
	exceeding 2 percent, when they face extraordinary costs related to an emergency, and for debt service.
New Mexico	New Mexico sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts must impose $0.50 for every $1,000 of assessed local property wealth for operations. They may impose some additional taxes that require voter approval but may not impose more than $15 for every $1,000 of assessed property wealth for debt service, school buildings, and capital improvement combined. Within this limitation, districts may impose, with voter approval, up to $10 for every $1,000 of assessed local property wealth to build or improve school buildings, and separately up to an additional $2 for every $1,000 of assessed local property wealth for capital improvements. Districts may also issue general obligation bonds to build, remodel, or furnish school buildings, with the approval of local voters. The value of these bonds is limited to 6 percent of the district's assessed local property wealth.
New York	New York sets a floor for local property tax rates. School districts must contribute the lesser of two per-pupil amounts calculated by the state, produced through two formulas that both consider local property values and levels of local income. In addition, year-on-year tax increases are limited to the lesser of 2 percent or the increase in the Consumer Price Index, unless districts gain the approval of 60 percent of voters. The state's five largest cities, where the city school district is wholly dependent on the municipality for funding, are limited to a share of assessed local property wealth for their total municipal budget, including education. New York City may levy only up to $25 for every $1,000 of assessed property wealth in total, where the property wealth is determined by a 5-year average; the other four largest cities may levy only $20 for every $1,000 of assessed property wealth.
North Carolina	North Carolina does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, school districts do require voter approval to trigger the imposition of a particular type of supplemental property tax. Districts do not directly impose taxes, with a few exceptions. Rather, they are funded through county appropriations, and counties may impose property taxes for school purposes without any restrictions. With voter approval, districts may also direct counties to impose an additional such property tax beyond what the county has imposed under its own authority. Districts may petition the county to hold a voter referendum on imposing a supplemental property tax dedicated to schools, of up to $5 for every $1,000 of assessed local property wealth.
North Dakota	North Dakota sets a level above which local property tax rates require voter approval. School districts may not impose more than $70 for every $1,000 in assessed local property wealth for general purposes without voter approval. Districts are also limited in imposing local property taxes for other purposes. Districts may impose up to $70 for every $1,000 in local taxable property wealth for general purposes without voter approval. They are also limited to a 12 percent increase from the previous year, which keeps some districts below $70 for every $1,000 of assessed local property wealth. Districts may impose additional property taxes beyond $70 for every $1,000 in assessed local property wealth for specific purposes, most of which are limited. These include taxes for the building fund (up to $20 for every $1,000 in assessed local property wealth, or $35 for Fargo, with voter approval), the special reserve fund (up to $3 for every $1,000 in assessed local property wealth), and the miscellaneous fund (up to $12 for every $1,000 in assessed local property wealth). Districts are not limited in the rate they impose for tuition, judgments, bond sinking, and interest, or in special assessment districts for certain capital projects.
Ohio	Ohio sets a level above which local property tax rates require voter approval. Localities—including school districts, counties, and cities and townships—may impose, in total, $10 for every $1,000 of assessed local property wealth without voter approval. Districts may impose further property taxes with voter approval. Of the $10 for every $1,000 of assessed local property wealth that localities may levy without voter approval, districts impose, on average, $4.40 for every $1,000 of assessed local property wealth. Districts may impose several other levies for operating costs, permanent improvement, and debt service with voter approval.

State	Description
	Some of these additional levies are increased or reduced to compensate for increasing or decreasing property values, but this policy's effect on district tax rates is limited: A district's combined tax rate from the nonvoted levy and one of the voted operating levies may not drop below $20 for every $1,000 of assessed local property wealth as a result of this limitation.
Oklahoma	Oklahoma sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. Counties must impose two levies for schools, of which at least $9 for every $1,000 in assessed local property wealth must be directed to schools. School districts and counties may also impose several other levies, some of which require voter approval and all of which are limited to a maximum level. Counties and districts in Oklahoma may impose up to seven levies for education, including five for operations and two for maintenance and construction. Some may be imposed without voter approval: School boards may impose up to $15 for every $1,000 in assessed local property wealth for operations. In addition, counties must impose a levy of $4 for every $1,000 in assessed local property wealth for schools and a levy $15 for every $1,000 in assessed local property wealth, $5 of which must be directed to schools. Career and technical education districts may also impose four additional taxes to fund their programming. With voter approval in a referendum, school districts may impose two other levies for operations, one limited at $5 and $10 for every $1,000 of assessed local property wealth. They may also impose a further levy for school maintenance construction limited at $5 for every $1,000 of assessed local property wealth. With the support of 60 percent of voters in a referendum, school districts may also impose a levy to pay principal and interest on a bond issue, which has no limit.
Oregon	Oregon sets a ceiling for local property tax rates, and a level above which voter approval is required. School districts are limited to a tax rate that differs by county. However, districts may exceed this limit with voter approval to impose a rate of up to $5 for every $1,000 of real market value. Districts face two restrictions in property tax rates they may impose: a maximum rate that differs by county in a way that is related to the county's historical tax rates, and a constitutional limitation of $5 for every $1,000 of real market value for the purpose of funding their schools. If a district's limit based on assessed local property wealth is lower than $5 for every $1,000 of real market value, the district may exceed this limit with voter approval, to impose a rate up to $5 for every $1,000 of real market value. If a district's limit based on assessed local property wealth exceeds $5 for every $1,000 of real market value, it is limited at $5 for every $1,000 of real market value. Districts may exceed the $5 constitutional limit to issue general obligation bonds and may impose an additional tax on newly constructed properties to fund capital improvements. The tax on new construction is limited to a certain percentage per square foot on both residential and nonresidential property and a dollar maximum per nonresidential property. In FY 2018, this tax was limited to $1 per square foot for new residential properties, $0.63 per square foot for nonresidential properties, and $31,400 in total per nonresidential property.
Pennsylvania	Pennsylvania does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required, but it does limit the size of permissible property tax increases to an extent that varies by school district. Property tax increases are limited based on an inflation index calculated annually by the state. In order to exceed this limit, districts must seek secure voter approval in a referendum, or apply to the Department of Education for an exception. Exceptions to this limit are given under certain conditions such as rising special education costs, rising employee benefit and retirement payment costs, and significant construction costs. The calculation for the inflation index takes into account average increases in income in the state over the previous year and the federal cost index for elementary and secondary schools. The index is adjusted upward for some districts whose property wealth or income levels per weighted student count are lower than the state median.
Rhode Island	Rhode Island does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required, but property tax rate increases, for all purposes, are limited to 4 percent per year, with some exceptions. Local property tax rates are limited to 4 percent higher than the rates imposed the previous year, unless the city or town experiences one of

State	Description
	four conditions: unexpected losses in nonproperty tax revenue, an emergency, debt service payment obligations that grow more quickly than the tax rate, or growth that requires significant school building expenses. Moreover, cities and towns may exceed this limit with the approval of four-fifths of the governing body, or the majority of voters present at a town meeting.
South Carolina	South Carolina does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required, but rate increases for local jurisdictions, including school districts, are limited by annual tax rate increases based on the Consumer Price Index.
South Dakota	South Dakota does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is generally required. However, South Dakota does set a level above which local property tax rates require the approval of two-thirds of school board members, and which in limited circumstances may require approval in a voter referendum. Property taxes for operations are limited depending on the class of property. School districts may levy a tax rate of no more than $1.507 for every $1,000 on agricultural property, $3.372 for every $1,000 on owner-occupied property, and $6.978 for every $1,000 on all other types of property. School boards may exceed these limits with the approval of two-thirds of board members. If 5 percent of voters in a district petition in response to such a board decision, the tax increase is referred to a referendum. Property taxes other than operating taxes are also limited. Districts may levy a tax rate of no more than $1.461 for every $1,000 for special education, and no more than $3 for every $1,000 for capital expenses. Beginning with taxes payable in 2021, an alternative limit of $2,800 per student for taxes for capital expenses will be imposed. The alternative limit will increase for inflation at the same rate as the formula. These limits may not be exceeded even with voter approval.
Tennessee	Tennessee does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required, but property tax rates in certain school districts require legislative approval. Very few districts directly impose local property taxes, which are imposed instead by counties and municipalities. Revenue from county property taxes is distributed to districts in proportion with the student count of each district. Certain districts may levy their own local property taxes, but the General Assembly must approve the rate.
Texas	Texas sets a ceiling on local property tax rates, as well as a level above which voter approval is required depends on a school district's expected local tax rate. A district requires voter approval for a tax rate that exceeds its expected rate by more than $0.50 for every $1,000 of assessed local property wealth. Even with voter approval, no district may levy a rate that exceeds its expected rate by more than $1.70 per $1,000 of local property wealth. Districts do not necessarily retain all of the revenue they raise from these taxes. When a district's expected rate generates more funding than the amount calculated to be necessary to educate students within that district, the state recaptures the excess and uses it to support other districts. For taxes levied over and above the expected rate, the law is different for different portions of the tax rate. Districts retain all proceeds from the first $0.80 per $1,000 of local property wealth levied above the expected rate. Additionally, the state guarantees that this portion of the district's tax rate will have a specific per-pupil yield, and if the local property tax base is not sufficient to produce this amount, the state will provide the balance. For any taxes levied in excess of $0.80 per $1,000 of local property wealth above the expected rate, the state guarantees a lower per-pupil yield, and if the district does not raise this amount locally, the state provides the balance. However, if the district's taxes yield more than this guaranteed amount, the state recaptures the excess and uses it to support other districts.
Utah	Utah sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. All school districts must levy at least $1.596 for every $1,000 in local wealth in FY 2018 in order to receive state funding. Districts may levy several additional taxes, the vast majority of which are limited and some of which require voter approval. Without voter approval, districts may impose up to $1.80 for every $1,000 in assessed wealth (or $2.50 if the district's total levies were greater than $1.80 in 2011) for general purposes, $0.121 for every $1,000 for a K-3 reading program, $3 for every $1,000 for capital projects, $0.30 for every

State	Description
	$1,000 for transportation, and $2.40 for every $1,000 for capital outlay. With voter approval, districts may further impose $2 for every $1,000 of assessed local property wealth for general purposes and $2 for every $1,000 of assessed local property wealth to buy school sites, build and furnish schools, or improve school property. Districts are not limited in the rate they may levy for general obligation debt and to discharge a judgment or order.
Vermont	Vermont sets a floor for property tax rates. For every $1,000 of assessed local property wealth, property owners in all towns pay a uniform tax rate of $15.90 on nonresidential properties and at least $10 on residential properties. The state imposes these taxes, but voters have some control over the residential tax rates they pay. Each town approves a per-pupil spending level for its school district. This level—based on the district's student count, and weighted for grade level, English-language learners, and poverty—and the statewide measure of property wealth, the statewide property yield, are used to determine the residential property tax rate for that town. Households making less than $90,000 per year pay the statewide education tax in the form of an income tax, rather than as a property tax. To determine the rate that taxpayers in each town will pay, Vermont sets a statewide yield to express how much the minimum residential property tax rate (and a set income tax rate) will generate per pupil. In FY 2018, a property tax of $10 for every $1,000 of assessed property wealth generated $10,160 per pupil, and an income tax of 2 percent generated $11,990 per pupil. (Because towns approve a per-pupil spending level, multipliers applied to the student count for students with particular disadvantages reduce the tax rate towns would pay.) In addition, for towns that approve spending per pupil above a certain level compared to the state average, set at $17,386 in FY 2018, the excess will be counted twice in the per-pupil spending figure used in the tax rate determination, inflating the tax rate that the town will pay.
Virginia	Virginia sets a floor on local property tax rates, but no ceiling or level above which voter approval is required. School districts in Virginia may not impose local property taxes, but local government agencies must impose local property taxes sufficient to raise the expected local share of revenue. Counties and cities may also raise more local revenue than the expected local share through higher tax rates, without limit.
Washington	Washington sets a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts may impose supplemental property taxes up to a ceiling with voter approval and with approval from the Office of Superintendent of Public Instruction. Supplemental levies may be used for transportation, for the construction and maintenance of school facilities, or for other purposes approved by the office. These levies are capped at the lesser of $1.50 for every $1,000 of assessed local property wealth, or $2,500 per student adjusted for inflation. Washington also imposes a fixed state property tax of $2.70 for every $1,000 of assessed local property wealth.
West Virginia	West Virginia sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts must levy specific tax rates (which vary depending on the type of property), and they may levy higher rates with voter approval, up to a maximum. Districts must levy $1.94 for every $1,000 of tangible agricultural property, $3.88 for every $1,000 of owner-occupied property and farms, and $7.76 for every $1,000 of other real and personal property. The legislature establishes these rates annually. With voter approval in a referendum, districts may levy up to a total of $2.295 for every $1,000 of tangible agricultural property, $4.59 for every $1,000 of owner-occupied property and farms, and $9.18 for every $1,000 of other real and personal property. These higher rates must be reapproved every 5 years. With voter approval, districts may also impose additional property taxes for specific purposes, including to pay the cost of maturing bonds and bond interest and to pay for capital improvements. Districts may issue bonds worth up to 5 percent of the taxable value of real and personal property within the district and may levy taxes sufficient to pay the principal and interest.
Wisconsin	Wisconsin sets a level above which local property tax rates require voter approval. School districts are limited in what they may raise, including both state aid and local revenue, without voter approval. For each district, the state imposes a revenue limit, which varies depending on

State	Description
	the district and is calculated primarily based on the number of pupils residing in the district, inflation, and the district's prior-year revenue. With the approval of voters in a referendum, however, districts may exceed their revenue limit. Districts may also apply for an increased revenue limit in light of major changes, such as loss of property to another district, new service responsibilities, and declining enrollment. Districts may also issue bonds to fund capital improvements, with voter approval.
Wyoming	Wyoming sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts and counties must levy a combined $31 for every $1,000 of assessed local property wealth, and school boards may levy further taxes for specific purposes, some of which require voter approval. Districts must levy $25 for every $1,000 of assessed local property wealth for education, and counties must levy $6 for every $1,000. Districts may also levy additional property taxes for specific purposes. Without voter approval, districts may levy up to $2 for every $1,000 of assessed local property wealth for postsecondary education services, $1 for every $1,000 for recreational facilities, $0.50 for every $1,000 for cooperative education services, and a tax rate sufficient to pay down debt. (Districts may carry debt only up to 10 percent of total assessed local property wealth.) With voter approval, districts may levy up to $2.50 for every $1,000 of assessed local property wealth for vocational and adult education, and an amount determined by voters, to buy land, or to erect, expand, or equip school buildings. When a district's revenue from the required local taxes exceeds the amount calculated by the state to be necessary for that district, the excess is rebated to the state Department of Education and redirected to aid other districts.

Source: EdBuild. "FundEd: State Policy Analysis—A Detailed Look At Each State's Funding Policies." EdBuild.org, n.d.

Appendix G

Other Local Taxes For Education

Local school districts are partially funded through local taxes—most often taxes imposed and collected by the school district itself, but sometimes county or municipal taxes as well. The most common type of locally collected tax is a property tax, but districts and localities in some states are also authorized to impose and collect income taxes, sales taxes, or other taxes for education. Table G.1 lists the types of local taxes that are imposed and collected for public schools in each state. Nineteen states allow school districts to receive local revenue only from property taxes.

Table G.1
Other Local Taxes

State	Description
Alabama	School districts in Alabama may receive local revenue from property taxes and other taxes. These include county and municipal franchise, excise, and license taxes designated for education, as well as county and municipal sales and use taxes that are not specified for education. Districts do not directly impose taxes. Counties and municipalities may impose a local property tax as well as a franchise, excise, and license tax for education. In particular, both counties and municipalities may impose sales and use taxes, though these are not legally specified for education. Moreover, counties and municipalities may impose taxes on malted beverages, a set portion of which will be used for education.
Alaska	School districts in Alaska may receive local revenue from property taxes and from sales taxes, use taxes, and excise taxes. Districts cannot directly levy taxes of any kind. Cities and boroughs impose local property taxes, sales taxes, and use taxes, and they may also impose excise taxes, such as severance taxes on natural resource extraction. It is not possible to distinguish local funding for schools from other local revenue.
Arizona	School districts in Arizona receive local revenue only from property taxes.
Arkansas	School districts in Arkansas may receive local revenue from school district property taxes from county and municipal sales taxes and use taxes dedicated for education, as well as from revenue from severance taxes and several federal sources. Though districts cannot directly levy sales taxes and use taxes, counties and municipalities may levy them for capital improvements, and these revenues may be dedicated to public education. Districts may also receive revenues from federal lands, severance taxes, and payments in lieu of taxes. The funds that districts receive from county and municipal sales taxes and use taxes are included as part of the districts' expected local contribution for the purposes of determining the state aid allocation. Revenues from severance taxes and federal sources including forest reserves, mineral rights, impact aid, and others are also included as part of a district's expected local contribution.
California	School districts in California may receive local revenue only from property taxes. Counties may impose a property tax base on property value; districts may levy property taxes on parcels of property. Counties tax property at a fixed rate of 1 percent of assessed valuation. Districts may not directly levy property taxes based on property value; instead, they may levy parcel taxes, which are fees set at a fixed amount per parcel of property. These taxes may be levied with the approval of two-thirds of voters in a referendum.
Colorado	School districts in Colorado may receive local revenue only from property taxes and from county vehicle registration taxes. Districts may only impose property taxes. However, counties collect taxes on the ownership of motor vehicles and distribute the revenue to local governments, including districts. Each district receives a portion of this revenue in a proportion matching the share of total county property tax revenues collected in that district. Some

State	Description
	vehicle taxes are considered to be part of the district's local contribution for the purposes of the education funding formula.
Connecticut	School districts in Connecticut may receive local revenue from property taxes and from motor vehicle taxes. Districts may not directly impose taxes; they rely on municipalities to raise revenue. Municipalities may levy property taxes and motor vehicle taxes to fund a variety of local services, including public education.
Delaware	School districts in Delaware receive local revenue only from property taxes.
Florida	School districts in Florida may receive local revenue from property taxes and sales surtaxes. In addition to property taxes, districts and counties may impose sales surtaxes for school infrastructure expenses. School boards may levy a sales surtax of up to 0.5 percent with voter approval. Revenue from the surtax is designated for building or improving school facilities, buying or improving land for school purposes, or installing technology at schools. The governing authority in each county may levy an additional sales surtax of 0.5 percent or 1 percent, with voter approval, for school infrastructure expenses. The county surtax may not be levied for more than 15 years at a time.
Georgia	School districts in Georgia may receive local revenue from property taxes and local sales taxes. In addition to property taxes, districts may levy an optional local sales tax to fund capital improvement projects, with voter approval. The Education Special Purpose Local Option Sales Tax (E-SPLOST) is an optional 1 percent local sales tax to fund capital improvement projects or to retire debt related to capital projects. The tax must be reauthorized every 5 years by local boards of education and approved by voters in a referendum. In counties where there are any city school districts in addition to the county school district, revenue from E-SPLOST is distributed between the county and city school districts on the basis of enrollment, or as otherwise authorized by local law. In addition, 10 school districts in Georgia may collect local sales taxes for operations by specific amendments to the state constitution.
Hawaii	Hawaii is one statewide school district. School districts may not impose taxes and are funded exclusively from state revenue.
Idaho	School districts in Idaho receive local revenue only from property taxes.
Illinois	School districts in Illinois may receive local revenue from school district property taxes and county sales taxes. Though districts may only impose local property taxes, counties may raise revenue for school facilities expenses by imposing a tax on retailers and service providers as a percentage of sales receipts. The rate may be up to 1 percent, and the tax may be imposed only in multiples of 0.25 percent. To impose this tax, the county must have the support of school boards representing more than half the students in the county, as well as the approval of voters in a referendum. The revenue raised by the sales tax will be distributed to districts in the county based on the districts' enrollment as compared to the number of resident students in the county as a whole. This county sales tax applies to the sale of all goods except for groceries and prescription medication.
Indiana	School districts in Indiana may receive local revenue only from property taxes.
Iowa	School districts in Iowa may receive local revenue from property taxes and income surtaxes. Districts may fund educational improvement programs and instructional support programs through a combination of property tax and income surtax. If voters approve, districts may also fund capital projects through a combination of a property tax of up to $1.34 per $1,000 of assessed value and an income surtax. Districts also receive some revenue from tuition and transportation payments, school fees, and donations.
Kansas	School districts in Kansas is completely funded by local property taxes.
Kentucky	School districts in Kentucky may receive local revenue from property taxes, income surtaxes, and a gross receipts tax on utilities. In addition to property taxes, school districts may impose two surtaxes on income: a tax on residents' income, not to exceed 20 percent of state income tax liability, and an occupational license tax on earnings from most professions. Districts may also impose a tax on gross receipts from the provision of utility services and/or cable services at a rate of up to 3 percent.

State	Description
Louisiana	School districts in Louisiana may receive local revenue from property taxes and sales taxes. In addition to property taxes, districts may levy sales taxes with voter approval. Local government units, including districts, may levy sales taxes, with the approval of a majority of voters. The combined sales taxes imposed within any local governmental subdivision must not exceed 3 percent, excluding state sales taxes. The legislature may approve an exemption to allow a greater rate.
Maine	School districts in Maine receive local revenue only from property taxes.
Maryland	School districts in Maryland may receive local revenue from property taxes and income surtaxes. Districts may not directly impose taxes. Local jurisdictions, including counties and the city of Baltimore, may impose property taxes and income surtaxes, a portion of which is directed to schools. Local jurisdictions may impose an income tax of at least 1 percent but no more than 3.2 percent.
Massachusetts	School districts in Massachusetts may not directly impose taxes. Municipalities impose property taxes as well as motor vehicle excise taxes, utility fees, and permit and license fees, a portion of which is directed to schools.
Michigan	School districts in Michigan receive local revenue only from property taxes.
Minnesota	School districts in Minnesota receive local revenue only from property taxes.
Mississippi	School districts in Mississippi receive local revenue only from property taxes.
Missouri	School districts in Missouri may receive local revenue from property taxes, a local income tax, and a variety of other sources of local income, including a tax on assets of financial institutions and a surtax on commercial real estate. Districts may impose only local property taxes, but revenue from several sources collected at other levels is distributed to school districts and makes up part of the total local share. These sources include local earnings and income taxes, a tax on intangible assets of financial institutions, a surtax on commercial real estate (to replace revenue lost from the elimination of a merchants and manufacturing tax), and some penalties and fines. These additional sources of local revenue are included as part of the districts' expected local contribution for the purposes of determining the state aid allocation.
Montana	School districts in Montana may receive local revenue from property taxes, from gross receipts taxes on coal, and from other sources of local revenue. School districts may impose only property taxes, but they receive local revenue from other sources. County treasurers collect the coal gross proceeds tax and distribute it to school districts and other local taxing districts based on the value of the coal produced there. Districts also receive some revenue from the rental of buildings and equipment and summer school revenues and from a local sales tax on public power districts.
Nebraska	School districts in Nebraska receive local revenue only from property taxes.
Nevada	School districts in Nevada may receive revenue from school district property taxes, county sales and use taxes, and county taxes on utility and railway companies. Districts may impose only property taxes, but counties are required to collect the Local School Support Tax (LSST), a sales and use tax of 2.6 percent for public schools. Districts also receive revenue from county franchise taxes on utility and railway companies. They also receive interest income from any invested education property tax revenues. Revenue for capital projects may come from property taxes, the sale of bonds, or fees on the construction of new housing. Counties with populations of 300,000 or more must tax the rental of hotels rooms and other transient lodging, with the revenue to be used for public schools. This revenue is pooled at the state level and distributed to all school districts and charter schools rather than kept for local county schools
New Hampshire	School districts in New Hampshire receive local revenue only from property taxes.
New Jersey	School districts in New Jersey receive local revenue only from property taxes.
New Mexico	School districts in New Mexico may receive local revenue from property taxes and from revenue from federal forest reserve lands. Districts may impose only property taxes, but they receive a portion of revenue from timber sales and other receipts on federal forest reserve lands. This funding is considered part of the district's local share. In determining the district's

State	Description
	formula amount, the state subtracts 75 percent of the revenue received from Forest Reserve funds.
New York	School districts in New York may receive local revenue from property taxes, from consumer utility taxes, and from sales taxes imposed by other local taxing authorities. City school districts with fewer than 125,000 inhabitants may levy a consumer utility tax of up to 3 percent. In 2014, 24 school districts did so, collecting $34.1 million in total. Districts may not impose sales taxes, but some counties share their tax sales revenue with schools. Counties and municipalities may impose sales taxes in excess of the 4 percent sales tax imposed by the state, and five counties share their sales tax revenue with districts. Finally, the city school districts for the state's five largest cities are wholly dependent on their municipalities for funding, and these municipalities may levy sales taxes as well as local income taxes, business and financial taxes, and taxes on commercial rent.
North Carolina	School districts in North Carolina may receive local revenue from property taxes, sales taxes, use taxes, and utility taxes. Districts do not directly impose taxes, with a few exceptions. Districts typically draw local funding from county appropriations, which may be raised through county property taxes, sales taxes, and utility taxes. A portion of county sales taxes and use taxes may be designated for public school capital projects. Though districts do not typically directly impose taxes, they have the authority to impose a supplemental property tax with voter approval. Two school districts also impose property taxes under legislation specific to those districts. Districts that impose property taxes are eligible to receive a share of revenue from sales taxes imposed by the county.
North Dakota	School districts in North Dakota receive local revenue only from property taxes.
Ohio	School districts in Ohio may receive local revenue from property taxes, income taxes, sales taxes, and a tax on casino revenues. In addition to property taxes, districts may impose income taxes and a countywide joint sales tax. Districts may impose an income tax in increments of 0.25 percent. As of January 2017, approximately 190 districts levied an income tax between 0.25 percent and 2 percent. In addition, school districts may impose a joint sales tax with other districts in the county for permanent improvement; only one county has done so. School districts also receive funding from a tax on casino revenues. Of this tax's revenue, 34 percent is distributed to counties, which is then distributed to schools based on student count.
Oklahoma	School districts in Oklahoma may receive local revenue from school district property taxes and from local sales taxes imposed by counties or municipalities. Districts may impose only property taxes, but counties and municipalities in Oklahoma may levy sales taxes and use taxes with the approval of voters. These local sales taxes must be designated for a particular purpose and may be designated for public schools. For instance, between 2002 and 2008, Oklahoma City imposed a 1 percent sales tax, which was divided between the Oklahoma City School District and the area's suburban schools. Districts also receive revenues from some state revenue sources, which are distributed to counties and districts. These include motor vehicle collections, gross production collections, Rural Electric Association Cooperative taxes, and earnings on state school lands. Revenue is distributed to districts based on student count, based on where the revenue was generated, or both.
Oregon	School districts in Oregon receive local revenue only from property taxes.
Pennsylvania	School districts in Pennsylvania receive revenue from a variety of local taxes, such as property taxes and income taxes. Districts may impose an earned income tax on the income and profits of residents in the district. Districts may also impose a variety of other taxes, including a real estate transfer tax, a flat tax on each adult resident, and taxes on the gross receipts of some businesses.
Rhode Island	School districts in Rhode Island receive local revenue only from property taxes.
South Carolina	School districts in South Carolina may receive revenue from local property taxes and, in some counties, from sales and use taxes.
South Dakota	School districts in South Dakota receive revenue from local property taxes and other sources of local revenue. Prior to FY 2016, revenue from the other sources did not affect districts' level of state aid. Between FY 2017 and FY 2022, revenue from six additional revenue sources is being

State	Description
	phased in as part of districts' expected local contributions and will therefore reduce districts' state aid amounts. These include a tax on utilities, a bank franchise tax, a wind farm tax, local revenue in lieu of taxes, county revenue in lieu of taxes, and revenue from traffic fines. (See Appendix E, "Expected Local Share," for a description of this policy.)
Tennessee	School districts in Tennessee receive revenue from local property taxes, sales taxes, and other local taxes. Very few school districts directly impose local property taxes. Districts receive revenue from property taxes imposed by counties and municipalities and may also receive a portion of taxes imposed by counties or municipalities, including sales taxes and motor vehicle taxes. Both counties and municipalities may impose an optional local sales tax so long as the combination of both does not exceed 2.75 percent. If a municipality within a county that imposes a local sales tax also imposes a local sales tax, it may only impose the difference between the county tax rate and 2.75 percent. Local sales taxes must be approved by voters. Half of the revenue from local sales taxes is designated for schools. Revenue from a county sales tax is distributed to the school districts in the county in proportion to the student count of each district. Unlike the state sales tax, the local sales tax is applied to only the first $1,600 of any purchase. Counties may also support education by imposing other local taxes, including motor vehicle taxes ("wheel taxes").
Texas	School districts in Texas receive local revenue only from property taxes.
Utah	School districts in Utah receive local revenue only from property taxes.
Vermont	School districts in Vermont do not receive local revenue and do not have the authority to directly levy any kind of tax. Residents of each town vote on a per-pupil spending level, which affects the property tax rate and income tax rate imposed by the state on that town's taxpayers. Vermont's statewide education tax takes the form of a property tax, or an income tax, depending on household income. Households making less than $90,000 per year pay the statewide education tax in the form of an income tax, rather than as a property tax. All other households pay a property tax partly determined by local referenda (see Appendix F, "Property Tax Floors and Ceilings").
Virginia	School districts in Virginia may receive local revenue from property taxes and from sales and use taxes for education. Districts may not impose any type of taxes, including property taxes. Other local government entities, including counties, cities, and towns, may impose taxes for education. In addition to local property taxes, the governing body of any city or county may vote to levy a local sales and use tax of up to 1 percent. In counties with town school districts, those districts receive a proportion of the revenue from this tax equal to the proportion of students in the town as compared to the county as a whole.
Washington	School districts in Washington may receive local revenue from property taxes and from a county timber excise tax. School districts may levy only property taxes. However, local taxing districts, including school districts, receive revenue from a 4 percent tax imposed on the harvest value of timber harvested from state, federal, or privately owned land.
West Virginia	School districts in West Virginia receive local revenue only from property taxes.
Wisconsin	School districts in Wisconsin receive local revenue only from property taxes.
Wyoming	School districts in Wyoming receive local revenue only from property taxes.

Source: EdBuild. "FundEd: State Policy Analysis—A Detailed Look At Each State's Funding Policies." EdBuild.org, n.d.

Appendix H

Funding For Students Living In Poverty

Most states provide extra funding for students who are living in poverty. Table H.1 describes each state's related policy.

Table H.1
Poverty Funding

State	Description
Alabama	None
Alaska	None
Arizona	None
Arkansas	Arkansas provides increased funding for students from low-income households at levels that depend on the concentration of low-income students in a school district. It provides an amount for every student eligible for free or reduced-price lunch (FRPL) under the National School Lunch Program, with the precise award based on the concentration of such students in the district. Per-student awards ranged from $526 to $1,576 in FY 2018. FRPL eligibility information is based on student counts from the previous school year.
California	California provides increased funding for students from low-income households and for school districts with high concentrations of low-income students. It applies a multiplier of 1.2 to the base per-pupil amount for these students and providing an additional grant for districts where at least 55 percent of students are from low-income households or are otherwise considered at-risk. Students are eligible for supplemental funding if they qualify for free or reduced-priced lunch under the National School Lunch Program, are migrants, are homeless, are in foster care, participate in the Food Distribution Program on Indian Reservations, or are directly certified as eligible for free meals because they appear in state Supplemental Nutrition Assistance Program (known locally as CalFresh) or county welfare (CalWORKS) records. The multiplier of 1.2 is applied to the base per-pupil amount for students who are English-language learners (ELLs). Students who are both ELLs and low-income generate this supplemental funding allocation only once. The grant for districts with high concentrations of low-income and at-risk students is given in addition to the state's supplemental funding for individual students from low-income households.
Colorado	Colorado provides increased funding for students from low-income households at levels that depend on the concentration of low-income students in a school district. It applies a multiplier of at least 1.12 to the base per-pupil amount for each low-income student. The multiplier is increased in districts whose populations of at-risk students exceed the state average. Students are eligible for this supplemental funding if they qualify for free lunch (but not reduced-price lunch) under the National School Lunch Program. The same multiplier is applied to the base per-pupil amount for students ineligible for free lunch whose dominant language is not English. Students who are both English-language learners and eligible for free lunch generate this supplemental funding allocation only once.
Connecticut	Connecticut provides increased funding for students from low-income households and for school districts with high concentrations of low-income students. It applies a multiplier of 1.3 to the base per-pupil amount for these students and provides further supplemental funding for districts where at least 75 percent of students are from low-income households. Students are eligible for supplemental funding if they qualify for free or reduced-price lunch under the National School Lunch Program or for free milk under the Special Milk Program.

State	Description
Delaware	Through a competitive grant program, Delaware provides increased funding for some school districts to support programming for students from low-income households. The Delaware Department of Education provides competitive grants for school-level initiatives providing services to low-income students, English-language learners, and students chronically exposed to stress and trauma. In FY 2018, the state offered grants totaling $1 million for this purpose.
Florida	Florida does not provide increased funding for students from low-income households or for school districts based on the concentrations of low-income students they serve. However, the state's Supplemental Academic Instruction allocation is intended to provide additional funds for students who are at risk of falling behind. These funds may be used in any manner identified by the school as being the most effective and efficient way to best help students progress from grade to grade and graduate, though schools receiving the funding must provide an additional hour of intensive reading instruction every day. Florida provided approximately $712 million in funding for Supplemental Academic Instruction in FY 2018.
Georgia	Georgia does not provide increased funding for students from low-income households or for school districts based on the concentrations of low-income students they serve.
Hawaii	Hawaii provides increased funding for students from low-income households by applying a multiplier of 1.1 to the base per-pupil amount for these students. Students are eligible for supplemental funding if they qualify for free or reduced-price lunch under the National School Lunch Program. The multipliers have been expressed this way for consistency with other states, but the funding is actually provided in an amount equal to 0.1 or 0.2 times the per-pupil base amount, distributed in addition to the student's own base amount funding. The multiplier used is fixed annually by the state's Committee on Weights.
Idaho	Idaho does not provide increased funding for students from low-income households or for school districts based on the concentrations of low-income students they serve.
Illinois	Illinois provides funding for students from low-income households through its resource-based formula by specifying student-to-staff ratios for low-income students and calculating specific funding for dedicated staff positions. The state's student-to-teacher ratios for different grade spans are decreased for low-income students. (Students are counted as low-income if they are eligible for Medicaid, the Children's Health Insurance Program, Temporary Assistance for Needy Families, or the Supplemental Nutrition Assistance Program.) The state assigns a student-to-teacher ratio of 15 to 1 for low-income students in grades K-3 and 20 to 1 for low-income students in grades 4-12. Low-income students also generate additional staff positions for their school districts. The state assigns low-income-student-to-teacher ratios of 125 to 1 for intervention teachers; 125 to 1 for pupil support teachers; 120 to 1 for extended-day teachers; and 120 to 1 for summer school teachers. Once all staff positions are calculated for a district, with grade-level variation taken into account, the district's formula calculation includes a dollar amount for each position that matches the state average salary for that position. Because the state plans to move toward full formula funding over a number of years, annual increases in funding are distributed to districts with the greatest need for state assistance. Districts are sorted into tiers according to the degree to which their local funding capacity can be expected to cover their local education costs, and a greater percentage of additional state aid is distributed to districts with lesser funding capacity. If grade-specific counts of low-income students are unavailable, the state applies the district's general percentage of low-income students to the total count of students in each grade to estimate a grade-specific number of low-income students. Separately, districts continue to receive funding from the state that is at least equal to the amount they received prior to the state's last major funding reform, including a portion of a grant that was calculated based on the district's concentration of students from low-income households.
Indiana	Indiana provides increased funding for students from low-income households and for school districts with high concentrations of low-income students. It does so through one grant program for low-income students and another based on the concentration of low-income students in the district. Indiana provides $1,000 to districts for each student who receives an academic or technical honors diploma; the amount is increased to $1,400 for students receiving benefits

State	Description
	from the Supplemental Nutrition Assistance Program or Temporary Assistance for Needy Families and for students receiving foster care services. In addition, districts must waive required fees for students who qualify for free or reduced-price lunch under the National School Lunch Program, and the districts may apply for reimbursement from the state. Districts also receive funding through a multistep formula that takes into account the concentration of students from low-income households.
Iowa	Iowa provides increased funding for students from low-income households by applying a multiplier of 1.0048 to the base per-pupil amount for certain low-income students. In order to generate additional funding for the purposes of supporting at-risk students, the state also applies a multiplier of 1.00156 to the base amount for all students enrolled in the school district. A multiplier of 1.0048 is applied to an estimate of the number of low-income students in the district, estimated by multiplying the district's total enrollment by the percentage of students in grades 1-6 who are eligible for free or reduced-priced lunch under the National School Lunch Program. A separate multiplier of 1.00156 is applied for all students enrolled in the district. The supplemental funding generated through the application of both multipliers is not specifically intended as funding for students in poverty; instead, it is intended to serve at-risk pupils and secondary pupils receiving alternative education. The number of low-income students in elementary grades serves as a proxy for the number of at-risk students in the district.
Kansas	Kansas provides increased funding for students from low-income households and for districts with high concentrations of low-income students. It does so by applying a multiplier of 1.484 to the base per-pupil amount for these students and giving supplemental funding for districts where at least 35 percent of students are from low-income households. Students are eligible for supplemental funding if they qualify for free lunch under the National School Lunch Program and are enrolled full time in a district that operates an at-risk assistance program. (A free-lunch eligible preschool student who is enrolled in a district operating an at-risk assistance program is counted as one-half of a student for the purposes of the funding calculation.) The supplemental funding may be used only in ways that the state board of education has identified as evidence-based best practices for the education of at-risk students. Additionally, districts must adopt budgets exceeding their formula amounts by at least 15 percent, and they may adopt budgets greater than that. A portion of this additional spending must be set aside for students from low-income households, as follows: Whatever percentage of the district's formula amount is made up of supplemental funding for students from low-income households that same percentage of the district's above-formula spending must be set aside for these students.
Kentucky	Kentucky provides increased funding for students from low-income households by applying a multiplier of 1.15 to the base per-pupil amount for these students. Students are eligible for this supplemental funding if they qualify for free lunch (but not reduced-price lunch) under the National School Lunch Program.
Louisiana	Louisiana provides increased funding for students from low-income households by applying a multiplier of 1.22 to the base per-pupil amount for these students. Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch under the National School Lunch Program. The same multiplier is applied to the base per-pupil amount for students who are English-language learners (ELLs). Students who are both ELLs and low-income students generate this supplemental funding allocation only once.
Maine	Maine provides increased funding for students from low-income households by applying a multiplier of 1.15 to the base per-pupil amount for these students. The multiplier is applied after the base amount is adjusted for local cost of living. Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch under the National School Lunch Program
Maryland	Maryland provides increased funding for students from low-income households by applying a multiplier of 1.97 to the base per-pupil amount for these students and then adjusting the supplemental funding allocation for local wealth levels. Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch under the National School Lunch Program. The funding generated for these students is calculated by applying the multiplier to the eligible population of students. The state share of this funding is determined

State	Description
	by dividing the supplemental funding (0.97 times the number of qualifying students so as to exclude the base amount) by the ratio of local wealth per pupil to statewide wealth per pupil. The formula for state aid mandates that the state contribute at least 50 percent statewide for the sum of the supplemental allocations for three categories of at-risk students: these low-income students, special education students, and English-language learners. (Supplemental funding for the other categories of at-risk students is calculated similarly, but with different multipliers applied to the base amount.) If the result of the calculation described above, added to the amounts of supplemental funding calculated for the other two at-risk categories, does not sum to this intended 50 percent contribution, the result of the formula is proportionally adjusted to bring the contribution back to the desired level. Additionally, the state must contribute at least 40 percent of the particular supplemental funding allocation for low-income students regardless of local wealth; if the result of the formula falls below that 40 percent contribution, the school district will receive 40 percent.
Massachusetts	Massachusetts provides increased funding for students from low-income households at levels that depend on the concentration of low-income students in a school district. It does so through a per-student grant for each low-income student. Districts receive a dollar amount per low-income student that varies depending on the concentration of low-income students in the district compared to other districts in the state. Students are considered low-income if they come from families who participate in any of the following state-administered programs: Supplemental Nutrition Assistance Program, Transitional Assistance for Families with Dependent Children, the state foster care program, and MassHealth.
Michigan	Michigan provides increased funding for students from low-income households by applying a multiplier of 1.115 to the base per-pupil amount for these students. The amount can be reduced if the state does not appropriate sufficient funding to cover the allocation. Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch under the National School Lunch Program; if they receive supplemental nutrition assistance or Temporary Assistance for Needy Families; or if they are homeless, migrant, or in foster care. School districts whose local revenue exceeds their formula amount were not previously eligible for this funding, but were to receive 30 percent of what other districts receive per low-income pupil in FY 2018. In total, Michigan appropriated $499 million for this supplemental funding in FY 2018. The stated purpose of this funding is to ensure that students are proficient in reading by grade 3 and that high school graduates are college- and career-ready. This supplemental funding may be used only for specified purposes, including instructional programs and direct noninstructional services such as health and counseling services. It may not be used for administrative costs.
Minnesota	Minnesota does not provide increased funding for individual students from low-income households, but it does provide increased funding for school districts based on the concentrations of low-income students they serve. It does so in the form of additional funding that must be used for disadvantaged students' educational needs, and which is allocated in a way that limits how much districts with very high concentrations of low-income students may receive.
Mississippi	Mississippi provides increased funding for students from low-income households by applying a multiplier of 1.05 to the base per-pupil amount for these students. Students are eligible for this supplemental funding if they qualify for free lunch (but not reduced-price lunch) under the National School Lunch Program.
Missouri	Missouri does not provide increased funding for individual students from low-income households, but it does provide increased funding for school districts based on the concentrations of low-income students they serve. It applies a multiplier of 1.25 to the base per-pupil amount for low-income students in districts where the concentration of low-income students is above a certain threshold.
Montana	Montana provides increased funding for students from low-income households and for school districts with high concentrations of low-income students. It does so through a program-specific allocation, which is prorated among eligible districts. Montana provides supplemental allocation distributed to districts in the same manner as federal Title I funding. The formula for Title I

State	Description
	funding distribution considers both absolute numbers of low-income students and districts serving especially high proportions of low-income students. In this way, Montana's supplemental funding for these students includes support both for individual low-income students and for districts whose populations include high concentrations of such students. For FY 2018, the state legislature appropriated $5.44 million, prorated among districts, for this purpose. This funding is provided entirely by the state and is not subject to a state-local cost sharing arrangement.
Nebraska	Nebraska does not provide increased funding for individual students from low-income households, but it does provide increased funding for school districts based on the concentrations of low-income students they serve. It does so by providing supplemental funding to all districts where low-income students exceed 5 percent of the district's enrollment, in an amount that depends on the concentration of such students within the district. For the purposes of this allocation, the concentration of low-income students is calculated as the proportion of students who would have been eligible for free lunch under the National School Lunch Program during school year 2016 or the proportion of school system enrollment matching the proportion of local children under 19 from families whose income is such that, if they were a family of four, their children would be eligible for free lunch, whichever is greater.
Nevada	Nevada provides increased funding for students from low-income households and for some schools with high concentrations of low-income students, in the form of a flat allocation in the amount of $1,200 for low-income students and a program-specific allocation for some schools serving high concentrations of low-income students. Appropriations permitting, Nevada provides a flat allocation ($1,200 in FY 2018) for each student who is eligible for free or reduced-price lunch under the National School Lunch Program and who scores at or below the 25th percentile on one of a list of approved assessments. (If appropriations are insufficient, this funding is distributed first to lower-rated schools in accordance with the state accountability system.) This flat allocation is not provided for low-income students enrolled at Victory schools, which are schools designated for other increased funding by the Department of Education because they are low-performing and serve a high proportion of students from homes below the federal poverty level. The state also provides grants to high-poverty school districts to provide hiring incentives to new teachers.
New Hampshire	New Hampshire provides increased funding for students from low-income households, in the form of a flat allocation for each low-income student. In FY 2018, this allocation was $1,818.02 per eligible student. Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch (FRPL) under the National School Lunch Program. Students from households receiving benefits from Temporary Assistance for Needy Families or the Supplemental Nutrition Assistance Program are automatically eligible; others are eligible if parents or guardians provide income information demonstrating eligibility for FRPL.
New Jersey	New Jersey provides increased funding for students from low-income households at levels that depend on the concentration of low-income students in a school district. It applies a multiplier to the base per-pupil amount for low-income students, which ranges from 1.41 to 1.46 depending on the concentration of low-income students in the district. Students are eligible for this supplemental funding if they come from households with an income at or below 185 percent of the federal poverty level. In addition, the state provides a larger amount of per-pupil funding for school security for low-income students than for other students, in amounts that vary depending on the concentrations of such students in the district.
New Mexico	New Mexico does not provide increased funding for individual students from low-income households, but it does provide increased funding for school districts based on the concentrations of low-income students they serve. It does so through a program-specific allocation that varies depending on the number of at-risk students served in the district. New Mexico provides increased funding using an index that considers the number of at-risk students, defined as low-income students, mobile students, and English-language learners that districts are serving. The index is applied to the districts' student count, and the district receives per-pupil funding on the basis of its inflated count.

State	Description
New York	New York does not provide increased funding for individual students from low-income households, but it does provide increased funding for school districts based on the concentrations of low-income students they serve. It does so in the form of supplemental per-pupil funding for districts in an amount that corresponds to the concentration of low-income students in the district. The student-based funding calculated for each district is first multiplied by an index that adjusts for regional cost of living, and then by the Pupil Need Index, a compound adjustment that considers concentrations of students from low-income households along with concentrations of English-language learners and the sparsity of the district.
North Carolina	North Carolina does not provide increased funding for individual students from low-income households, but it does provide increased funding for school districts based on the concentrations of low-income students they serve. It does so in the form of two allocations: one intended to improve districts' capacity to serve low-income students, and one intended to support districts with lower-than-average ability to raise local revenues for education.
North Dakota	North Dakota provides increased funding for students from low-income households by applying a multiplier of 1.025 to the base per-pupil amount for these students. The number of students eligible for the supplemental funding is determined by taking the average percentage of students in grades 3-8 who have qualified for free or reduced-priced lunch under the National School Lunch Program over the previous 3 years and applying that percentage to the total number of students in the school district.
Ohio	Ohio provides increased funding for students from low-income households at levels that depend on the concentration of low-income students in a school district and for districts with high concentrations of low-income students. It does so in the form of two allocations: one that provides funding for low-income students, adjusted for the concentration of low-income students in a district, and another that provides increased funding for districts with high concentrations of low-income students and low levels of property wealth. Ohio provides increased funding for low-income students through Economically Disadvantaged funding, which provides an amount to each district equal to $272 for each economically disadvantaged student, multiplied by a poverty index, which reflects the district's concentration of poverty. Economically disadvantaged students are those who are eligible for free or reduced-price lunch under the National School Lunch Program; those who are known to be recipients of public assistance; and those meeting federal Title I income guidelines. Ohio also provides increased funding for districts with high concentrations of low-income students through Targeted Assistance, which is calculated using a multistep formula.
Oklahoma	Oklahoma provides increased funding for students from low-income households by applying a multiplier of 1.25 to the base per-pupil amount for these students. Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch under the National School Lunch Program. The funding is actually provided in an amount equal to 0.25 times the per-pupil base amount, distributed in addition to the student's own base amount funding, which is first adjusted for grade level.
Oregon	Oregon provides increased funding for students from low-income households by applying a multiplier of 1.25 to the base per-pupil amount for these students. The number of students eligible for supplemental funding is determined using the US Census Bureau's Small Area Income Poverty Estimate, which gives an estimate of the number of school-aged children in families below the federal poverty level for each school district in the state. The same level of supplemental funding is also provided for students in foster homes and for students in state-recognized facilities for neglected and delinquent children, based on reporting from the Department of Human Services. The state also mandates that all students eligible for reduced-price lunch under the National School Lunch Program be given free lunch, and it allocates funds to districts to cover this cost.
Pennsylvania	Pennsylvania provides increased funding for students from low-income households and for school districts with high concentrations of low-income students. It applies multipliers to the counts of students meeting two different definitions of poverty and then funding the district in accordance with the inflated student count. Pennsylvania applies a multiplier of 1.3 to the count

State	Description
	of students who live between 100 percent and 184 percent of the federal poverty level, as determined by the most recent American Community Survey, and 1.6 to the count of students who live below 100 percent of the federal poverty line. In districts where a large proportion of students fall into this second category, the multiplier is increased. Pennsylvania also provides increased funding for districts where the median household income falls below a certain threshold. However, Pennsylvania's funding formula only applies to state education funds appropriated over and above FY2015 nominal funding levels. For FY2018, less than 8 percent of the state's total education funding (or $453 million out of $6 billion) was distributed through this formula. The bulk of state education aid is distributed based on historical allocation levels and is not adjusted for student need.
Rhode Island	Rhode Island provides increased funding for students from low-income households by applying a multiplier of 1.4 to the base per-pupil amount for these students. Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch (FRL) under the National School Lunch Program. In addition, the percentage of FRL-eligible students in grades pre-K through 6 is considered in the calculation of the state's share of the school district's overall funding formula. Districts serving more FRL-eligible students in these grades see the state shoulder a greater share of the funding burden.
South Carolina	South Carolina provides increased funding for students from low-income households by applying a multiplier of 1.2 to the base per-pupil amount for these students. Students are eligible for this supplemental funding if they qualify for Medicaid or for free or reduced-price lunch under the National School Lunch Program.
South Dakota	South Dakota does not provide increased funding for students from low-income households or for school districts based on the concentrations of low-income students they serve.
Tennessee	Tennessee provides increased funding for students from low-income households, in the form of a flat allocation for each low-income student, which was $863.25 in FY 2018. The figure is adjusted for inflation annually. Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch under the National School Lunch Program. This funding is intended to allow for reduced class sizes.
Texas	Texas provides increased funding for students from low-income households at levels that depend on the level of economic disadvantage in their area of residence. It applies a multiplier of at least 1.225 to the base per-pupil amount for each low-income student, increasing the multiplier for such students from areas with greater levels of economic disadvantage. Students are eligible for this supplemental funding if they qualify for free or reduced-priced lunch under the National School Lunch Program. At least 55 percent of the funding provided through these allocations must be used to support programs aimed at supporting low-income students. The multiplier has been expressed this way for consistency with other states. The funding is actually provided in an amount equal to at least 0.225 times the per-pupil base amount, distributed in addition to the student's own base funding.
Utah	Utah does not provide increased funding for individual students from low-income households, but it does provide increased funding for school districts based on the concentrations of low-income students they serve. It does so through a program-specific allocation, a part of which is distributed to schools with high concentrations of low-income students.
Vermont	Vermont provides increased funding for students from low-income households by applying a multiplier of 1.25 to the student count for these students and then funding the school district in accordance with the inflated student count. Students aged 6-17 are eligible for this supplemental funding if they qualify for free or reduced-price lunch (FRL) under the National School Lunch Program. The state also applies this multiplier to the student count for FRL-ineligible students whose primary language is not English. This supplemental funding is therefore provided for all FRL-eligible students, as well as FRL-ineligible students whose primary language is not English. Because Vermont also has a separate supplemental funding allocation for students who are English-language learners (ELLs), all ELL students in Vermont are automatically weighted for both FRL eligibility and ELL status.

State	Description
Virginia	Virginia provides increased funding for students from low-income households at levels that depend on the concentration of low-income students in their school district. It applies a multiplier of 1.01 to 1.13 to the base amount for each low-income student, with the specific multiplier depending on the concentration of low-income students in the district. Students are eligible for this supplemental funding if they qualify for free lunch (but not reduced-price lunch) under the National School Lunch Program. Local governments are expected to match these funds. The funding must be spent on approved programs for students who are educationally at-risk, such as dropout prevention programs, truancy officers, reading recovery, and programs for students who speak English as a second language. The state also provides some program-specific allocations in amounts dependent on the percentage of district students eligible for free lunch.
Washington	Washington does not provide increased funding for individual students from low-income households but, through two program-specific allocations, it does provide increased funding for school districts based on the concentrations of low-income students they serve.
West Virginia	West Virginia does not provide increased funding for students from low-income households or increased funding for school districts with high concentrations of low-income students, but many of its program-specific allocations consider poverty levels in the allocation of funding.
Wisconsin	Wisconsin provides increased funding for students from low-income households and for school districts with high concentrations of low-income students. It does so in the form of a prorated allocation for low-income students in grades K-3 and a further prorated allocation for districts where at least half the students come from low-income households. Wisconsin provides additional funding for low-income students through a program encouraging schools to implement one of several strategies to reduce achievement gaps between low-income students and their peers. Funding is distributed to districts based on the number of low-income students they serve in grades K-3. Students are considered low-income if they qualify for free or reduced-price lunch (FRL) under the National School Lunch Program. Over $109 million was appropriated for this program for both FY 2018 and FY 2019. That amount was equal to approximately $2,346 per low-income student in FY 2019. In addition, Wisconsin provides per-pupil funding to districts where at least 50 percent of students are FRL-eligible.
Wyoming	Wyoming provides increased funding for students from low-income households, through a block grant that provides funding for additional pupil support staff to serve at-risk students. At-risk students include those who are eligible for free or reduced-price lunch under the National School Lunch Program. The program also counts students in other categories, including those with limited English proficiency and mobile secondary students. A student is counted only once for the purposes of this funding, even if he or she meets multiple qualifying criteria. In FY 2018, the state provided an additional 0.15 of a staff unit for every 30 at-risk students.

Source: EdBuild. "FundEd: State Policy Analysis—A Detailed Look At Each State's Funding Policies." EdBuild.org, n.d.

Appendix I

Special Education Funding

Federal law requires states to provide educational services to students with disabilities. Funding for these services is provided in multiple ways. The most common is the use of multiple weights. A total of 16 states used multiple weights; 11 used a flat weight funding model; 9 used a census-based model; 5 used a high-cost student system; 9 used a reimbursement system; 8 used a resource allocation model; and 3 used a block grant approach. Twelve states had multiple ways of funding special education. For instance, Alaska uses a flat weight and a high-cost student system to fund special education.

Table I.1
Special Education Funding

State	Description	Type
Alabama	Alabama funds special education using a census-based system, assuming that a set percentage of students in each school district will require special education services and using each district's full enrollment count to determine the amount of special education funding required. This is done within the framework of the state's broader education funding system, which distributes most of the state money in the form of funded teacher units. To account for the greater costs associated with educating special education students, Alabama assumes that 5 percent of students in each district will require special education services and multiplies that 5 percent of enrollment by 2.5 in the student count used to generate teacher units.	Census-based
Alaska	An additional weight of 0.2 is applied to all schools' ADM (combined funding for special education, gifted and talented, and ELL services). An additional weight of 12 is applied to students requiring intensive services.	Flat weight; high-cost students
Arizona	Arizona funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to 11 categories based on their disabilities. Arizona applies multipliers ranging from 1.003 to 8.947 to the per-student base amount for students in these categories. The multipliers are applied to a per-student base amount that has been adjusted for the school district's size, enrollment in different grade levels, and degree of geographic isolation.	Multiple weights
Arkansas	Special education personnel needs are included in the set of cost assumptions that are factored in when setting the regular per-student base amount (school districts are expected to require 2.9 special education teachers for every 500 students), and funding is not separated out for special education except in extreme cases. The state reimburses districts for costs associated with students in approved residential facilities within their borders and also provides reimbursement when the costs of educating a particular student with disabilities are at least $15,000. In FY 2017, $11 million was available for reimbursement.	High-cost students
California	California funds special education using a census-based system, assuming that a set percentage of students in each school district will require special education services and using each district's full enrollment count to determine the amount of special education funding required. More than	Census-based

State	Description	Type
	three-quarters of state special education funds are allocated based on the total enrollment of each Special Education Local Plan Area (SELPA), which is a regional conglomeration of districts. Each SELPA has a unique per-pupil special education funding rate consisting of both state and federal funds, based primarily on what the SELPA received before the current funding system was adopted. The SELPA develops a local plan for how to allocate funds among the districts in its region.	
Colorado	Colorado provides $1,250 for each child with one or more disability. A second layer of funding, beyond that allocation, of up to $6,000 per student (prorated based on the amount of funding available) is provided for children with specific disabilities that include deaf-blindness, intellectual disabilities, and traumatic brain injury. State Exceptional Children's Education Act funding of special education programs for children with disabilities was $167,017,698 for budget year 2017-2018.	Multiple weights
Connecticut	Although services for students with disabilities are generally funded out of the base amount under Connecticut's formula, the state provides an Excess Cost Grant to limit school districts' liability for the cost of providing services to students with extraordinary needs. The grant provides reimbursement when the cost of educating a student with disabilities exceeds 4.5 times the district's prior-year net current expenditure per pupil.	High-cost students
Delaware	Delaware funds special education using a resource-based system, determining the cost of delivering special education services in a school district based on the cost of the required resources—staff positions in particular. Special education students are categorized by the intensity of services they require (basic, intensive, or complex), and each category has an assigned ratio of students per unit. Units are amounts of funding used to purchase school resources. The number of students a district serves in each category determines the number of units the district receives. Increased teacher-student ratios: Preschool, 12.8; K-3, 16.2; 4-12 Regular Education, 20; 4-12 Basic Special Education, 8.4; Pre K-12 Intensive Special Education, 6; Pre K-12 Complex Special Education, 2.6.	Resource allocation
Florida	Florida funds special education using a hybrid system incorporating multiple student weights, providing different levels of funding for different categories of students, and a block grant. Students are assigned to five categories, and school districts receive grants based on historical funding levels. Students are categorized into five support levels, ranging from students with a low need for specialized supports (level 1) to those receiving continuous and intense assistance, multiple services, or substantial modifications to learning activities (level 5). Students in levels 4 and 5 are funded at the per-student base amount multiplied by 3.619 and 5.526, respectively. Students in support levels 1 through 3 do not receive supplemental funding on a per-student basis. However, a block grant called the Exceptional Student Education (ESE) Guaranteed Allocation is given to all districts; it is primarily intended to fund the provision of services to students below level 4. In FY 2018, Florida provided approximately $1.06 billion in ESE allocations.	Block grant; multiple weights
Georgia	Georgia funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to five categories based mostly on their disabilities. Specifically, students are assigned either to one of four weighted categories based on their particular disabilities and the proportion of the school day during which they receive services for those disabilities, or to a fifth category if they receive services in the general education setting. The state	Multiple weights

State	Description	Type
	provides supplemental funding for students in these categories by applying different multipliers to the per-student base amount. The multipliers range from 2.3901 to 5.7898, depending on the specifics of the student's diagnosis and education plan.	
Hawaii	Hawaii uses five categories based on individual disabilities: Category I, 2.3798; Category II, 2.7883; Category III, 3.5493; Category IV, 5.7509; and Category V, 2.4511.	Resource allocation
Idaho	School districts receive special education funding at a rate of 6.0 percent of a district's total K-6 enrollment and 5.5 percent of a district's total 7-12 enrollment for additional support units. The percentage of a district's total enrollment eligible for exceptional child funding is divided by the exceptional child support unit divisor of 14.5 to determine the number of exceptional child support units generated by the district.	Census-based and Resource allocation
Illinois	Illinois funds special education using a hybrid system incorporating a resource-based system, which determines the cost of delivering special education based on the cost of the resources required, and census-based assumptions, or assumptions that a set percentage of students in each school district will require special education services. Resource-based: one full-time equivalent (FTE) teacher position for every 141 special education students; one FTE instructional assistant for every 141 special education students; one FTE psychologist for every 1,000 special education students. Census-based: The state superintendent calculates the amount the unit must expend on special education and bilingual education pursuant to the unit's Base Funding Minimum, Special Education Allocation, and Bilingual Education Allocation.	Census-based and Resource allocation
Indiana	Indiana allocates the following amounts per student according to category: severe disabilities, $9,156; mild and moderate disabilities, $2,300; communication disorders, $500 (duplicated); homebound programs, $500 (cumulative); special preschool education programs, $2,750.	Multiple weights
Iowa	Iowa funds special education using a multiple weights system, providing different levels of funding for different categories of students. Students are assigned to three categories based on their disabilities and the settings in which they receive special education services: level I (regular classroom), 1.8; level II (little integration in regular classroom), 2.2; level III (severe/multiple disabilities), 4.4.	Multiple weights
Kansas	The Kansas State Department of Education calculates excess costs and the statutory state aid amount according to the following formula: 1. Calculate total special education expenditures; 2. Calculate excess costs (the total expenditures minus per-pupil cost of regular education minus federal special education aid minus Medicaid reimbursements minus state hospital administrative costs) 3. Calculate the statutory aid amount (excess cost figure multiplied by 92 percent of the total state excess costs)	Reimbursement
Kentucky	The state has three categories for exceptional children, with additional weights of 2.35, 1.17, and 0.24.	Multiple weights
Louisiana	Louisiana applies a flat weight of 2.5 for all students with disabilities.	Flat weight
Maine	Maine uses the following system: up to 15 percent of the base, 2.5; more than 15 percent of enrollment, 1.38; fewer than 20 students, receive additional allocation. For high-cost in-district special education placements,	High-cost; multiple weights

State	Description	Type
	additional state funds must be allocated for each student estimated to cost 3 times the statewide special education per-pupil rate.	
Maryland	Maryland applies a flat multiplier of 1.74 regardless of disability.	Flat weight
Massachusetts	Massachusetts funds special education using a census-based system, assuming that a set percentage of students in each district will require special education services and using each district's full enrollment count to determine the amount of special education funding required. The state assumes that in-district special education placements will make up the full-time equivalent of 3.75 percent of district's non-career and technical education enrollment in grades 1-12, and the full-time equivalent of 4.75 percent of its career and technical education enrollment. Out-of-district special education placements are assumed to make up the full-time equivalent of 1 percent of enrollment. In FY2018, the state provided districts with $25,632 for each assumed, in-district, special-needs student and $26,696 for each assumed, out-of-district, special-needs student.	Census-based
Michigan	Michigan funds special education using a partial reimbursement system, in which school districts report their special education expenses to the state and receive reimbursement for a portion of those expenses. By statute, the state reimburses districts for 28.6138 percent of total approved costs for special education, including salaries for special education personnel, and 70.4165 percent of total approved costs for special education transportation. If these proportions amount to less than the full per-student base amount times the number of students with disabilities, the state must provide at least that number (because the entire base amount for special education students is covered by the state, with no required contribution from the district), but the reimbursement may not exceed 75 percent of total approved costs.	Reimbursement
Minnesota	Minnesota funds special education using a hybrid system incorporating multiple student weights and partial reimbursement. There is 56 percent reimbursement through a formula (reimbursement) plus additional funding based on students in three categories. $10,400 for autism spectrum disorders, developmental delay, and severely multiply impaired; $18,000 for deaf and hard-of-hearing and emotional or behavioral disorders; $27,000 for developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, and deaf-blind.	Reimbursement and Multiple weights
Mississippi	Mississippi funds special education using a resource-based system, determining the cost of delivering special education services in a school district based on the cost of the required resources—staff positions in particular. The state estimates the number of special education teacher units that each district will need, calculates the average salary drawn by special education teachers in each district based on personnel reports from the prior year, and multiplies these numbers to produce the Special Education Add-On Allocation, which districts may use as they see fit.	Resource allocation
Missouri	Missouri funds special education using a single student weight system, providing the same amount of state funding for each student with disabilities, regardless of the severity of those disabilities. It does so by applying a multiplier of 1.75 to the per-student base amount for students with disabilities. However, the state provides special education funding only for students above a certain prevalence threshold. In 2017-2018, the threshold was 12.16 percent of school district enrollment. The threshold for supplemental funding for students with disabilities is calculated as follows: First, the state identifies "performance districts" (those that have met certain performance standards). Then, the state calculates the average special	Flat weight

State	Description	Type
	education enrollment percentage across these districts, excluding certain outlier districts; this becomes the enrollment threshold above which special education students in each district receive supplemental funding.	
Montana	Montana funds special education using a census-based system, assuming that a set percentage of students in each school district will require special education services and using each district's full enrollment count to determine the amount of special education funding required. The state allocates a small flat amount for every pupil in the district rather than for each student with disabilities. The state provides $151.16 per student for special education instruction and $50.38 per student for services related to special education. Districts must raise $1 of local funds for every $3 in state funds provided for these purposes. If a district has allowable costs exceeding the grants plus that required local match, the state will partially reimburse those costs, pursuant to statutory limits.	Census-based
Nebraska	Nebraska funds special education using a partial reimbursement system, in which school districts report their special education expenses to the state and receive reimbursement for a portion of those expenses. Districts must report all costs associated with educating special education students; these costs are then converted into a per-pupil figure. Separately, a full-time equivalent special education enrollment figure is calculated by totaling the proportions of aggregate time each child receives for special education and related services during the regular school day. After this enrollment is multiplied by the per-pupil cost amount, the general education instructional costs associated with these students are subtracted, leaving the costs of providing special education instruction and services. It is to this amount that the percentage reimbursement is applied. The reimbursement rate is set based on the amount of funds appropriated for the purpose.	Reimbursement
Nevada	Nevada funds special education using a multiple student weights system, providing different levels of funding for different groups of students. Students are assigned to two categories based on the concentrations of students with disabilities in school districts. Nevada applies multipliers, determined annually, to the per-student base amount for students in these groups. Specifically, the state provides increased funding in one amount for students with disabilities up to 13 percent of enrollment, and funding at half that amount for students with disabilities above that threshold. Funds are appropriated each year to provide increased funding for the first category of students with disabilities, those up to 13 percent of each district's enrollment. (In FY 2018, this appropriation was $186.67 million.) The state then computes the multiplier for this group using the size of the appropriation, each district's specific base funding amount, and its count of students with disabilities. This multiplier is used to allocate the appropriated funding for most students with disabilities. Separately, the state provides funding equal to half of the per-pupil amount generated by this multiplier for students in the second category, those exceeding 13 percent of their district's enrollments. When there is not enough supplemental funding to cover this amount for all students in the second category, the state reduces the funding proportionally across all districts.	Multiple weights
New Hampshire	New Hampshire funds special education using a single student weight system, providing the same amount of state funding for each student with disabilities, regardless of the severity of those disabilities. In FY 2018 and FY 2019, the amount was $1,956.09 for a special education student who had an individualized education program.	Flat weight

State	Description	Type
New Jersey	New Jersey funds special education using a census-based system, assuming that a set percentage of students in each school district will require special education services and using each district's full enrollment count to determine the amount of special education funding required. The state assumes that 14.92 percent of students in each district will require special education services and that 1.63 percent will require speech services only, and it provides flat amounts of funding for each student assumed to require those services. The state provides supplemental funding for these students in the flat amounts of $17,034 and $1,159, respectively. All districts receive at least a portion of this special education funding, even if they are too wealthy to qualify for other formula aid. The allocation is adjusted for the cost of living in the county where the district is located.	Census-based
New Mexico	Students are assigned to four categories with weights based on the services they receive: class A and class B, 1.7; class C, 2.0; and class D, 3.0.	Multiple weights
New York	New York funds special education using a single student weight system, providing the same amount of state funding for each student with disabilities, regardless of the severity of those disabilities. It does so by applying a multiplier of 2.41 to the per-student base amount for students with disabilities. For the purposes of this supplemental funding calculation, student with disabilities are defined as those receiving special services or being educated in special environments for more than a given proportion of the school day or week. In addition, New York provides additional funding for students whose disability imposes costs exceeding the lesser of $10,000 or four times the approved operating expense per pupil from 2 years prior. The additional aid paid by the state takes into consideration the wealth of the local school district and the ability of local residents to support these costs.	Flat weight
North Carolina	North Carolina funds special education using a single student weight system, providing the same amount of state funding for each student with disabilities, regardless of the severity of those disabilities. It does so in the form of a flat allocation (which was $4,125.57 in FY 2018) for each student with disabilities.	Flat weight
North Dakota	North Dakota funds special education using a census-based system, assuming that a set percentage of students in each school district will require special education services and using each district's full enrollment count to determine the amount of special education funding required. The state provides this funding by multiplying districts' actual enrollment by 1.082 and providing the state's regular per-student funding on the basis of each district's inflated count rather than its true student population. In order to receive this supplemental funding, districts must file a plan with the state indicating what special-needs services will be provided. The state also provides funding for individual students whose costs exceed four times the state average education cost per student and for districts spending more than 2 percent of their annual budgets on the provision of special education to any one student.	Census-based; flat weight
Ohio	Ohio funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to six categories based on their specific disabilities. Students are funded with category-specific flat allocations ranging from $1,578 for each student in category 1 (which includes those with speech and language impairments) to $25,637 for each student in category 6 (which includes those with autism, deaf-blindness, or traumatic brain injury). Catastrophic aid provides reimbursement of at least 50 percent of costs	Multiple weights

State	Description	Type
	exceeding $27,375 for children in categories 2-5, or exceeding $32,850 for children in category 6. All of these allocations are subject to Ohio's State Share Index, which is a measure of how much of the education funding burden should be shouldered by the state given the school district's property tax base and the residents' income levels.	
Oklahoma	Oklahoma funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to 13 categories with weights based on their specific disabilities, including vision impaired, 4.8; learning disabilities, 1.4; deaf or hard-of-hearing, 3.9; deaf and blind, 4.8; educable mentally handicapped, 2.3; emotionally disturbed, 3.5; multiple handicapped, 3.4; physically handicapped, 2.2; speech impaired, 1.05; trainable mentally handicapped, 2.3. Students may also be assigned to a secondary disability category from the same list. Secondary disabilities generate the same amount of supplemental funds as primary disabilities but do not include the base funding, so weights range from 0.05 to 3.80. A student's education plan may also list required related services connected to a disability category (such as audiology services, which are related to the hearing impairment disability category). A student receiving a service may generate additional funding for the disability with which that service is connected.	Multiple weights
Oregon	Oregon funds special education using a single student weight system, providing the same amount of state funding for each student with disabilities, regardless of the severity of those disabilities. It does so by applying a multiplier of 2.0 to the per-student base amount for students with disabilities. However, the percentage of enrollment that can be funded using this multiplier may not exceed 11 percent. Above that prevalence threshold, students with disabilities are funded using a lower multiplier determined by the state Department of Education. Additionally, the state provides partial reimbursements for the education of students whose approved special education costs exceed $30,000.	Flat weight
Pennsylvania	Pennsylvania funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Every school district receives at least as much as it received for special education in FY 2014. For the purposes of distributing any additional appropriated funding, students are assigned to three categories based on the estimated cost of educating students with their particular disabilities. The state applies multipliers for special education students based on the cost of educating them, as reported by the district annually. A multiplier of 1.51 is applied to the count of special education students who are estimated to cost between $1 and $24,999 to educate; a multiplier of 3.77 to the count of special education students who are estimated to cost between $25,000 and $49,999 to educate; and a multiplier of 7.46 to the count of special education students who are estimated to cost $50,000 or more to educate. Pennsylvania also adjusts the level of special education funding that districts receive for district sparsity and size, property wealth and income, and property tax rate. (Pennsylvania adjusts special education funding downward for districts with very low property tax rates.) Funding in excess of the FY 2014 amount is allocated in accordance with the inflated student count. Pennsylvania also distributes some special education funding through program-based allocations, including through the Special Education Contingency Fund, intermediate administrative units, and the Institutionalized Children's Program, and for special education students placed out of state.	Multiple weights

State	Description	Type
Rhode Island	Rhode Island does not provide increased funding for special education in most cases, and state funds are set aside only for extremely high-cost or atypical special-needs students. The state's per-student base amount is based on average education expenditures across several northeastern states and is intended to cover a portion of special education expenses. However, the state does provide separate funds to defray especially high special education costs (effectively, those exceeding five times the base amount) and fully supports the Hospital School at Hasbro Children's Hospital. Reimbursement is capped at 110 percent of the state average.	Block grant; reimbursement
South Carolina	South Carolina funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to 10 categories with weights based mostly on their specific disabilities: educable mentally handicapped pupils and learning disabilities pupils, 1.74; trainable mentally handicapped pupils, emotionally handicapped pupils, and orthopedically handicapped pupils, 2.04; visually handicapped pupils, hearing handicapped pupils, and pupils with autism, 2.57; speech handicapped pupils, 1.90; and pupils who are homebound or reside in emergency shelters, 2.10.	Multiple weights
South Dakota	South Dakota funds special education using a hybrid system incorporating multiple student weights and census-based assumptions. Students are assigned to six categories, one of which is funded assuming that a set percentage of students in each school district will require such services. Of the six categories, five are based on specific disabilities, and the sixth is for students requiring prolonged assistance. Students are funded with a flat amount of per-pupil funding for each category, which ranged from $5,472.37 to $27,882.40 in FY 2018. The first category—students with mild disabilities—is funded using census-based assumptions: The supplementary allocation is applied to 10 percent of the general education student count rather than to an actual count of students who are assessed to have mild disabilities. Here are the funding amounts: level one, mild disability, assume 10 percent of average daily membership times $5,527.09; level two, cognitive disability or emotional disorder, times $12,756.08; level three, hearing impairment, deafness, visual impairment, deaf-blindness, orthopedic impairment, or traumatic brain injury, times $16,258.12; level four, autism, times $15,766.80; level five, multiple disabilities, times $28,161.22; level six, prolonged assistance, times $8,111.33.	Census-based; multiple weights
Tennessee	Tennessee funds special education using a resource-based system, determining the cost of delivering special education services in a school district based on the cost of the required resources, such as staff salaries and course materials. For staff costs, student-to-teacher ratios are defined for various levels of special education service. The number of students receiving services at each level is converted into teacher units, which are each funded at a standard level. Student-to-staff ratios are also specified for special education assistants. For classroom costs, the state provides funding for special education materials and supplies ($36.50 per special education student in FY 2018), instructional equipment ($13.25), and travel ($17.25) based on equipment. Ratios are: teachers, 10 options based on disability and severity; supervisors, 750:1; assessment personnel, 600:1; assistants, 60:1.	Resource allocation
Texas	Texas funds special education using a multiple student weights system, providing different levels of funding for different categories of students. It applies multipliers to the base per-pupil amount for students in these categories: mainstream instructional arrangement, 1.1; homebound, 5.0;	Multiple weights

State	Description	Type
	hospital class, 3.0; speech therapy, 5.0; resource room, 3.0; self-contained, mild and moderate, regular campus, 3.0; self-contained, severe, regular campus, 3.0; off home campus, 2.7; nonpublic day school, 1.7; and vocational adjustment class, 2.3. The state also considers dyslexia separately from the special education funding system. The multiplier, applied to the usual base amount, is 1.1 for dyslexia or a related disorder.	
Utah	Utah funds special education primarily through a block grant. The state provides special education funding in an amount that is modified from year to year based on the growth in special education enrollment. The number of students generating the aid is based on the previous-year allocation, to which the state adds an amount equal to the increase in special education enrollment between the previous year and the year before that, multiplied by 1.53. This calculation is subject to three limitations: Special education enrollment in either prior year may not exceed 12.8 percent of total enrollment; the growth rate for special education enrollment cannot exceed the general enrollment growth rate in the school district; and regardless of any drop in enrollment, the number of special-education pupils upon which the funding is based cannot be less than the average number of special education students enrolled over the previous 5 years. Once the number of students to be funded is determined, that number is multiplied by a per-student amount that is determined annually by the state legislature.	Block grant
Vermont	Vermont funds special education using a hybrid system incorporating resource-based allocations and partial reimbursements. Each school district receives a grant based on salary costs: The state provides an amount equal to 60 percent of the district's special education units (that is, the number of teachers to which a district is entitled based on a ratio of 9.75 special education teachers per 1,000 enrolled students) for the previous year times its average special education teacher salary for that year, plus the average special education administrator salary in the state for the previous year, prorated based on a statutory formula. Districts also receive partial reimbursements for all special education expenditures not covered by federal aid; the reimbursement rate is set annually by the state in an effort to produce an outcome in which the total nonfederal cost of special education in the state is shouldered 60 percent by the state and 40 percent by localities.	Reimbursement; resource allocation
Virginia	Virginia funds special education using a resource-based system, determining the cost of delivering special education services in a school district based on the cost of the required resources—staff positions in particular. With reference to the number of teachers and aides necessary for a school to meet the special education program standards based on its special-needs student count, the state calculates a total funding amount required for that school's special education program, and it assumes responsibility for covering a share of that cost. The precise share varies depending on the district's ability to raise local funds.	Resource allocation
Washington	Washington funds special education using a single student weight system, providing the same amount of state funding for each student with disabilities, regardless of the severity of those disabilities. It applies a multiplier of 1.9309 to the school district's Basic Education Act (BEA) allocation rate for students with disabilities. (The BEA allocation rate is the average amount spent on nondisabled students in the district as a result of the state's resource-based formula calculations.) Only disabled students up to 13.5 percent of each district's enrollment may generate supplemental special education funding. There are also funds provided in each district's	Flat weight

State	Description	Type
	general education funding apportionment based on the number of special education students enrolled and the amount of time during the school day that they receive special services.	
West Virginia	West Virginia funds special education using a hybrid system incorporating a single student weight and partial reimbursement. It does so by providing a flat per-district amount, a flat per-pupil amount for each student with disabilities, regardless of the severity of those disabilities, and reimbursement for some costs. The state provides each district with a flat base amount for special education. This amount was $32,681 in FY2017. Additional funding is allocated on a per-pupil basis. This per-pupil amount was $72.47 for each disabled K-12 student in FY2017.	Reimbursement and flat weight
Wisconsin	Wisconsin funds special education using a partial reimbursement system, in which school districts report their special education expenses to the state and receive reimbursement for a portion of those expenses. Districts may request reimbursement for staff costs, transportation, and a few other specific costs related to the education of students with disabilities. The state also reimburses the costs of health treatment related to particular disabilities, such as physical or orthopedic disabilities, hearing impairment, and emotional disturbance. Although all of these costs are technically eligible for full reimbursement, the reimbursement rate is limited by the amount appropriated for this purpose. There is additional funding for students costing over $30,000.	High-cost; reimbursement
Wyoming	Wyoming funds special education using a reimbursement system, in which school districts report their special education expenses to the state and receive reimbursement for all of those expenses. Total reimbursement is capped at 2018 levels. As part of its larger education grants to each district, the state is expected to provide an amount sufficient to reimburse 100 percent of the amount spent in the previous school year on special education programs and services. The reimbursement may be for direct costs only, rather than those that indirectly benefit children with disabilities, such as utilities and administration. Teacher costs may be included, prorated according to the percentage of time the teachers spend on special education.	Reimbursement

Source: EdBuild. "FundEd: State Policy Analysis—A Detailed Look At Each State's Funding Policies." EdBuild.org, n.d.

Appendix J

Sparsity And Small Size

Some states provide increased funding for schools or districts that are rural, remote, isolated, sparsely populated, or small. Table J.1 lists whether a state provides such funding and, if so, the relevant statute. Kentucky and 21 other states provides no increased funding for sparse or small schools and districts. Of the 28 states that do provide additional funding, 15 states use multiple weights; 3 use a resource allocation method; 5 use a flat weight; 3 use a block grant; and 2 are categorical.

Table J.1
Sparsity And Small Size

State	Description	Type
Alabama	None	None
Alaska	Alaska provides increased funding for sparse school districts and small schools by applying a multiplier of 1.000 to 2.116 to the student count for sparse districts and by adjusting the enrollment count in each school using a different formula depending on the school's size. Every other year, the state Department of Education sets the value of the multiplier for each district, subject to approval by the legislature. Moreover, the average daily membership of each school is adjusted using a formula that differs depending on the school size. Enrollment counts for schools in the smallest districts may be combined and adjusted as if they were a single school. In schools with an average daily membership of more than 750, this adjustment may result in a lower enrollment count than the actual count.	Multiple weights
Arizona	Arizona provides increased funding for small and isolated school districts by applying a multiplier to the base per-pupil amount for students in these districts. The multiplier ranges from 1.158 to 1.669, depending on the size of the school and the grade levels served. In the larger education funding formula used in Arizona, these multipliers replace the ones used in most districts to differentiate funding based on students' grade levels.	Multiple weights
Arkansas	Arkansas provides increased funding for school districts with isolated schools in three ways: by applying a multiplier to the base per-pupil amount for students in these districts that varies depending on the characteristics of the district; by providing a per-pupil amount for each student in these districts; and by dividing certain transportation funding among these districts. The multipliers applied to the base per-pupil amount for this purpose range from 1.05 for small districts that are not classified as isolated to 1.2 for the most sparsely populated, isolated school areas within a district. Per-pupil amounts for students in isolated districts are specified in statute for each district and ranged from $1 to $2,219 per pupil in FY 2017. After other transportation costs are covered, any transportation funding remaining from the state appropriation is divided evenly among school districts that receive certain categories of isolated funding.	Multiple weights
California	California provides increased funding for small schools in the form of a supplementary payment to eligible schools, the amount of which varies depending on the school district's enrollment and its number of teachers	Multiple weights

State	Description	Type
	or certificated employees. "Necessary small schools" are identified based on a combination of factors, including total student enrollment, grade levels served, the number of students who would have to travel a certain number of miles to the nearest public school, and any conditions that might make travel difficult.	
Colorado	Colorado provides increased funding for small, remote schools and for small schools through a supplemental payment for small, remote schools and by applying a multiplier to the base per-pupil amount for small school districts that ranges from 1.0297 to 2.3958, depending on the district's enrollment. Each year a cost estimate is calculated for "small attendance centers," which are schools with fewer than 200 students that are 20 or more miles from the nearest district school of the same grade level districts, and the state funds approximately 32 percent of this amount. In FY 2017, funding for small attendance centers was just under $1.1 million.	Multiple weights
Connecticut	None	None
Delaware	None	None
Florida	Florida provides increased funding for sparse school districts through a grant program, in which the amount is calculated through a formula that considers the district's enrollment and its number of high schools. The initial calculation provides no less than $100 per student, but districts with high property values are subject to a wealth adjustment. Districts with enrollment below 24,000 are eligible to receive this funding. For districts with a per-pupil property tax base above the state average, a sparsity wealth adjustment is applied: The district's Sparsity Supplement is decreased by the amount by which the district's revenue generated through nonvoted discretionary taxes for operations (see Appendix F, "Property Tax Floors and Ceilings" for a description of this tax) exceeds the state average per student. The Sparsity Supplement is limited to $52.8 million statewide for FY 2018.	Flat weight
Georgia	Georgia provides increased funding for some small school districts through a grant program. To qualify, a district must be unable to offer educational programs and services comparable to those typically offered in the state because the district serves fewer than 3,300 full-time-equivalent students, and the district must not be a good candidate for merger with other school systems.	Block grant
Hawaii	None	None
Idaho	Idaho provides increased funding for remote schools or districts that submit approved petitions to the State Board of Education. The Department of Education reviews each petition and determines whether a school or district should be considered "remote and necessary." If so, it proposes the level of funding needed for the school or district to be able to offer an acceptable education program.	Resource allocation
Illinois	None	None
Indiana	None	None
Iowa	None	None
Kansas	Kansas provides funding for districts with enrollment of fewer than 100 students with a weight of 1.014331. For districts with enrollment between 100 and 300 students, apply the following calculation to determine the weighting: 1. Subtract 100 from the enrollment of the district 2. Multiply the results by 9.655	Multiple weights
Kentucky	None	None

State	Description	Type
Louisiana	Louisiana provides increased funding for small school systems by applying a multiplier to the base per-pupil amount that ranges from 1.0 to 1.2, depending on the school district's enrollment. This funding is provided to school systems with student populations of no more than 7,500. To determine each district's multiplier, the total student population is subtracted from 7,500 and divided by 37,500.	Multiple weights
Maine	Maine provides increased funding to remote, small schools by applying a multiplier to the base per-pupil amount that varies from district to district, depending on size and remoteness. The amount of the multiplier is the result of adjusting the necessary student-to-staff ratios, the per-pupil amount for operation and maintenance of plant, or other essential programs and services components.	Multiple weights
Maryland	None	None
Massachusetts	None	None
Michigan	Michigan provides increased funding for sparse school districts generally, small and remote districts, and sparse districts with low and decreasing enrollment. It does so in three ways: by providing supplemental funding for small and remote districts; by providing supplemental funding for sparse districts that are not small and remote; and by modestly inflating the student count for sparse districts with low and decreasing enrollment. Small and remote districts are those that serve grades K-12; that enroll fewer than 250 pupils; and whose schools are located either on the state's Upper Peninsula at least 30 miles from any other public school or on islands that are not accessible by bridge. These districts receive supplemental funding in accordance with plans that are based on their needs and financial circumstances. Sparse districts, defined as those with 7.3 pupils or fewer per square mile that are not eligible for small and remote funding, receive a share of the funding allocated for this purpose in proportion to their enrollment.	Block grant
Minnesota	Minnesota provides increased funding for sparse school districts and small schools three multistep formulas for sparse districts and a supplemental per-student allocation for small schools. For secondary sparsity, funding amounts are calculated such that schools servings fewer than 400 students receive additional funding. Secondary sparsity funding amounts are affected by the total district secondary enrollment, the distance between high schools in the district, and the district's total geographic area. Elementary sparsity funding amounts are affected by the total district elementary enrollment, the average elementary class size in the district, and the distance between elementary schools in the district. Transportation sparsity funding is calculated based on a ratio of the number of students transported and the total square mileage of the district.	Multiple weights
Mississippi	None	None
Missouri	The 2019-20 Small Schools Grant of $15 million was to be divided into two parts, $10 million and $5 million. The $10 million portion was to be distributed to school districts whose average daily attendance (ADA), including summer school, in school year 2019 was no more than 350. The SY 2019 ADA includes the summer school held in 2018. The SY 2020 small school estimate per average daily attendance was $273. The remaining $5 million was to be distributed on a tax-rate weighted average daily attendance basis to districts whose SY 2019 ADA was no more than 350 and whose SY 2020 Incidental plus Teachers Funds tax rates were at least $3.43. The SY 2020 estimate per tax-rate weighted ADA was $154.	Block grant

State	Description	Type
Montana	Montana provides increased funding for small school districts through the calculation of its per-student and per-district amounts. Montana considers district size in the calculation of its per-student amount, which decreases above a certain enrollment threshold. As a result, low-enrollment districts receive a higher average per-student amount. Montana also provides a base level of funding for all districts, distributed on a per-district rather than per-student basis, including for small districts. As a result, low-enrollment districts are assured a minimum level of funding. (For more information, see Appendix D, "Base Funding Amount.")	Categorical
Nebraska	Nebraska provides increased funding for certain schools in sparse school districts and for small districts. For districts with elementary schools that are remote from one another, a supplemental allowance is calculated for all eligible students. For small districts, base funding is calculated differently than for other districts. In elementary schools that are at least 7 miles from the nearest other district elementary school, or in schools that are the only elementary schools in their districts, pupils generate an allocation that is equal to 500 percent of the statewide average per-pupil spending amount, multiplied by the district's total student membership and divided by eight.	Flat weight
Nevada	None	None
New Hampshire	None	None
New Jersey	None	None
New Mexico	New Mexico provides increased funding for small schools and school districts. It does so by inflating the student count to generate extra funding. Qualifying schools are those serving fewer than 400 students. Qualifying districts are those serving fewer than 4,000 students. In each case, a formula taking into account school and district enrollment is used to determine the number of students to be added to the enrollment count for funding purposes. Different formulas are used for small elementary and junior high schools, senior high schools, and districts.	Multiple weights
New York	New York provides increased funding for sparse school districts in the form of supplemental per-pupil funding for districts in an amount that corresponds to their levels of sparsity. The state also provides small school funding for schools with fewer than eight teachers, and uses a transportation funding system that considers the density of students in the district. The student-based funding calculated for each district is multiplied first by an index that adjusts for regional cost of living, and then by the Pupil Need Index, a compound adjustment that considers the sparsity of the district along with concentrations of English-language learners and concentrations of students from low-income households in the district. The portion of this index related to sparsity considers the enrollment of the district and its number of students per square mile, producing a multiplier that is applied to the district's cost-adjusted formula funding.	Categorical
North Carolina	North Carolina provides increased funding for small school districts through a formula that provides additional funding for teacher salaries. Small school districts receive a supplement equivalent to the average teacher salary for additional regular teachers; the number of teacher positions funded depends on the number of students per square mile and the total enrollment in the district. Small districts also receive a flat allocation of funding for classroom materials and instructional supplies.	Multiple weights
North Dakota	None	None
Ohio	None	None
Oklahoma	Oklahoma provides increased funding for sparse or small school districts through its transportation funding system and by providing supplemental	Flat weight

State	Description	Type
	funding. Supplemental funding is calculated through either a formula that inflates the student count for sparse districts or one that does the same for small districts, whichever would produce the larger amount. Oklahoma's transportation system provides districts with an allowance per transported pupil that is then multiplied by a sparsity factor of $33 to $167, depending on the density of the district. The formula for sparse districts applies only to districts with above-average square mileage and a number of students per mile that is one-fourth of the state average or less. For these districts, a district cost factor is determined based on the district's enrollments in different grade bands, an area cost factor is determined based on the district's area relative to the state average area, and the two factors are multiplied by each other to produce the multiplier to be applied to the district's total enrollment to inflate the student count. This inflated student count generates extra funding for the district.	
Oregon	Oregon provides increased funding for small and remote elementary schools and for small high schools. In both cases, it does so through a supplemental per-student amount calculated through a formula that considers school enrollment and the number of grades served by the school, with the elementary school formula also considering the remoteness of the school. Small high schools also receive an additional supplemental grant. In order to qualify for remote elementary school funding, an elementary school must have no more than an average of 28 students in each grade served, and the school must be located more than 8 miles from the nearest other elementary school. In order to qualify for small high school funding, a high school must be in a school district with fewer than 8,500 students and must have an enrollment of fewer than 350 students if the school has four grades, or 267 if the school serves only three grades.	Multiple weights
Pennsylvania	Pennsylvania provides increased funding for sparse or small school districts by inflating the student count for these districts and then funding the district in accordance with the inflated student count. The state calculates a combined measure of sparsity and size for each district by comparing its number of students per square mile to the state average and by comparing its student count with the average for all districts. These numbers are combined into a single ratio in which district enrollment size counts for 60 percent and sparsity counts for 40 percent. Only districts that are among the most sparse and/or smallest 30 percent receive this adjustment.	Flat weight
Rhode Island	None	None
South Carolina	None	None
South Dakota	South Dakota provides increased funding for sparse school districts by applying a multiplier—which varies depending on density, enrollment, and physical size—to the student count to generate increased funding. The state also provides increased funding for small districts by setting lower student-to-teacher ratios for them and calculating their state aid amounts accordingly. To receive additional funding for sparsity, school districts must meet certain density, enrollment, and physical size requirements; must operate a secondary school that is at least 15 miles from that of a neighboring district; and must levy property taxes at the maximum rates. South Dakota also provides increased funding for sparse districts by inflating their enrollment through one of two calculations that consider a district's density, enrollment, and physical size. Sparse districts may receive up to 1.75 times the per-student equivalent but no more than $110,000 per district per year (see Appendix D, "Base Amount," for a description of the per-student equivalent).	Resource allocation

State	Description	Type
Tennessee	None	None
Texas	Texas provides funding for small and midsize school districts in the form of a per-student amount that varies based on student count. It also provides increased funding for certain small and remote districts by inflating their student counts to generate extra funding. Small districts (those with fewer than 1,600 students) and midsize districts (K-12 districts with 1,600 to 5,000 students) receive per-student allotments that are calculated based on formulas specified in statute; as a rule, smaller districts receive larger allotments. The small-district allotment is further increased if a district has fewer than 300 students and is the only district in its county. Separately, certain small and remote districts receive a sparsity adjustment in the form of an increased student count; this inflated count is the one used to allocate these districts' base funding.	Flat weight
Utah	None	None
Vermont	Vermont provides increased funding for very small school districts by distributing a per-student grant of up to $2,500 per student. The precise amount of the grant is calculated through a formula that considers the district's enrollment. The state also provides assistance to districts facing high transportation costs due to geographic dispersion. Districts with fewer than 100 students total and an average of at most 20 students per grade are eligible for small-district funding. The amount of the per-student grant varies depending on the district's enrollment. The state also provides assistance to districts for transportation, reimbursing up to 50 percent of costs, depending on the legislative appropriation.	Multiple weights
Virginia	None	None
Washington	Washington provides increased funding for small school districts by providing additional funded staff positions, with the precise number of positions dependent on district grade levels and enrollment levels. The state also guarantees a minimum number of teacher positions for small districts operating only two high schools. State transportation funding is also calculated using a formula that considers district sparsity. Small districts with fewer than 25 full-time-equivalent students are guaranteed certain numbers of teacher and administrative staff positions. Small schools with 26 to 100 full-time-equivalent students receive additional funding for staff positions. Small districts operating no more than two high schools with no more than 300 students in each also receive staff position funding, in accordance with formulas that consider the number of students enrolled and the number of students in career and technical education programs. The state then provides funding for staff positions by multiplying the state minimum salary allocation for each staff type by an adjustment for regional cost.	Multiple weights
West Virginia	For small school districts, defined as those with fewer than 1,400 students, West Virginia inflates the student count using a formula in which the state subtracts the district's enrollment from 1,400 and multiplies the difference 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.	Multiple weights
Wisconsin	None	None
Wyoming	Wyoming provides increased funding for small schools and districts by guaranteeing minimum numbers of staff positions for schools and districts with low enrollment. The state provides funding for a minimum number of teachers for schools with no more than 49 students in any grade band (elementary, middle, or high school grades). Eligible schools are provided	Resource allocation

State	Description	Type
	with at least one teacher per seven students. Districts with fewer than 244 students in total receive funding for at least one teacher for every grade level in each school.	

Sources: EdBuild. "FundEd: State Policy Analysis—A Detailed Look At Each State's Funding Policies." EdBuild.org, n.d.; Adrienne Fischer, Chris Duncombe, and Eric Syverson. "50-State Comparison: K-12 And Special Education Funding." Education Commission of the States, 2021. Web.

Appendix K

Student Transportation Funding Formulas

Table K.1 summarizes the funding formulas used by states to provide transportation to students

Table K.1
Overview Of Transportation Funding Formulas

State	Calculation Summary	Source
Alabama	Alabama uses separate formulas for regular transportation reimbursement and for special education reimbursement. The regular transportation formula is a per-transported-pupil amount set by the State Board of Education, applied within density groups, with a hold harmless provision to FY 1995. Funding for depreciation is included. The Special Education Transportation formula is 80 percent of the cost of buses used exclusively to transport eight or more exceptional children and a proportionate amount for vehicles exclusively transporting fewer than eight exceptional children.	Ala. Code secs. 16-13-233, 16-13-234, and 16-39-11; Ala. Admin. Code r. 290-2-1-.03
Alaska	Alaska funds using a per-student amount determined for each district, ranging from $5 to $2,758. The formula is the amount of a district's average daily membership funding minus average daily membership (ADM) for district correspondence programs during the current fiscal year multiplied by the per-student amount set for each district.	Alaska Stat. sec. 14.09.010
Arizona	Arizona bases funding on miles, days transported, and pupils transported. Levels of support depend on daily route mileage per eligible student for to-and-from-school transportation (ranging from $2.24 to $2.74) and for academic, career and technical education, vocational education, and athletic trips (ranging from $0.10 to $0.30). Arizona also supports extended school year service for pupils with disabilities.	Ariz. Rev. Stat. sec. 15-945
Arkansas	Arkansas's Foundation Funding is unrestricted education funding and can be spent on whatever a district needs, including transportation. Foundation Funding is based on the needs of a hypothetical prototype school with 500 students. Isolated districts receive additional transportation funding.	Arkansas. Department of Education. *Arkansas School Finance Manual 2017-2018*. Jan. 8, 2018. Web.
California	The Local Control Funding Formula required a maintenance of effort for school districts and charter schools to maintain the level of funding for student transportation from SY 2013. The One-Time Apportionment for Purchasing Transportation Equipment and the Supplemental Allowance for Transportation provide additional funds for districts meeting certain criteria to purchase or recondition buses. If a district or county provides special education transportation through a joint powers agreement, a cooperative pupil transportation program, or a consortium, it receives a special education transportation allowance, set by the annual budget.	Cal. Educ. Code secs. 2575 and 42238.03

State	Calculation Summary	Source
Colorado	Colorado reimburses for transportation based on a mileage rate and a percentage (33.87 percent) of any expenditures over that rate, with limitations.	Colo. Rev. Stat. sec. 22-51
Connecticut	Connecticut ranks each town from 1 to 169 depending on the town's wealth per capita and population and reimburses between 0 percent and 60 percent based on this ranking. Towns that transport to technical education and career schools are reimbursed over $800 by 20 percentage points.	Conn. Gen. Stat. sec. 172-10-266m
Delaware	Delaware reimburses transportation based on a formula that includes school bus cost and depreciation, fixed charges, operations, maintenance, and driver and aide wages.	14-1150 Del. Admin. Code
Florida	Florida bases transportation funding on a base rate per adjusted student count and costs for transporting disabled students	Fla. Stat. sec. 1101.68
Georgia	Georgia transportation funding is based on a schedule of standard transportation costs and a schedule of variable costs depending on prevailing circumstances. Cost schedules depend on the number and density of students transported and the areas served by buses; suitability of school bus routes; suitability of types and number of buses; number of miles traveled; minimum bus load; transportation surveys, cost of transportation equipment, and depreciation; minimum salaries for school bus drivers; number of drivers; maintenance, repair, and operating costs of transportation equipment; climate and terrain; condition of roads; cost of liability insurance; cost of safety instructions and training; and other factors/circumstances. The aid calculation uses actual expenditures and total annual route mileage. Local school systems are divided into four categories of equal size based on utilization per bus. Districts fill out an annual student transportation survey to determine funding.	Ga. Code Ann. sec. 20-2-188
Hawaii	Hawaii charges students a flat rate for transportation ($0.35 fare per ride) and uses those funds to cover students who are eligible for free transportation because of an individualized education program, homelessness, foster care, etc.	Haw. Code R. sec. 8-27-3
Idaho	Idaho reimburses for transportation through a four-part formula. 1. Base transportation reimbursement for 85 percent of transportation training and fee assessments and bus depreciation and maintenance; 50 percent of all other transportation costs of the preceding year; and the average state share of costs for district-run operations for contracted transportation services. 2. Reimbursable expenses are not to exceed 103 percent of the statewide reimbursable cost per mile or per student, whichever is more advantageous (Funding Cap Model), which can be appealed for hardship bus runs. 3. The difference between what districts would have received under the former 85 percent reimbursement model and the current 85 percent/50 percent model (Block Grant formula). 4. Total moneys paid for eligible transportation costs are reduced to a proportionate amount equal to $7.5 million and used as discretionary spending ($7.5 Million Proportional Adjustment).	Idaho Code sec. 33-1006
Illinois	The Regular Pupil Transportation formula consists of several factors: student attendance days; transportation groups based on distance from school; number of students transported in each group; weighting factors; cost of transporting regular students minus	105 Ill. Comp. Stat. sec. 5/29; Ill. Admin. Code tit. 23, sec. 120

State	Calculation Summary	Source
	revenue plus allowable indirect costs; and the cost of transporting ineligible students. The Vocational Pupil Transportation formula reimburses for 80 percent of the cost of transportation. The Special Education Transportation formula includes the salaries of aides and attendants while in transit.	
Indiana	Indiana's formulas for transportation and bus replacement are both based on district maximum levy and assessed value growth quotient.	Indiana. Department of Education. *Digest Of Public School Finance In Indiana: 2019-2021 Biennium,* n.d. Web.
Iowa	Iowa reimburses for transportation costs based on the average number of students transported multiplied by the average cost per pupil transported. The Transportation Equity Program and the Transportation Base Funding provide additional funding for districts whose transportation cost per pupil exceeds the statewide adjusted transportation cost per pupil.	Iowa Code sec. 285
Kansas	Kansas reimburses based on miles and students, with additional weighting for special education students. The formula includes a base amount per student, the number of transported students per capita based on density, and weighting.	Kan. Stat. Ann. sec. 72-5148
Kentucky	Kentucky has a multistep process for determining transportation aid. 10. Districts group transported students by density into at least nine groups (by square miles). 11. Annual cost of transportation equals all current costs plus annual depreciation of pupil transportation vehicles. 12. The formula uses the aggregate and average daily attendance (ADA) of transported pupils from the prior year adjusted for current-year increases in transported pupils. 13. The transportation area served equals the total district area minus the area not served by transportation. 14. The density of transported pupils per square mile equals the ADA of transported pupils divided by the number of square miles served by transportation. 15. The average cost of transportation per pupil per day is calculated by creating a smoothed graph to show the average costs of transportation by density. Costs are determined separately for county and independent school districts. 16. The scale of transportation costs is determined by KRS 157.310 to 157.440. 17. Transportation to vocational educational centers is determined separately. 18. The Kentucky Board of Education determines special transportation qualifications. The relevant students' aggregate days' attendance is multiplied by 5 and added to districts' aggregate days' attendance.	KRS 157.370
Louisiana	Transportation is part of the Minimum Foundation Program, which provides funds for educational purposes related to the operational and instructional activities of the school systems.	Louisiana. HLS 20RS-1086, 2020 Regular Session, House Concurrent Resolution No. 26, 2020.

State	Calculation Summary	Source
Maine	Maine includes student transportation in the Essential Programs and Services Fund. The transportation allocation is the predicted per pupil transportation costs (the greater of pupil density or miles traveled) adjusted by the Consumer Price Index, but no less than 90 percent of the most recent year's net transportation expenditures.	Me. Stat. tit. 20-A, secs. 15671 and 15672
Maryland	Maryland's Base Grant for Student Transportation formula uses the previous year's grant increased by the Consumer Price Index, plus the product of the previous fiscal year's total state base grant funds divided by the statewide full-time equivalent (FTE) enrollment, multiplied by the difference between the current year and the previous year FTE (or zero, if negative). Maryland also provides $1,000 per disabled student using school transportation	Md. Code Ann., Educ. Law sec. 5-205
Massachusetts	Massachusetts reimburses student transportation up to $5 per child and up to $0.20 on public transportation over 1.5 miles. Districts must transport special education students whose individualized education program includes transportation, or reimburse parents for transportation. Special education transportation reimbursement must equal average transportation expenditures but cannot exceed 110 percent of the average costs in all towns.	Mass. Gen. Laws ch. 71, secs. 7A to 7C
Michigan	Transportation is part of the School Aid fund, determined through district characteristics such as square miles, density, miles traveled, and costs. Special education transportation reimbursement is 70.4165 percent of the total approved costs of special education transportation.	Michigan. Center for Educational Performance and Information. *Financial Information Database Transportation Expenditure Report (SE-4094) User Guide*. Feb. 2, 2020. Web.
Minnesota	The Transportation Sparsity Revenue allowance is the greater of zero or a formula that includes a basic revenue per pupil amount and a sparsity index weight. The Pupil Transportation Adjustment formula includes a percentage of a district's costs, past and current revenues, adjustments, and reimbursement for transporting students to and from a program for pregnant or parent pupils. The Special Education Initial Aid and Special Education Aid formulas are based on actual expenditures, including membership, students eligible for free or reduced-price lunch, students with disabilities, and transportation costs.	Minn. Stat. sec. 126C.10
Mississippi	Mississippi's regular transportation formula uses an average cost per transported pupil by density groups to develop a scale to determine the allowable cost per pupil in different density groups. The transportation formula for students with disabilities is based on the transportation allotment, the number of students transported, miles, days, and a rate per mile ($0.20).	Miss. Code Ann. sec. 37-151-85
Missouri	Missouri provides state aid for 75 percent of transportation costs (based on the number of students, eligible and ineligible miles, cost per mile, and a cost factor adjustment) for the ensuing year based on the current year, but not greater than 125 percent of the state average cost of the second preceding year. Missouri provides state aid for 75 percent of the costs for transporting students with disabilities.	Mo. Code Regs. Ann. tit. 5, sec. 30-261.040

State	Calculation Summary	Source
Montana	Montana reimburses based on rates per mile. Rates vary by passenger capacity, ranging from $0.50 for a vehicle with 10 or fewer passengers to $1.80 for buses with 80 or more passengers.	Mont. Code Ann. sec. 20-10-141
Nebraska	Nebraska's transportation allowance is the lesser of actual transportation expenditures or regular route miles traveled multiplied by 400 percent of the mileage rate plus in-lieu-of-transportation costs.	Neb. Rev. Stat. sec. 79-1007.12
Nevada	The Nevada Plan formula for Basic Support Guarantee includes a Transportation Factor, which is 85 percent of the prior-year 4-year average of transportation expenses plus a 2.5 percent inflation adjustment.	Nevada. Department of Education. "New Simplified Equity Allocation Model," n.d. Web.
New Hampshire	New Hampshire includes transportation within Adequate Education Aid, with a base amount per student ($3,708.08 per average daily membership in FY 2020 and FY 2021) and additional adequacy adjustment rates for students eligible for free or reduced-price lunch, special education students with an individualized education program, English-language learners, and students below proficient in grade 3 reading on state assessment. Special Education Aid includes transportation and requires documentation for costs over $5,000.	N.H. Rev. Stat. Ann. sec. 193-E
New Jersey	New Jersey's state aid for districts and county vocational school district's transportation consists of • Base Aid per regular and special education pupils transported, miles transported, and cost coefficients based on Consumer Price Index adjustments and • an Incentive Factor.	N.J. Rev. Stat. sec. 18A:7F-57
New Mexico	New Mexico uses regression analysis and site characteristics to determine the base amount and variable amount, and adjustments consider capital outlay expenses related to transportation. If the transportation allocation exceeds the amount required to meet obligations, 50 percent of the remaining funds go to the Transportation Emergency Fund; the remaining funds are for other transportation services, not salaries and benefits.	N.M. Stat. Ann. sec. 22-8-29.1
New York	New York aid for transportation is based on estimated operating costs multiplied by an aid ratio, ranging from 0.065 to 0.9. The aid ratio is the sum of the sparsity adjustment (based on enrollment per square mile) plus the highest of three ratios calculated using district characteristics.	N.Y. U.C.C. Law sec. 3602, 7; New York. Division of the Budget. *2020-21 Executive Budget Proposal*; New York. *Preliminary Estimate Of 2019-20 And 2020-21 State Aids Payable Under Sec. 3609 Plus Other Aid*s, n.d. Web.
North Carolina	North Carolina multiplies the previous year's funding base (actual eligible expenditures) by the district's budget rating to determine the current-year allotment, with adjustments for salary changes, increases in enrollment, etc. The budget rating is the cost per student and the number of buses per 100 students (efficiency rating), with site characteristics considered through a linear regression and a 10 percent buffer. North Carolina uses a ratings simulator to run two	North Carolina. Department of Public Instruction. *Transportation Director's Manual,* Dec. 2015. Web.

State	Calculation Summary	Source
	models, one based on past data and one based on the most recent set of data; the higher is the basis for funding.	
North Dakota	North Dakota bases transportation reimbursement on a rate per mile based on vehicle capacity, type of student, and miles traveled. Vehicle capacity rates range from $1.11 to $0.52 per mile and in-lieu-of transportation rates are $0.50.	North Dakota. 66th Legislative Assembly of North Dakota in Regular Session Commencing Thursday, January 3, 2019. SB 2013.
Ohio	Ohio reimburses for transportation based on the greater of 1. statewide transportation costs per student multiplied by the district's ridership or 2. the statewide transportation cost per mile multiplied by the district's total miles driven, excluding the districts that do not provide bus service and the 10 districts with the highest costs and the lowest costs for (1) and (2); then multiplied by the greater of 25 percent (FY 2019) or the district's state share index. Each district receives an additional payment for students transported by means other than a school bus, calculated using rider density, cost per mile, miles driven, and weighting. The Special Education Transportation Reimbursement formula is the actual cost of special education transportation up to $6 per instructional day per child and 50 percent in excess of $6, adjusted by the larger of the district's state share index or the minimum share index, up to 200 percent of the statewide average cost per pupil.	Ohio Rev. Code Ann. sec. 3317.0212; Ohio Admin. Code 3301-83-01
Oklahoma	Oklahoma calculates the transportation supplement as the per capita allowance (ranging from $33 to $167) multiplied by the daily number of students transported multiplied by the transportation factor (1.39). Adjustments include changes due to annexation or areas served or using midterm figures for districts becoming eligible for transportation aid for the first time.	Okla. Stat. tit. 70, sec. 18-200.1
Oregon	Oregon's formula is approved costs minus total deduction. The Department of Education annually ranks districts based on approved transportation costs per average daily membership of each district (highest at the top). The transportation grant is 70 percent of approved transportation costs for districts ranked below the 80th percentile, 80 percent of approved transportation costs for districts ranked above the 80th but below the 90th percentile, and 90 percent of approved transportation costs for districts ranked in or above the 90th percentile.	Or. Rev. Stat. sec. 327.033
Pennsylvania	Pennsylvania's regular reimbursement formula is approved reimbursable costs of transportation during the preceding year multiplied by the applicable aid ratio of the district. There are additional calculations for excessive costs for transportation, annual depreciation, in-lieu-of transportation, transportation on a fare basis, transportation by contract, transportation by district-owned equipment, board and lodging in lieu of transportation, and a flat rate payment for transporting nonpublic students.	24 Pa. Cons. Stat. secs. 25-2541 to 25-2542; 22 Pa. Code sec. 23
Rhode Island	Rhode Island operates a fully funded statewide transportation system, but local systems can operate regional transportation systems with 50 percent of funding form the state. Rhode Island's regional transportation formula uses the Uniform Chart of Accounts	Rhode Island. Department of Education. "Funding Formula Reference

State	Calculation Summary	Source
	transportation expenditure data, paid 2 years after the reference year. The statewide system is paid 1 year after the reference year. Transportation for special education students is included not in transportation funding but in the High-Cost Special Education Categorical calculation.	Guide," Spring 2018. Web.
South Carolina	South Carolina codes transportation costs to the General Fund. Transportation elements are part of the allocation formulas for Career and Technical Education; Childhood Programs; Education and Economic Development Act Supplies and Materials, and Handicapped Transportation. At-risk transportation funding is part of the Special Revenue Fund. South Carolina replaces one-fifteenth of its school bus fleet every year.	South Carolina. Department of Education. "Fiscal Year 2019-2020 Funding Manual," n.d. Web.
South Dakota	South Dakota's funding formula is based on teachers' salaries with an additional calculation for special education aid. There is additional funding for sparsity to meet the needs of rural districts and districts with unique challenges, which is related to density and low enrollment but is not explicitly about transportation.	S.D. Codified Laws sec. 13-13
Tennessee	Tennessee includes transportation in the Basic Education Program (BEP) fund. The formula is based on the 3-year average transportation cost per average daily membership (ADM) and uses multiple regression to estimate the impact of four factors (average daily students transported, average daily special education students transported, daily one-way miles driven, and ADM) on each system's transportation spending over the past 3 years to the current BEP funding year. Tennessee's Vocational Transportation formula is Vocational Center full-time equivalent ADM multiplied by average one-way trip multiplied by $32.43.	Tennessee. Department of Education. Office of Local Finance. *Tennessee Basic Education Program: Handbook For Computation*. Sept. 2018. Web.
Texas	Texas has different formulas for regular miles; special routes; career and technical education routes; private routes; and hazardous traffic and high-risk-of-violence routes. Each multiplies mileage by a per-mile rate, which varies by route. Districts may apply for up to 10 percent of funds for transporting students who live within 2 miles of hazardous traffic or high risk of violence.	Tex. Educ. Code Ann. sec. 48.151
Utah	Utah's Transportation Finance Formula Schedule A is formula-driven and provides funds for transporting eligible students to and from school, based on cost per mile for driver salaries and benefits, cost per mile to transport, and salaries and benefits of district transportation administrators. Schedule B is provided through an application process based on miscellaneous, nonformula transportation expenses. Additionally, Utah appropriates $500,000 for the Rural School District Transportation Grant and reimburses through the Rural School Transportation Reimbursement for fourth-, fifth-, and sixth-class counties where more than 65 percent of students are eligible for free or reduced-price lunch.	Utah. COBI (Compendium of Budget Information) FY21-22; Utah Code Ann. sec. 53F-2-403
Vermont	Vermont's Transportation Grant is 50 percent of allowable transportation expenditures. Vermont also has an application-based reimbursement for extraordinary transportation expenditures in excess of 8.25 percent of the preceding year's total budgeted expenditures determined to be extraordinary transportation expenditures.	Vt. Stat. Ann. tit. 16, sec. 4016
Virginia	Virginia appropriates Basic Aid for education ($3.6 billion in FY 2021 and FY 2022) and Basic Operating Costs, which includes	Virginia. General Assembly. 2020 Session, HB 29.

State	Calculation Summary	Source
	transportation among other uses such as special education, operation and maintenance of school plant, etc.	
Washington	Washington's Transportation Operation Allowance is calculated using a regression analysis of • basic program student count, • special program student count, • prorated average distance, • total land area, • prorated number of destinations, • whether a non-high school district provides transportation to its high school students, and • any other statistically significant data elements. Adjustments include any car mileage reimbursements, any alternate funding systems, any alternate school calendars, or any adjustment required by the legislature. The actual allocation is the lesser of the district's prior year adjusted expenditures or the adjusted allocation. The Transportation Vehicle Fund is used to purchase or repair transportation vehicles and is funded through general fund accounts for vehicle purchase and repair, reimbursement payments for transportation, earnings from transportation vehicle fund investments, or proceeds from the sale of transportation vehicles.	Wash. Admin. Code sec. 392-141-360
West Virginia	West Virginia's transportation cost allowance formula includes density; cost of insurance premiums on buses, buildings, and equipment; eight and one-third percent of the current replacement value of the bus fleet; up to $200,000 for school facility and equipment repair, maintenance and improvement, replacement, or other approved current expense priorities; and aid in lieu of transportation. The allowance is limited to one-third above the computed state average allowance per transportation mile multiplied by the total transportation mileage in the county exclusive of the allowance for the purchase of additional buses. A total of 0.5 percent of the transportation allowance is for classroom curriculum field trips. Remaining funds are carried over.	W. Va. Code Ann. sec. 18-9A-7
Wisconsin	Wisconsin offers state aid for regular transportation and high-cost transportation aid. State aid is a fixed amount depending on the distance between each student's residence and school attended and ranges from $35 to $365. Transportation because of unusual hazards is $15 per school year per pupil.	Wis. Stat. sec. 121.58
Wyoming	Wyoming bases funding on actual expenditures. The formula includes bus purchase and lease payment expenditures and expenditures for maintenance and operation of transportation routes and transportation to and from approved student activities. Adjustments include one-fifth the base price for each purchased school bus or transportation vehicle during the preceding 5 years and the lease payment base price.	Wyo. Stat. Ann. sec. 21-13-320; 206-0002-20 Wyo. Code R. secs. 1 to 9

Appendix L

Student Transportation As Separate Funding Formulas Or Included In General Education Funding

Table L.1 shows states that fund student transportation as part of their general education fund or through a separate formula. This table also shows the states that use additional transportation formulas for exceptional child transportation, isolated or rural transportation, additional or supplemental transportation funding, vocational transportation, bus funding, or other funding.

The following summarizes state transportation funding formulas:

- Eight states include transportation as part of their general education fund.
- Forty-two states fund student transportation through a separate formula.
- Eight states have an additional funding formula for exceptional child transportation.
- Two states have an additional funding formula for isolated or rural student transportation.
- Six states have additional or supplemental funding for student transportation.
- Three states have an additional funding formula for vocational student transportation.
- Five states have an additional funding formula for buses.
- Two states have other additional funding formulas, such as funding for transportation provided through a joint powers agreement, cooperative, or consortium.

Table L.1
Student Transportation Funding Formulas
Included In General Education Funding Formulas Or As Separate Formulas

	Transportation Funding Formula		Additional Transportation Formulas						
State	Part Of Education Fund	Separate Formula	Exceptional Child	Isolated/Rural	Additional Or Supplemental	Vocational	Buses	Other	Source
Alabama		X	X				X		Ala. Code secs. 16-13-233, 16-13-234, and 16-39-11; Ala. Admin. Code r. 290-2-1-.03
Alaska		X							Alaska Stat. sec. 14.09.010
Arizona		X							Ariz. Rev. Stat. sec. 15-945
Arkansas	X			X	X				Arkansas. Department of Education. *Arkansas School Finance Manual 2017-2018*. Jan. 8, 2018. Web; Arkansas. Bureau of Legislative Research. *The Resource Allocation Of Foundation Funding For*

State	Transportation Funding Formula		Additional Transportation Formulas						Source
	Part Of Education Fund	Separate Formula	Exceptional Child	Isolated/Rural	Additional Or Supplemental	Vocational	Buses	Other	
									Arkansas School Districts And Open-Enrollment Charter Schools. March 26, 2018. Web; Ark. Code Ann. secs. 6-20-601 and 6-20-604
California	X		X		X		X	X	Cal. Educ. Code secs. 2575, 42238.03, and 41850
Colorado		X							Colo. Rev. Stat. sec. 22-51
Connecticut		X							Conn. Gen. Stat. sec. 172-10-266m
Delaware		X							14-1150 Del. Admin. Code
Florida		X							Fla. Stat. sec. 1101.68
Georgia		X							Ga. Code Ann. sec. 20-2-188
Hawaii		X							Haw. Code R. sec. 8-27-3
Idaho		X							Idaho Code sec. 33-1006
Illinois		X	X			X			105 Ill. Comp. Stat. sec. 5/29
Indiana		X							Indiana. Department of Education. *Digest Of Public School Finance In Indiana: 2019-2021 Biennium,* n.d. Web.
Iowa		X			X				Iowa Code sec. 285
Kansas		X							Kan. Stat. Ann. sec. 72-5148
Kentucky		X				X			KRS 157.370
Louisiana	X								Louisiana. HLS 20RS-1086, 2020 Regular Session, House Concurrent Resolution No. 26, 2020.
Maine		X							Me. Stat. tit. 20-A, secs. 15671 and 15672
Maryland		X	X						Md. Code Ann., Educ. Law sec. 5-205
Massachusetts		X							Mass. Gen. Laws ch. 71, secs. 7A to 7C
Michigan	X		X						Mich. Admin. Code. r. 388.1611
Minnesota		X	X		X				Minn. Stat. sec. 126C.10
Mississippi		X	X						Miss. Code Ann. sec. 37-151-85; 7 Miss. Code R. sec. 3-7900-7908
Missouri		X							Mo. Code Regs. Ann. tit. 5, sec. 30-261.040
Montana		X							Mont. Code Ann. sec. 20-10-141
Nebraska		X							Neb. Rev. Stat. sec. 79-1007.12

State	Transportation Funding Formula		Additional Transportation Formulas						Source
	Part Of Education Fund	Separate Formula	Exceptional Child	Isolated/Rural	Additional Or Supplemental	Vocational	Buses	Other	
Nevada		X							Nevada. Department of Education. "New Simplified Equity Allocation Model," n.d. Web.
New Hampshire	X								N.H. Rev. Stat. Ann. sec. 193-E
New Jersey		X							N.J. Rev. Stat. sec. 18A:7F-57
New Mexico		X							N.M. Stat. Ann. sec. 22-8-29.1
New York		X							New York. Division of the Budget. *2020-21 Executive Budget Proposal*; New York. *Preliminary Estimate Of 2019-20 And 2020-21 State Aids Payable Under Sec. 3609 Plus Other Aid*s, n.d. Web.
North Carolina		X							North Carolina. Department of Public Instruction. *Transportation Director's Manual,* Dec. 2015. Web.
North Dakota		X							North Dakota. 66th Legislative Assembly of North Dakota in Regular Session Commencing Thursday, January 3, 2019. SB 2013.
Ohio		X	X						Ohio Rev. Code Ann. sec. 3317.0212; Ohio Admin. Code 3301-83-01
Oklahoma		X							Okla. Stat. tit. 70, sec. 18-200.1
Oregon		X							Or. Rev. Stat. sec. 327.033
Pennsylvania		X					X		22 Pa. Code sec. 23; 24 Pa. Cons. Stat. secs. 25-2541 to 25-2542
Rhode Island		X							Rhode Island. Department of Education. "Funding Formula Reference Guide," Spring 2018. Web.
South Carolina	X								South Carolina. Department of Education. "Fiscal Year 2019-2020 Funding Manual," n.d. Web.
South Dakota	X								S.D. Codified Laws sec. 13-13
Tennessee		X				X	X		Tennessee. Department of Education. Office of Local Finance. *Tennessee Basic Education Program: Handbook*

State	Transportation Funding Formula		Additional Transportation Formulas						Source
	Part Of Education Fund	Separate Formula	Exceptional Child	Isolated/Rural	Additional Or Supplemental	Vocational	Buses	Other	
									For Computation. Sept. 2018. Web.
Texas		X							Tex. Educ. Code Ann. sec. 48.151
Utah		X		X					Utah. COBI (Compendium of Budget Information) FY21-22; Utah Code Ann. sec. 53F-2-403
Vermont		X			X				Vt. Stat. Ann. tit. 16, sec. 4016
Virginia	X								Virginia. General Assembly. 2020 Session, HB 29.
Washington		X					X		Wash. Admin. Code sec. 392-141-360
West Virginia		X							W. Va. Code Ann. sec. 18-9A-7
Wisconsin		X			X			X	Wis. Stat. sec. 121.58
Wyoming		X							206-0002-20 Wyo. Code R. secs. 1 to 9

Appendix M

Factors Included In Student Transportation Funding Formulas

Table M.1 shows the factors included in student transportation funding formulas. Many states have separate funding formulas for transporting different groups of students. For example, Alabama has an overall Transportation Allocation funding formula and an additional Special Education Transportation funding formula. Each funding formula is represented by a line in the table. Because many states have multiple funding formulas, the summaries below do not equal 50.

Multiple factors are included in 48 state funding formulas. The following summarizes state student transportation funding formulas:

- Forty-eight formulas include expenditures.
- Ten formulas include density or sparsity.
- Seventeen formulas include student groups, such as exceptional children or at-risk students.
- Twenty-eight formulas include number of students transported.
- Nineteen formulas include the number of miles transported.
- Forty-five formulas include other factors, such as a regression calculation or isolated transportation.

Table M.1
Factors Included In Student Transportation Funding Formulas

State	Expenditures	Density Or Sparsity	Student Groups	Students Transported	Miles Transported	Other	Source
Alabama, Transportation Allocation			X	X		X	Ala. Code sec. 16-13-233; Ala. Admin. Code r. 290-2-1-.03; Ala. Code sec. 16-13-234
Alabama, Special Education Transportation	X						Ala. Code sec. 16-39-11
Alaska						X	Alaska Stat. sec. 14.09.010
Arizona	X		X	X	X	X	Ariz. Rev. Stat. sec. 15-945
Arkansas, Foundation Funding	X			X			Arkansas. Department of Education. *Arkansas School Finance Manual 2017-2018*. Jan. 8, 2018. Web; Arkansas. Bureau of Legislative Research. *The Resource Allocation Of Foundation Funding For Arkansas School Districts And Open-Enrollment Charter Schools*. March 26, 2018. Web; Ark. Code Ann. secs. 6-20-601 and 6-20-604

State	Expenditures	Density Or Sparsity	Student Groups	Students Transported	Miles Transported	Other	Source
Arkansas, Isolated Transportation Funding		X		X		X	Ark. Code. Ann. sec. 6-20-601 and 604
California, maintenance-of-effort requirement for Local Control Funding Formula							Cal. Com. Code sec. 2575
California, One-Time Apportionment for Purchasing Transportation Equipment							Cal. Com. Code secs. 42300 to 42301.1
California, Separate Allowance for Special Education Transportation	X						Cal. Educ. Code sec. 41850
California, Allowances for Transportation for transportation provided through a joint powers agreement, cooperative pupil transportation system, or a consortium	X						Cal. Educ. Code sec. 41851
California, Supplemental Allowances for Transportation	X						Cal. Code Regs. tit. 5, secs. 41860 to 41863
Colorado, Public School Transportation Fund	X				X	X	Colo. Rev. Stat. sec. 22-51
Connecticut	X		X			X	Conn. Gen. Stat. sec. 172-10-266m; Connecticut. Office of Legislative Research. *State School Transportation Requirement And Funding*. Feb. 6, 2012. Web.
Delaware	X					X	14-1150 Del. Admin. Code
Florida	X		X	X		X	Fla. Stat. sec. 1101.68
Georgia	X	X		X	X	X	Ga. Code Ann. sec. 20-2-188; Ga. Comp. R. & Regs. 160-5-3-.11
Hawaii						X	Haw. Code R. sec. 8-27-3
Idaho	X		X			X	Idaho Code sec. 33-1006
Illinois, Regular Pupil Transportation	X		X	X		X	105 Ill. Comp. Stat. sec. 5/29
Illinois, Vocational Pupil Transportation	X						105 Ill. Comp. Stat. sec. 5/29
Illinois, Special Education Pupil Transportation	X						105 Ill. Comp. Stat. sec. 5/29
Indiana						X	Indiana. Department of Education. *Digest Of Public School Finance In Indiana: 2019-2021 Biennium,* n.d. Web.

State	Expenditures	Density Or Sparsity	Student Groups	Students Transported	Miles Transported	Other	Source
Iowa, Transportation Cost Reimbursement	X			X	X		Iowa Code sec. 285.1
Iowa, Transportation Equity Program and Transportation Base Funding				X		X	Iowa Code sec. 257.16C
Kansas		X		X		X	Kan. Stat. Ann. sec. 72-5132
Kentucky, Support Education Excellence in Kentucky Transportation Calculation	X	X	X	X		X	KRS 157.370
Louisiana							Louisiana. HLS 20RS-1086, 2020 Regular Session, House Concurrent Resolution No. 26, 2020.
Maine, Essential Programs and Services, Transportation	X	X			X		Me. Stat. tit. 20-A, secs. 15671 and 15672
Maine, School Bus Purchase Program							05-71 Me. Code R., ch. 85; Me. Stat. tit. 20-A, sec. 5401
Maryland, Base Grant for Student Transportation				X		X	Md. Code Ann., Educ. Law sec. 5-205
Maryland, Disabled Student Transportation Grant				X		X	Md. Code Ann., Educ. Law sec. 5-205
Massachusetts			X	X		X	Mass. Gen. Laws ch. 71, secs. 7A to 7C
Michigan	X	X		X	X		Augenblick, Palaich and Associates and Picus, Odden and Associates. *Costing Out The Resources Needed To Meet Michigan's Standards And Requirements*. Jan. 12, 2018. Web.
Michigan, Special Education Transportation Reimbursement	X						Mich. Admin. Code. r. 388.1651c
Minnesota	X						Minn. Stat. sec. 126C.10
Minnesota, Special Education Initial Aid and Special Education Aid		X				X	Minn. Stat. sec. 125A.70; Minn. Stat. sec. 123B.92
Mississippi, Primary Transportation Fund	X	X		X			Miss. Code Ann. sec. 37-151-85
Mississippi, Students with Disabilities Transportation				X	X	X	7 Miss. Code R. sec. 3-7900-7908
Missouri	X			X	X	X	Mo. Code Regs. Ann. tit. 5, sec. 30-261.040
Montana, Transportation Maximum Reimbursement Rates					X	X	Mont. Code Ann. sec. 20-10-141

State	Expenditures	Density Or Sparsity	Student Groups	Students Transported	Miles Transported	Other	Source
Nebraska	X				X	X	Neb. Rev. Stat. sec. 79-1007.12
Nevada	X						Nevada. Department of Education. "New Simplified Equity Allocation Model," n.d. Web.
New Hampshire			X			X	N.H. Code Admin. R. Ed. 1305
New Jersey	X		X	X	X		N.J. Rev. Stat. sec. 18A:7F-57
New Mexico	X					X	N.M. Stat. Ann. sec. 22-8-29.1
New York	X	X				X	N.Y. U.C.C. Law sec. 3602, 7; New York. Division of the Budget. *2020-21 Executive Budget Proposal*; New York. *Preliminary Estimate Of 2019-20 And 2020-21 State Aids Payable Under Sec. 3609 Plus Other Aid*s, n.d. Web.
North Carolina	X			X		X	North Carolina. Department of Public Instruction. *Transportation Director's Manual,* Dec. 2015. Web.
North Dakota			X	X	X	X	North Dakota. 66th Legislative Assembly of North Dakota in Regular Session Commencing Thursday, January 3, 2019. SB 2013.
Ohio, Regular Transportation Reimbursement	X		X	X	X	X	Ohio Rev. Code Ann. sec. 3317.0212; Ohio Admin. Code 3301-83-01
Ohio, Special Education Transportation Reimbursement	X						Ohio Admin. Code 3301-83-01
Oklahoma	X			X		X	Okla. Stat. tit. 70, sec. 18-200.1
Oregon	X						Or. Rev. Stat. sec. 327.033
Pennsylvania, Transportation Reimbursement	X					X	22 Pa. Code sec. 23; 24 Pa. Cons. Stat. secs. 25-2541 to 25-2542
Pennsylvania, Depreciation allowance	X					X	22 Pa. Code sec. 23; 24 Pa. Cons. Stat. secs. 25-2541 to 25-2542
Rhode Island	X						Rhode Island. Department of Education. "Funding Formula Reference Guide," Spring 2018. Web.
South Carolina	X						South Carolina. Department of Education. "Fiscal Year 2019-2020 Funding Manual," n.d. Web.
South Dakota							S.D. Codified Laws sec. 13-13
Tennessee, Pupil Transportation	X		X	X	X	X	Tennessee. Department of Education. Office of Local Finance. *Tennessee Basic Education Program: Handbook for Computation*. Sept. 2018. Web.
Tennessee, Vocational Center Transportation				X	X	X	Tennessee. Department of Education. Office of Local Finance. *Tennessee Basic*

State	Expenditures	Density Or Sparsity	Student Groups	Students Transported	Miles Transported	Other	Source
							Education Program: Handbook For Computation. Sept. 2018. Web.
Texas			X		X	X	Tex. Educ. Code sec. 48.151
Utah, Transportation Finance Formula	X					X	Utah. COBI (Compendium of Budget Information) FY21-22; Utah Code Ann. sec. 53F-2-403
Utah, Rural School District Transportation Grants					X	X	Utah Admin. Code r. 277-600-13
Utah, Rural School Transportation Reimbursement	X					X	Utah Code Ann. sec. 53F-2-403
Vermont, Transportation Grant	X						Vt. Stat. Ann. tit. 16, sec. 4016
Vermont, Special Education Expenditures Reimbursement Grant	X						Vt. Stat. Ann. tit. 16, sec. 2963
Virginia							Virginia. General Assembly. 2020 Session, HB 29.
Washington, Transportation Operation Allowance	X		X	X	X	X	Wash. Admin. Code sec. 392-141-360
West Virginia	X	X				X	W. Va. Code Ann. sec. 18-9A-7
Wisconsin, State Aid for Transportation	X		X			X	Wis. Stat. sec. 121.58
Wisconsin, State Aid for Board and Lodging	X			X			Wis. Stat. sec. 121.58
Wisconsin, State Aid for Summer Transportation			X			X	Wis. Stat. sec. 121.58
Wisconsin, High Cost Transportation Aid	X			X	X	X	Wis. Stat. sec. 121.59
Wyoming	X					X	Wyo. Stat. Ann. sec. 21-13-320; 206-0002-20 Wyo. Code R. secs. 1 to 9

Appendix N

Minimum Distance Of Student Residence From School Measured By Route Or Radius

Many states specify that students must live a minimum number of miles from their school before they may be transported at public expense. This distance is often measured by route distance or radius distance, although not all states specify how to determine the distance. Table N.1 shows the minimum distance required by states and whether that distance is measured by route, measured by radius, or not specified. Thirty-eight states specify that distance must be measured by route, two states specify that it must be measured by radius, and 11 states do not specify. In Kentucky, KRS 157.370(3) requires that the aggregate and average daily attendance of transported pupils shall include all public school pupils transported at public expense who live 1 mile or more from school. This language suggests that distance should be measured by radius. In addition, 702 KAR 5:020 uses route distance from the student's residence to the school. This issue is further discussed in Chapter 4.

Table N.1
Minimum Distance Of Student Residence From School
Measured By Route Or Radius

State	Route	Radius	Not Specified	Mile Minimum Regular Transportation	Source
Alabama	X			2 miles	Ala. Code sec. 16-13-233; Ala. Admin. Code r. 290-2-1-.03
Alaska			X	N/A	Alaska Stat. sec. 14.09.010
Arizona	X			1 mile, elementary; 1.5 miles, secondary	Ariz. Rev. Stat. sec. 15-945
Arkansas	X			12 miles, isolated funding	Ark. Code. Ann. secs. 6-20-601 and 6-20-604
California	X			0.75 miles, grades K-3; 1 mile, grades 4-6; 2 miles, grades 9-12; 3 miles, grades 13-14 or junior college	Cal. Code Reg. tit. 5, sec. 15241
Colorado	X			N/A	1 Colo. Code Regs. sec. 301-14
Connecticut			X	1 mile, grades K-3 or under age 10; 1.5 miles, grades 4-8 or ages 10-14; 2 miles, grades 9-12 or age 14+	Connecticut. Office of Legislative Research. *State School Transportation Requirement And Funding*. Feb. 6, 2012. Web.
Delaware	X			1 mile, grades K-6; 2 miles, grades 7-12	14-1150 Del. Admin. Code
Florida	X			2 miles	Fla. Stat. sec. 1101.68
Georgia	X			1.5 miles	Ga. Code Ann. sec. 20-2-188; Ga. Comp. R. & Regs. 160-5-3-.11

State	Route	Radius	Not Specified	Mile Minimum Regular Transportation	Source
Hawaii			X	1 mile, elementary; 1.5 miles, secondary	Haw. Code R. sec. 8-27-3
Idaho	X			1.5 miles	Idaho Code sec. 33-1006
Illinois	X			1.5 miles	105 Ill. Comp. Stat. sec. 5/29
Indiana	X			N/A	
Iowa	X			2 miles, elementary; 3 miles, secondary	Iowa Code sec. 285.1
Kansas	X			2.5 miles	Kan. Stat. Ann. sec. 72-5132
Kentucky	X	X		1 mile	KRS 157.370
Louisiana			X	1 mile	Louisiana. Department of Education. *School Transportation Handbook, Bulletin 1191,* n.d. Web.
Maine	X			Local discretion	Me. Stat. tit. 20-A, sec. 15672
Maryland			X	N/A	Md. Code, Ann. Educ. Law sec. 5-205
Massachusetts	X			1.5 miles	Massachusetts. Department of Elementary and Secondary Education. *Pupil Transportation Guide: A Guide For Massachusetts School Administrators*. Aug. 1996. Web.
Michigan	X			1.5 miles	Mich. Admin. Code r. 380.1321
Minnesota			X	1 mile, elementary; 2 miles, secondary	Minn. Stat. sec. 123B.92
Mississippi	X			1 mile	Miss. Code Ann. sec. 37-41-3
Missouri	X			3.5 miles; funding begins at 1 mile	Mo. Code Regs. Ann. tit. 5, sec. 30-261.040
Montana	X			3 miles	Mont. Admin. R. 10.7.115
Nebraska	X			3 miles	Neb. Rev. Stat. sec. 79-1007.12
Nevada			X	N/A	Nevada. Department of Education. "New Simplified Equity Allocation Model," n.d. Web.
New Hampshire			X	2 miles, grades K-8	N.H. Rev. Stat. Ann. sec. 193-E
New Jersey	X			2 miles, elementary 2.5 miles, secondary	N.J. Admin. Code sec. 6A:27-1.3
New Mexico	X			1 mile, grades K-6; 1.5 miles, grades 7-9; 2 miles, grades 10-12	N.M. Stat. Ann. Sec. 22-16-4
New York	X			N/A	N.Y. U.C.C. Educ. Laws sec. 3621
North Carolina	X			N/A	North Carolina. Department of Public Instruction. *Transportation Director's Manual,* Dec. 2015. Web.
North Dakota	X			2 miles	N.D. Cent. Code sec. 15.1-30-02
Ohio	X			2 miles, grades K-8; funding begins at mile 1	Ohio Rev. Code Ann. sec. 3327.01
Oklahoma	X			1.5 miles	Okla. Stat. tit. 70, sec. 18-200.1
Oregon	X			1 mile, elementary; 1.5 miles, secondary	Or. Rev. Stat. sec. 327.033

State	Route	Radius	Not Specified	Mile Minimum Regular Transportation	Source
Pennsylvania	X			1.5 miles, elementary; 2 miles, secondary	22 Pa. Code sec. 23; 24 Pa. Cons. Stat. secs. 25-2541 to 25-2542
Rhode Island			X	N/A	Rhode Island. Department of Education. "Funding Formula Reference Guide," Spring 2018. Web.
South Carolina	X			1.5 miles	S.C. Code Ann. sec. 59-67-420; S.C. Code Ann. Regs. 43-80-H
South Dakota	X			5 miles	S.D. Codified Laws sec. 13-29-19
Tennessee	X			1.5 miles	Tenn. Code Ann. sec. 49-6-2101
Texas	X			2 miles	Tex. Educ. Code sec. 48.151
Utah	X			1.5 miles, grades K-6; 2 miles, grades 7-12	Utah Code Ann. sec. 53F-2-403
Vermont			X	N/A	Vt. Stat. Ann. tit. 16, sec. 4016
Virginia			X	N/A	Virginia. General Assembly. 2020 Session, HB 29.
Washington	X			1 mile	Wash. Admin. Code sec. 392-141-310
West Virginia	X			2 miles	W. Va. Code Ann. sec. 18-5-13
Wisconsin	X			2 miles	Wis. Stat. sec. 121.58
Wyoming		X		1 mile, elementary; 2 miles, secondary	206-0002-20 Wyo. Code R. secs. 1 to 9

Appendix O

Student Transportation Funding

States fund school bus purchases and replacements through various methods. Table O.1 summarizes the school bus funding in all states.

Table O.1
School Bus Purchases And Replacements

State	Calculation Summary	Source
Alabama	Statute requires State Board of Education to set the school bus depreciation schedule. Regulation specifies 10-year depreciation schedule for fleet renewal.	Ala. Code sec. 16-13-233; Ala. Admin. Code r. 290-2-1-.03
Alaska	Not specified in statute or regulation.	
Arizona	Districts may apply for a capital transportation adjustment to purchase transportation vehicle.	Ariz. Rev. Stat. secs. 15-945 and 15-963
Arkansas	Bus purchases are reported as equipment.	Arkansas. Bureau of Legislative Research. *The Resource Allocation Of Foundation Funding For Arkansas School Districts And Open-Enrollment Charter Schools*. March 26, 2018. Web.
California	Depreciation is based on the cost of buses and miles used for student transportation.	Cal. Code. Regs. tit. 5, sec. 15283
Colorado	Ten-year depreciation schedule for student transportation vehicles.	Colorado. Department of Education. "Line 5: Capital Outlay Depreciation Fiscal Year 2019-20," n.d. Web.
Connecticut	Not specified in statute or regulation.	
Delaware	Included in Department of Education funding formula.	14-1150 Del. Admin. Code
Florida	Department of Education assists districts with buying school buses.	Fla. Stat. sec. 1006.27
Georgia	Depreciation is based on the cost of buses and miles used for student transportation.	Ga. Code Ann. sec. 20-2-188
Hawaii	Not specified in statute or regulation.	Haw. Code R. sec. 8-27-3
Idaho	Depreciation based on life expectancy of 12 years or based on use and mileage, whichever is more advantageous to the district.	Idaho. State Department of Education. Student Transportation. *Standards For Idaho School Buses And Operations*, Nov. 15, 2017. Web.
Illinois	Student transportation vehicle have a depreciation allowance of 20 percent for 5 years.	105 Ill. Comp. Stat. sec. 5/29
Indiana	The operations fund is used to replace school buses, after a resolution is submitted to the Department of Local Government Finance, applicable for at least 5 budget years.	Ind. Code sec. 20-40-18-9
Iowa	Buses are purchased from the general fund or the physical plant and equipment levy fund.	Iowa Code. sec. 285.10

State	Calculation Summary	Source
Kansas	The capital outlay fund is used to purchase buses.	Kan. Stat. Ann. sec. 72-53,116
Kentucky	Depreciation rate is a percentage of the state bid price and is 12 percent in years 1 and 2, 10 percent in years 3 to 8, 8 percent in years 9 and 10, and 6 percent in years 11 to 14.	702 KAR 5:010
Louisiana	The state Department of Education assists schools buying buses with loans through the School Bus Purchase Program.	La. Stat. Ann. sec. 17:158.3
Maine	Districts are encouraged to purchase buses through current funds rather than short-term loans. The Maine School Bus Purchase Program provides subsidies to help purchase school buses.	Me. Stat. tit. 20-A, sec. 5401; 05-71-85 Me. Code R. secs. 1 to 6
Maryland	Not specified in statute or regulation.	Md. Code, Ann., Educ. Law sec. 5-205
Massachusetts	Buses are purchased through bids.	Massachusetts. Department of Elementary and Secondary Education. *Pupil Transportation Guide: A Guide For Massachusetts School Administrators,* August 1996. Web.
Michigan	Amortization allowances vary by type of vehicle, ranging from 10 to 4 years.	Mich. Admin. Code r. 388.380
Minnesota	Depreciation is 15 percent of the cost of the school bus fleet per year for yearlong districts and 12.5 percent for other districts.	Minn. Stat. sec. 126C.10
Mississippi	Districts can use transportation funds to purchase transportation equipment or borrow money. Notes or bonds issued by districts shall mature in approximately equal installments over up to 6 years. Note or bonds to purchase used transportation equipment mature within 2 years.	Miss. Code. Ann. secs. 37-41-81 to 37-41-103
Missouri	Missouri uses an 8-year depreciation schedule.	Mo. Code Regs. Ann. tit. 5, sec. 30-261.040
Montana	Districts may establish a bus depreciation reserve fund to convert, remodel, or rebuild buses or to replace buses, communication systems, or safety devices, or to purchase additional buses. Districts' budgets may include an amount not to exceed 20 percent of the original cost of the bus, communication system, or safety device, not to exceed 150 percent of such cost over time.	Mont. Code Ann. sec. 20-10-147
Nebraska	Districts may use general fund to purchase buses.	Neb. Rev. Stat. sec. 79-601
Nevada	Not specified in statute or regulation. Districts shall have annual expenditures for instruction equipment, including telecommunications equipment and pupil transportation equipment, at least equal to the 3 year average per-pupil amount spent.	Nev. Rev. Stat. sec. 387.207
New Hampshire	Not specified in statute or regulation.	
New Jersey	School buses cannot be used past 10 years from manufacture, or 12 years if manufactured between April 1, 1977 and January 1, 2007, or 15 years if manufactured after January 1, 2007. General funds are used to purchase buses.	N.J. Rev. Stat. secs. 39:3b-5.1 to 39:3b-52 and 18A:20-4.2
New Mexico	Buses are replaced on a 12-year cycle. Districts may receive an equipment allowance to purchase or replace buses.	N.M. Stat. Ann. sec. 22-8-27

State	Calculation Summary	Source
New York	Depreciation is calculated by the average bus cost divided by the number of years the bus will be in service. Large buses are considered in service for 10 or 12 years, and small buses are considered in service for 7 or 8 years.	New York. State Education Department. "Cost Per Mile Calculation For School Districts." July 17, 2020. Web.
North Carolina	Buses may be replaced at 20 years old or 250,000 miles. Buses may be replaced at 15 years if at 300,000 miles. Capital outlay budget funds may be used to purchase buses. The General Assembly may appropriate funds to purchase buses. Up to 30 buses per year may be replaced. Districts receive $2,000 per year for continuing to operate buses eligible for replacement up to age 23.	N.C. Gen. Stat. sec. 115C-249
North Dakota	Not specified in statute or regulation.	
Ohio	Buses may be purchased through a centralized purchasing system established by the state Department of Education after competitive bidding and not through bid bonds.	Ohio Rev. Code Ann. sec. 3327.08
Oklahoma	Districts may purchase pupil transportation vehicles from a list of approved vehicles with prices. State Aid funds can be used only if purchased from that list. There is also a Special Transportation Revolving Fund with proceeds from selling transportation equipment to purchase transportation equipment for special education, from the same list.	Okla. Stat. tit. 70, secs. 9-103 and 9-109 to 9-111
Oregon	Depreciation of original cost to the school district cannot be in excess of 10 percent per year.	Or. Rev. Stat. sec. 327.033
Pennsylvania	Depreciation is the lesser of 10 percent of the approved purchase price of each district-owned vehicle at the time of acquisition or $700 for each district-owned vehicle.	24 Pa. Cons. Stat. sec. 25-2541
Rhode Island	Not specified in statute or regulation.	
South Carolina	The state Board of Education shall replace one-fifteenth of fleet every year with funds appropriated by the General Assembly.	S.C. Code Ann. sec. 59-67-580
South Dakota	Not specified in statute or regulation.	
Tennessee	Not specified in statute or regulation.	
Texas	To purchase or lease school buses, districts must use a competitive bidding process when the contract is valued at $20,000 or more.	Tex. Educ. Code Ann. sec. 44.031
Utah	A portion of bus purchases are included in approved costs for reimbursement.	Utah Admin. Code r. 277-600
Vermont	The school bus depreciation schedule is one-seventh of the bus purchase price for 7 years.	Vermont. State Board of Education. *Manual Of Rules And Practices, Series 9300: Allowable And Extraordinary Transportation Expenditures*. Dec. 16, 2016, Web.
Virginia	The Department of Education is required to fund transportation costs using a 15-year replacement schedule for school bus replacement.	Virginia. General Assembly. 2020 Session, HB 29.
Washington	The Transportation Vehicle Fund may be used to purchase, contract, or repair transportation vehicles. The fund includes money from the general fund to purchase or repair transportation equipment, reimbursement payments for purchasing vehicles, earnings from investments, and proceeds from selling transportation vehicles.	Wash. Rev. Code sec. 28A.160-200

State	Calculation Summary	Source
West Virginia	The Foundation School Program allowance includes 8.33 percent of the current replacement value of the bus fleet within each county. Buses purchased after June 1, 1999, driven 180,000 miles are eligible for replacement. Districts whose net enrollment increases over the immediately preceding year may apply to the state for additional funding for buses.	W. Va. Code R. sec. 18-9A-7
Wisconsin	Districts may purchase vehicles for student transportation.	Wis. Stat. sec. 121.55
Wyoming	The Education Resource Block Grant includes funds equal to the base price amount for bus purchase and lease payments made by districts during the previous school year, including maintenance and operation of transportation routes and the transportation of students from approved activities.	Wyo. Stat. Ann. sec. 21.13-320

Appendix P

Wealth Quintiles
School Years 1990 And 2020

This report divided districts into quintiles in order to compare those with lower property wealth to those with higher property wealth. Districts were ordered by weighted per-pupil property assessments from lowest to highest, and quintile groups were determined by ensuring that approximately the same number of students were in each quintile. Quintile 1 contains districts with the lowest per-pupil property assessments, and Quintile 5 contains students with the highest per-pupil property assessments. The gap in funding between the lowest wealth quintile and the highest wealth quintile is the measure of equity used in this report. Table P.1 shows the wealth quintiles for school year 1990, and Table P.2 shows wealth quintiles for school year 2020.

Table P.1
School Districts By Wealth Quintiles
School Year 1990

Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5
Augusta Ind.	Adair Co.	Barren Co.	Anderson Co.	Anchorage Ind.
Bath Co.	Allen Co.	Bellevue Ind.	Ashland Ind.	Beechwood Ind.
Bell Co.	Ballard Co.	Bourbon Co.	Bardstown Ind.	Boone Co.
Breathitt Co.	Barbourville Ind.	Boyle Co.	Bowling Green Ind.	Fayette Co.
Butler Co.	Berea Ind.	Breckinridge Co.	Boyd Co.	Jefferson Co.
Carter Co.	Bracken Co.	Calloway Co.	Burgin Ind.	Woodford Co.
Clay Co.	Bullitt Co.	Elizabethtown Ind.	Campbell Co.	
Clinton Co.	Caldwell Co.	Fleming Co.	Carroll Co.	
Cloverport Ind.	Campbellsville Ind.	Gallatin Co.	Clark Co.	
Dawson Springs Ind.	Carlisle Co.	Garrard Co.	Danville Ind.	
Dayton Ind.	Casey Co.	Glasgow Ind.	Daviess Co.	
East Bernstadt Ind.	Caverna Ind.	Graves Co.	Erlanger-Elsmere Ind.	
Edmonson Co.	Christian Co.	Hancock Co.	Fort Thomas Ind.	
Elliott Co.	Corbin Ind.	Hardin Co.	Frankfort Ind.	
Estill Co.	Covington Ind.	Harrison Co.	Franklin Co.	
Floyd Co.	Crittenden Co.	Harrodsburg Ind.	Henderson Co.	
Harlan Co.	Cumberland Co.	Henry Co.	Jessamine Co.	
Harlan Ind.	Eminence Ind.	Hickman Co.	Kenton Co.	
Hart Co.	Fairview Ind.	Hopkins Co.	Livingston Co.	
Jackson Co.	Fulton Co.	Logan Co.	Lyon Co.	
Jackson Ind.	Fulton Ind.	Madison Co.	Marshall Co.	
Jenkins Ind.	Grant Co.	Martin Co.	Mason Co.	
Johnson Co.	Grayson Co.	Mayfield Ind.	Murray Ind.	
Knott Co.	Green Co.	McCracken Co.	Oldham Co.	
Knox Co.	Greenup Co.	McLean Co.	Owensboro Ind.	
Lawrence Co.	Hazard Ind.	Mercer Co.	Paducah Ind.	
Lee Co.	LaRue Co.	Muhlenberg Co.	Pikeville Ind.	
Leslie Co.	Laurel Co.	Nelson Co.	Russell Ind.	
Letcher Co.	Marion Co.	Ohio Co.	Scott Co.	
Lewis Co.	Meade Co.	Paintsville Ind.	Shelby Co.	

Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5
Lincoln Co.	Middlesboro Ind.	Pulaski Co.	Somerset Ind.	
Ludlow Ind.	Montgomery Co.	Raceland Ind.	Southgate Ind.	
Magoffin Co.	Nicholas Co.	Simpson Co.	Trimble Co.	
McCreary Co.	Owen Co.	Trigg Co.		
Menifee Co.	Paris Ind.	Union Co.		
Metcalfe Co.	Perry Co.	Warren Co.		
Monroe Co.	Pike Co.	Washington Co.		
Monticello Ind.	Robertson Co.	Webster Co.		
Morgan Co.	Rowan Co.	Williamstown Ind.		
Newport Ind.	Russell Co.			
Owsley Co.	Russellville Ind.			
Pendleton Co.	Spencer Co.			
Pineville Ind.	Taylor Co.			
Powell Co.	Todd Co.			
Providence Ind.	Walton Verona Ind.			
Rockcastle Co.				
Science Hill Ind.				
Silver Grove Ind.				
Wayne Co.				
West Point Ind.				
Whitley Co.				
Williamsburg Ind.				
Wolfe Co.				

Note: Districts that later merged are combined in these quintiles. Harrodsburg Independent is included in Mercer County, Monticello Independent in Wayne County, Providence Independent in Webster County, Silver Grove Independent in Campbell County, and Mayfield Independent in Mason County.
Source: Staff analysis of data provided by the Kentucky Department of Education.

Table P.2
School Districts By Wealth Quintiles
School Year 2020

Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5
Adair Co.	Allen Co.	Anderson Co.	Bellevue Ind.	Anchorage Ind.
Augusta Ind.	Ashland Ind.	Ballard Co.	Boone Co.	Fayette Co.
Barbourville Ind.	Barren Co.	Bardstown Ind.	Calloway Co.	Jefferson Co.
Bath Co.	Bowling Green Ind.	Beechwood Ind.	Campbell Co.	Livingston Co.
Bell Co.	Bracken Co.	Bourbon Co.	Caverna Ind.	Lyon Co.
Berea Ind.	Caldwell Co.	Boyd Co.	Clark Co.	
Breathitt Co.	Campbellsville Ind.	Boyle Co.	Franklin Co.	
Butler Co.	Carroll Co.	Breckinridge Co.	Hancock Co.	
Carter Co.	Crittenden Co.	Bullitt Co.	Jessamine Co.	
Casey Co.	Cumberland Co.	Burgin Ind.	Kenton Co.	
Clay Co.	Edmondson Co.	Carlisle Co.	Marshall Co.	
Clinton Co.	Erlanger Ind.	Christian Co.	McCracken Co.	
Cloverport Ind.	Fleming Co.	Covington Ind.	Nelson Co.	
Corbin Ind.	Garrard Co.	Danville Ind.	Newport Ind.	
Dawson Springs Ind.	Glasgow Ind.	Daviess Co.	Oldham Co.	
Dayton Ind.	Grant Co.	Ft. Thomas Ind.	Scott Co.	
East Bernstadt Ind.	Grayson Co.	Fulton Co.	Shelby Co.	
Elizabethtown Ind.	Greenup Co.	Gallatin Co.	Southgate Ind.	
Elliott Co.	Harrison Co.	Graves Co.	Warren Co.	

Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5
Eminence Ind.	Hart Co.	Hardin Co.	Woodford Co.	
Estill Co.	Henry Co.	Henderson Co.		
Fairview Ind.	Hopkins Co.	Hickman Co.		
Floyd Co.	Laurel Co.	Madison Co.		
Frankfort Ind.	Lawrence Co.	Marion Co.		
Fulton Ind.	Lee Co.	Mason Co.		
Green Co.	Lincoln Co.	Mercer Co.		
Harlan Co.	Logan Co.	Pikeville Ind.		
Harlan Ind.	McLean Co.	Simpson Co.		
Hazard Ind.	Meade Co.	Somerset Ind.		
Jackson Co.	Middlesboro Ind.	Spencer Co.		
Jackson Ind.	Montgomery Co.	Trigg Co.		
Jenkins Ind.	Muhlenberg Co.	Trimble Co.		
Johnson Co.	Owen Co.	Union Co.		
Knott Co.	Paducah Ind.			
Knox Co.	Paintsville Ind.			
LaRue Co.	Paris Ind.			
Leslie Co.	Pendleton Co.			
Letcher Co.	Pulaski Co.			
Lewis Co.	Rowan Co.			
Ludlow Ind.	Russell Co.			
Magoffin Co.	Russell Ind.			
Martin Co.	Taylor Co.			
Mayfield Ind.	Todd Co.			
McCreary Co.	Walton-Verona Ind.			
Menifee Co.	Washington Co.			
Metcalfe Co.	Webster Co.			
Monroe Co.				
Morgan Co.				
Murray Ind.				
Nicholas Co.				
Ohio Co.				
Owensboro Ind.				
Owsley Co.				
Perry Co.				
Pike Co.				
Pineville Ind.				
Powell Co.				
Raceland Ind.				
Robertson Co.				
Rockcastle Co.				
Russellville Ind.				
Science Hill Ind.				
Wayne Co.				
West Point Ind.				
Whitley Co.				
Williamsburg Ind.				
Williamstown Ind.				
Wolfe Co.				

Source: Staff analysis of data from the Kentucky Department of Education.

Appendix Q

State And Local Revenue Changes

The information provided in the tables below includes the changes in state and local revenue for each district when making the adjustments to the SEEK funding formula. The tables are grouped by their appearance in the body of the report.

Table Q.1 shows the change to each district based on changing the student count to a 3-year average when student adjusted average daily attendance (AADA) has decreased for 2 consecutive years, changing the SEEK funding from AADA to membership for each district, increasing the at-risk add-on from 15 percent to 60 percent, and changing the at-risk add-on from 15 percent to a concentration of students at-risk following National Center for Education Statistics definitions of poverty levels.[a]

Table Q.1
Changes To State And Local Revenue
FY 2020

District	Table 3.6	Table 3.7	Table 3.8	Table 3.9
Adair Co.	-$111,339	$5,628	$392,521	-$11,229
Allen Co.	-128,924	-75,064	66,099	-11,424
Anchorage Ind.	0	13,288	0	0
Anderson Co.	143,747	345,553	-558,092	-91,221
Ashland Ind.	-143,101	-155,132	-69,561	-12,099
Augusta Ind.	31,053	-10,894	23,370	-1,213
Ballard Co.	190,349	-158,573	-12,677	-4,058
Barbourville Ind.	19,468	-18,356	66,623	-2,590
Bardstown Ind.	-104,702	95,651	-4,771	-9,039
Barren Co.	-206,222	-5,637	-191,960	-17,063
Bath Co.	169,528	55,735	390,108	63,996
Beechwood Ind.	-55,090	-350,645	-811,867	-25,881
Bell Co.	210,102	146,771	784,095	96,636
Belleview Ind.	196,460	-21,377	108,327	18,509
Berea Ind.	-52,169	-72,320	-8,105	-4,481
Boone Co.	-729,516	80,915	-6,018,753	-404,190
Bourbon Co.	58,816	-56,165	119,391	-9,885
Bowling Green Ind.	-177,261	-297,526	-87,767	-14,981
Boyd Co.	-137,141	-592,051	-454,149	-10,019
Boyle Co.	-65,386	45,040	-596,653	-7,664
Bracken Co.	-52,880	-5,782	-37,751	-4,422
Breathitt Co.	98,140	-74,545	373,457	65,725
Breckenridge Co.	438,251	331,865	185,587	-9,743

[a] Districts with less than 25 percent of students at-risk were considered low poverty, districts with 25.1 percent to 50 percent were considered medium-low poverty, districts with 50.1 percent to 75 percent were considered medium-high poverty, and districts with 75 percent or more were considered high poverty.

District	Table 3.6	Table 3.7	Table 3.8	Table 3.9
Bullitt Co.	409,538	1,319,777	-2,075,190	-332,781
Burgin Ind.	-19,767	-24,714	-81,953	-12,852
Butler Co.	-95,838	-86,384	-36,650	-8,144
Caldwell Co.	19,360	-63,005	59,701	-6,857
Callaway Co.	14,354	-39,093	-142,446	-9,494
Campbell Co.	-204,596	-1,116,963	-1,112,314	-123,004
Campbellsville Ind.	-51,994	-163,279	286,633	41,539
Carlisle Co.	74,661	-68,718	-31,690	-2,402
Carroll Co.	-80,211	13,463	288,059	-8,112
Carter Co.	298,613	127,305	373,656	-17,291
Casey Co.	-100,799	-141,264	360,278	74,703
Caverna Ind.	-10,317	-103,017	199,070	23,144
Christian Co.	208,468	6,687	1,653,046	274,501
Clark Co.	-213,689	-204,196	-21,585	-18,402
Clay Co.	25,798	338,963	921,212	115,987
Clinton Co.	44,253	-80,411	297,988	56,654
Cloverport Ind.	55,144	-51,593	45,432	-1,540
Corbin Ind.	-67,607	24,476	137,786	-11,584
Covington Ind.	206,095	-93,407	1,396,126	146,338
Crittenden Co.	-55,521	-150,218	-27,092	-4,693
Cumberland Co.	-5,978	-21,776	214,912	30,667
Danville Ind.	-7,619	14,668	134,568	-7,373
Daviess Co.	-450,807	305,514	-1,247,840	-33,932
Dawson Springs Ind.	118,587	-48,678	76,451	-2,712
Dayton Ind.	-42,740	-104,674	252,260	34,641
East Bernstadt Ind.	-21,004	-28,896	5,395	-1,839
Edmonson Co.	86,558	177,573	-26,987	-6,784
Elizabethtown Ind.	-100,218	6,311	-364,605	-7,189
Elliott Co.	47,495	22,923	287,978	38,372
Eminence Ind.	-40,918	-632,913	-186,615	-25,961
Erlanger-Elsmere Ind.	-100,954	149,285	483,569	78,479
Estill Co.	-10,599	27,211	358,960	-9,823
Fairview Ind.	99,331	43,432	91,756	-2,895
Fayette Co.	-1,590,533	-1,734,880	-511,940	-135,538
Fleming Co.	83,074	-88,074	122,705	-8,732
Floyd Co.	169,107	-462,872	636,931	186,651
Fort Thomas Ind.	-110,637	-37,056	-2,052,858	-21,626
Frankfort Ind.	-36,425	-336,765	-17,180	-3,082
Franklin Co.	-248,576	10,478	-237,399	-20,542
Fulton Co.	-24,759	-60,112	90,509	18,409
Fulton Ind.	118,612	-38,560	97,327	12,374
Gallatin Co.	181,514	26,061	290,996	47,363
Garrard Co.	31,169	118,445	196,132	-10,027
Glasgow Ind.	-94,983	-197,597	170,174	-8,911
Grant Co.	258,673	-132,448	299,741	-14,476
Graves Co.	104,102	-134,138	-192,033	-13,495
Grayson Co.	122,796	-27,239	310,300	-16,306
Green Co.	-68,957	11,912	59,225	-6,208
Greenup Co.	126,560	86,777	269,260	-11,136
Hancock Co.	59,587	-67,082	-266,970	-41,584
Hardin Co.	-599,545	43,498	-485,880	-49,900
Harlan Co.	145,156	372,588	1,219,801	148,888

District	Table 3.6	Table 3.7	Table 3.8	Table 3.9
Harlan Ind.	69,140	-2,920	13,393	-2,535
Harrison Co.	34,959	134,362	-8,666	-10,387
Hart Co.	35,495	-160,148	102,039	-9,254
Hazard Ind.	-42,964	-59,607	36,221	-3,865
Henderson Co.	137,933	182,415	102,834	-25,585
Henry Co.	94,518	47,083	-57,434	-7,172
Hickman Co.	-6,502	-46,733	-5,936	-2,457
Hopkins Co.	-38,511	-244,153	-62	-24,682
Jackson Co.	224,937	133,825	158,534	65,261
Jackson Ind.	23,985	-22,296	20,586	-1,305
Jefferson Co.	2,391,632	4,555,535	5,861,017	-345,801
Jenkins Ind.	-19,774	36,132	122,385	16,195
Jessamine Co.	-338,678	-200,251	1,032,195	-33,501
Johnson Co.	-114,473	217,985	276,312	-14,662
Kenton Co.	-336,171	2,494,953	-2,997,455	-335,302
Knott Co.	122,262	203,094	394,124	79,569
Knox Co.	7,780	479,208	1,366,477	165,042
LaRue Co.	-102,891	-134,410	-165,129	-8,231
Laurel Co.	-6,593	-234,617	1,252,219	286,792
Lawrence Co.	-107,567	-32,703	277,298	-10,436
Lee Co.	73,850	187,619	341,940	34,422
Leslie Co.	-78,051	4,815	175,929	54,771
Letcher Co.	84,325	76,510	196,009	101,339
Lewis Co.	32,525	65,888	439,668	73,361
Lincoln Co.	279,256	-31,877	165,783	-14,025
Livingston Co.	60,955	205,886	0	0
Logan Co.	67,800	92,660	-422,807	-10,749
Ludlow Ind.	-36,225	-4,799	52,387	-3,347
Lyon Co.	0	147,888	0	0
Madison Co.	-475,643	-19,578	-1,251,109	-36,067
Magoffin Co.	66,451	141,057	579,987	75,957
Marion Co.	-129,858	209,334	-34,736	-11,095
Marshall Co.	281,479	-69,876	-373,720	-13,958
Martin Co.	121,622	-103,447	388,982	62,147
Mason Co.	159,731	174,918	41,415	-9,556
Mayfield Ind.	-81,046	-270,955	492,073	66,102
McCracken Co.	84,107	-96,624	-791,981	-19,978
McCreary Co.	-60,425	100,289	806,076	106,102
McLean Co.	66,857	-78,218	-130,948	-4,809
Meade Co.	69,322	-71,704	-552,823	-15,113
Menifee Co.	50,395	-75,366	212,397	35,443
Mercer Co.	33,099	-207,617	-243,847	-9,096
Metcalfe Co.	-62,173	102,244	269,152	47,477
Middlesboro Ind.	141,151	139,829	192,386	36,872
Monroe Co.	19,786	-50,184	129,385	-7,300
Montgomery Co.	452,168	245,532	74,570	-16,582
Morgan Co.	38,751	69,874	293,547	64,878
Muhlenberg Co.	460,924	393,387	131,983	-16,677
Murray Ind.	-67,277	-275,523	-338,546	-41,480
Nelson Co.	56,496	270,778	-660,305	-112,410
Newport Ind.	161,749	-20,959	629,271	58,500
Nicholas Co.	105,489	11,095	135,489	-4,292
Ohio Co.	-175,740	440	421,380	-16,919

District	Table 3.6	Table 3.7	Table 3.8	Table 3.9
Oldham Co.	-485,467	-208,346	-6,543,456	-271,951
Owen Co.	-76,476	3,399	148,317	-7,220
Owensboro Ind.	-214,899	-435,178	919,016	163,767
Owsley Co.	14,040	8,457	357,014	30,416
Paducah Ind.	-120,294	-340,073	745,214	98,553
Paintsville Ind.	40,936	40,792	-125,060	-20,897
Paris Ind.	-29,423	-92,845	63,946	-2,807
Pendleton Co.	101,749	192,650	108,434	-8,745
Perry Co.	207,994	-19,749	609,549	130,078
Pike Co.	515,749	146,928	952,950	-34,114
Pikeville Ind.	-1,890	-6,714	-382,615	-22,980
Pineville Ind.	-24,817	-8,567	146,510	20,117
Powell Co.	269,344	105,669	329,684	71,064
Pulaski Co.	-343,880	-85,403	997,598	-33,812
Raceland Ind.	-15,700	-62,529	-54,836	-3,385
Robertson Co.	-18,513	-56,525	36,659	-1,751
Rockcastle Co.	-21,120	-10,001	198,592	-11,657
Rowan Co.	-135,732	114,730	328,941	-13,082
Russell Co.	-127,839	-18,499	506,373	96,218
Russell Ind.	-68,793	-138,823	-454,329	-56,597
Russellville Ind.	68,399	27,708	191,347	32,902
Science Hill Ind.	-16,726	-18,912	-18,188	-1,373
Scott Co.	-377,477	-458,904	-1,924,585	-231,785
Shelby Co.	-279,862	285,080	-775,446	-21,062
Simpson Co.	-121,366	-78,801	-57,290	-10,269
Somerset Ind.	-67,393	-53,855	160,507	-6,484
Southgate Ind.	-7,173	-727	38,062	5,687
Spencer Co.	-123,451	-193,576	-652,166	-74,941
Taylor Co.	-112,169	-3,707	-138,671	-9,142
Todd Co.	105,830	-56,852	-90,087	-6,693
Trigg Co.	92,728	-7,659	-14,147	-6,598
Trimble Co.	194,703	-40,886	-25,441	-3,834
Union Co.	-75,084	214,273	-51,284	-7,417
Walton Verona Ind.	-68,911	-341,203	-516,557	-36,043
Warren Co.	-648,937	-2,479,396	-1,433,277	-50,320
Washington Co.	-22,955	37,805	-31,242	-5,918
Wayne Co.	64,517	-1,187	727,150	108,830
Webster Co.	-92,740	-946	46,305	-8,213
West Point Ind.	-5,343	-20,595	10,118	-503
Whitley Co.	115,616	-39,623	923,461	153,615
Williamsburg Ind.	-35,360	-119,816	-46,999	-2,868
Williamstown Ind.	-34,764	-159,317	-141,665	-22,697
Wolfe Co.	57,189	30,560	185,831	43,687
Woodford Co.	-149,807	-192,612	-630,358	-97,052

Note: Table 3.6 includes the changes to student count to a 3-year average when student adjusted average daily attendance (AADA) has decreased for 2 consecutive years. Table 3.7 changes the SEEK funding from AADA to membership for each district. Table 3.8 increases the at-risk adjustment from 15 percent to 60 percent. Table 3.9 changes the at-risk funding from 15 percent to a concentration of students at-risk following National Center for Education Statistics definitions of poverty levels: Districts with less than 25 percent of students at-risk were considered low poverty, districts with 25.1 percent to 50 percent were considered medium-low poverty, districts with 50.1 percent to 75 percent were considered medium-high poverty, and districts with 75 percent or more were considered high poverty.
Source: Staff analysis of data from the Kentucky Department of Education.

Table Q.2 shows the change to each district's state and local funding based on including an add-on for districts based on their poverty level, percentage of students requiring special education services, and changing the exceptional child add-on to match recommendations from the Augenblick, Palaich and Associates study *A Review Of The SEEK System.*

Table Q.2
Changes To State And Local Revenue
FY 2020

District	Table 3.10	Table 3.11	Table 3.12	Table 3.13
Adair Co.	-$20,588	-$43,235	-$1,315,182	-$342,999
Allen Co.	-20,944	-43,982	294,970	113,426
Anchorage Ind.	0	0	0	0
Anderson Co.	-166,154	-350,877	-1,276,573	-409,076
Ashland Ind.	-22,181	-46,580	934,107	1,275,135
Augusta Ind.	-2,224	-4,668	116,232	68,991
Ballard Co.	-7,439	-15,622	221,231	38,860
Barbourville Ind.	-4,749	-9,973	-158,516	-147,604
Bardstown Ind.	-16,573	-34,803	787,161	534,233
Barren Co.	-31,281	-65,692	1,269,175	-270,744
Bath Co.	116,355	246,092	-843,667	-187,105
Beechwood Ind.	-47,122	-99,544	-679,932	-405,995
Bell Co.	175,702	371,610	870,291	189,010
Belleview Ind.	33,653	71,175	241,195	-48,887
Berea Ind.	-8,215	-17,252	451,844	461,145
Boone Co.	-736,203	-1,554,688	-8,733,445	-1,953,010
Bourbon Co.	-18,122	-38,056	-1,053,831	-299,111
Bowling Green Ind.	-27,464	-57,675	-2,328,210	-783,039
Boyd Co.	-18,369	-38,574	1,606,042	1,337,509
Boyle Co.	-14,051	-29,507	2,298,660	1,176,709
Bracken Co.	-8,106	-17,025	237,749	75,205
Breathitt Co.	119,500	252,740	762,346	741,871
Breckenridge Co.	-17,863	-37,511	343,089	-91,513
Bullitt Co.	-606,138	-1,280,021	-6,204,391	-917,678
Burgin Ind.	-23,410	-49,437	177,523	-2,156
Butler Co.	-14,930	-31,353	1,249,254	139,885
Caldwell Co.	-12,570	-26,398	-937,193	-490,753
Callaway Co.	-17,405	-36,552	836,357	138,479
Campbell Co.	-224,042	-473,125	1,229,082	220,083
Campbellsville Ind.	75,526	159,737	421,456	62,096
Carlisle Co.	-4,403	-9,248	94,822	-10,976
Carroll Co.	-14,872	-31,230	-886,782	-278,614
Carter Co.	-31,700	-66,572	956,866	178,491
Casey Co.	135,824	287,267	780,200	-64,336
Caverna Ind.	42,079	88,997	194,275	43,380
Christian Co.	499,093	1,055,581	722,599	-217,197
Clark Co.	-33,736	-70,846	663,693	-13,126
Clay Co.	210,886	446,023	2,709,098	740,581
Clinton Co.	103,007	217,859	658,385	178,783
Cloverport Ind.	-2,823	-5,927	-128,724	-74,560
Corbin Ind.	-21,237	-44,599	-1,386,188	-621,060
Covington Ind.	266,070	562,737	1,856,093	849,381
Crittenden Co.	-8,605	-18,070	-478,500	-157,611

District	Table 3.10	Table 3.11	Table 3.12	Table 3.13
Cumberland Co.	55,758	117,929	256,423	-48,377
Danville Ind.	-13,517	-28,385	642,150	235,876
Daviess Co.	-62,207	-130,635	2,027,565	-742,903
Dawson Springs Ind.	-4,969	-10,436	217,033	82,627
Dayton Ind.	62,985	133,212	886,693	292,098
East Bernstadt Ind.	-3,372	-7,082	458,841	75,202
Edmonson Co.	-12,435	-26,113	888,239	416,785
Elizabethtown Ind.	-13,179	-27,677	-1,161,141	-187,156
Elliott Co.	69,768	147,558	409,840	237,665
Eminence Ind.	-47,286	-99,857	-605,641	-377,875
Erlanger-Elsmere Ind.	142,690	301,789	-850,407	-393,313
Estill Co.	-18,009	-37,817	568,860	-183,140
Fairview Ind.	-5,308	-11,148	-409,302	-62,696
Fayette Co.	-248,487	-521,823	-19,467,994	-6,982,197
Fleming Co.	-16,008	-33,617	543,038	61,904
Floyd Co.	339,367	717,760	4,028,122	2,714,995
Fort Thomas Ind.	-39,374	-83,175	-1,824,133	-1,331,146
Frankfort Ind.	-5,650	-11,865	128,339	-51,185
Franklin Co.	-37,661	-79,088	-2,620,775	-531,959
Fulton Co.	33,471	70,793	115,390	31,243
Fulton Ind.	22,498	47,584	223,294	140,040
Gallatin Co.	86,115	182,134	427,018	-251,256
Garrard Co.	-18,384	-38,605	528,211	-57,428
Glasgow Ind.	-16,336	-34,305	711,778	-51,367
Grant Co.	-26,540	-55,734	1,253,725	34,727
Graves Co.	-24,743	-51,959	-1,307,178	-571,785
Grayson Co.	-29,894	-62,778	785,808	-65,292
Green Co.	-11,380	-23,898	241,369	-107,078
Greenup Co.	-20,417	-42,876	194,077	14,942
Hancock Co.	-75,743	-159,951	327,437	-72,422
Hardin Co.	-91,482	-192,114	3,515,105	1,048,601
Harlan Co.	270,705	572,541	4,474,846	1,721,139
Harlan Ind.	-4,646	-9,756	559,258	67,747
Harrison Co.	-19,042	-39,990	766,693	130,288
Hart Co.	-16,967	-35,630	1,910,483	841,229
Hazard Ind.	-7,086	-14,880	315,542	52,470
Henderson Co.	-46,906	-98,501	1,422,935	-263,376
Henry Co.	-13,147	-27,611	439,712	-103,618
Hickman Co.	-4,503	-9,455	230,745	5,122
Hopkins Co.	-45,251	-95,028	2,462,513	927,284
Jackson Co.	118,656	250,958	2,583,212	1,456,789
Jackson Ind.	-2,393	-5,027	-148,143	-52,412
Jefferson Co.	-633,968	-1,331,332	-35,418,735	-6,803,591
Jenkins Ind.	29,448	62,281	390,122	170,148
Jessamine Co.	-61,420	-128,982	902,161	-539,475
Johnson Co.	-26,881	-56,448	1,853,891	656,516
Kenton Co.	-610,728	-1,289,714	-5,792,173	-766,252
Knott Co.	144,669	305,975	2,098,268	1,470,701
Knox Co.	300,077	634,663	2,202,360	1,580,264
LaRue Co.	-15,090	-31,690	610,814	237,259
Laurel Co.	521,440	1,102,847	5,660,976	2,157,602
Lawrence Co.	-19,131	-40,174	829,535	359,268

District	Table 3.10	Table 3.11	Table 3.12	Table 3.13
Lee Co.	62,586	132,369	331,309	-847
Leslie Co.	99,582	210,617	860,964	586,105
Letcher Co.	184,253	389,694	3,553,329	2,589,167
Lewis Co.	133,383	282,106	794,109	44,879
Lincoln Co.	-25,712	-53,994	821,646	221,146
Livingston Co.	0	0	301,312	0
Logan Co.	-19,706	-41,383	1,165,239	350,948
Ludlow Ind.	-6,137	-12,888	220,845	184,318
Lyon Co.	0	0	0	0
Madison Co.	-66,123	-138,857	2,700,846	-34,114
Magoffin Co.	138,105	292,093	1,705,257	781,612
Marion Co.	-20,339	-42,714	485,043	-242,335
Marshall Co.	-25,589	-53,738	-1,998,173	-758,091
Martin Co.	112,994	238,982	1,122,153	348,963
Mason Co.	-17,519	-36,787	998,516	296,828
Mayfield Ind.	120,184	254,189	821,008	-133,056
McCracken Co.	-36,626	-76,914	-2,655,111	-1,094,299
McCreary Co.	192,913	408,011	2,011,293	834,242
McLean Co.	-8,817	-18,517	666,231	832
Meade Co.	-27,707	-58,186	1,552,669	-48,509
Menifee Co.	64,442	136,294	575,103	156,800
Mercer Co.	-16,676	-35,022	964,437	583,339
Metcalfe Co.	86,322	182,571	242,922	-148,834
Middlesboro Ind.	67,040	141,790	374,935	354,717
Monroe Co.	-13,383	-28,102	1,135,200	157,609
Montgomery Co.	-30,399	-63,838	1,633,205	252,034
Morgan Co.	117,961	249,489	719,561	395,290
Muhlenberg Co.	-30,575	-64,208	1,223,235	-171,801
Murray Ind.	-75,554	-159,551	-628,855	-294,305
Nelson Co.	-204,747	-432,378	1,417,603	-192,936
Newport Ind.	106,364	224,961	69,104	-44,785
Nicholas Co.	-7,868	-16,524	-417,800	-104,180
Ohio Co.	-31,020	-65,141	595,980	-212,120
Oldham Co.	-495,154	-1,045,983	-6,103,807	-1,593,651
Owen Co.	-13,237	-27,798	-714,571	-210,390
Owensboro Ind.	297,758	629,756	649,381	105,544
Owsley Co.	55,301	116,962	199,425	6,360
Paducah Ind.	179,189	378,984	-1,583,457	-939,935
Paintsville Ind.	-38,061	-80,376	220,574	-86,271
Paris Ind.	-5,145	-10,802	189,220	47,361
Pendleton Co.	-16,032	-33,667	622,016	-72,348
Perry Co.	236,505	500,209	2,036,337	1,498,744
Pike Co.	-62,542	-131,340	4,118,023	374,661
Pikeville Ind.	-41,857	-88,394	-569,749	-172,861
Pineville Ind.	36,576	77,358	192,254	-47,330
Powell Co.	129,210	273,278	617,650	351,575
Pulaski Co.	-61,988	-130,173	1,675,936	-534,389
Raceland Ind.	-6,205	-13,030	-576,067	-270,438
Robertson Co.	-3,210	-6,741	170,915	69,628
Rockcastle Co.	-21,370	-44,878	1,878,087	926,671
Rowan Co.	-23,984	-50,366	-1,469,213	-332,458
Russell Co.	174,941	369,999	-1,466,073	-271,290
Russell Ind.	-103,088	-217,698	-936,766	-119,655

District	Table 3.10	Table 3.11	Table 3.12	Table 3.13
Russellville Ind.	59,822	126,522	112,426	44,197
Science Hill Ind.	-2,517	-5,287	247,426	-9,184
Scott Co.	-422,179	-891,543	1,916,446	322,026
Shelby Co.	-38,613	-81,087	1,637,873	-199,224
Simpson Co.	-18,825	-39,533	511,335	-15,418
Somerset Ind.	-11,888	-24,963	846,400	90,831
Southgate Ind.	10,340	21,870	128,194	8
Spencer Co.	-136,499	-288,256	734,617	46,573
Taylor Co.	-16,760	-35,195	450,404	-77,185
Todd Co.	-12,272	-25,771	220,696	326,887
Trigg Co.	-12,098	-25,406	-722,633	-288,313
Trimble Co.	-7,030	-14,762	-490,571	-171,712
Union Co.	-13,597	-28,553	-939,903	-155,505
Walton Verona Ind.	-65,649	-138,636	-695,111	-501,169
Warren Co.	-92,254	-193,732	-6,473,900	-2,792,027
Washington Co.	-10,849	-22,782	603,776	194,364
Wayne Co.	197,873	418,501	1,105,715	188,647
Webster Co.	-15,056	-31,619	534,817	139,187
West Point Ind.	-923	-1,938	-70,315	-25,774
Whitley Co.	279,301	590,722	2,729,956	2,128,382
Williamsburg Ind.	-5,257	-11,043	118,580	37,492
Williamstown Ind.	-41,341	-87,302	-371,889	-71,916
Wolfe Co.	79,433	168,004	845,284	970,988
Woodford Co.	-176,773	-373,303	-1,552,312	-969,643

Note: In Table 3.10, districts with low poverty received $407 per at-risk student, and districts with medium-low poverty, medium-high poverty, and high poverty received one or more additional $91 increments per student depending on the concentration of at-risk students in the district. In Table 3.11, the per-pupil amounts were $193.30 in each category. In Table 3.12, the exceptional child add-on is a flat amount for classifications of special education students to a funding model based on the percentage of special education students. Districts with up to 15 percent of students with an exceptionality received an adjustment of 2.5 per student with a moderate- or high-incidence disability. Districts with more than 15 percent received an adjustment of 1.38 per student with a moderate- or high-incidence disability. The adjustment for students with low-incidence disabilities remained at 2.35. Table 3.13 increased the adjustment for low-incidence disabilities from 2.35 to 6, increased the adjustment for moderate-incidence disabilities from 1.17 to 3, and increased the adjustment for high-incidence disabilities from 0.24 to 1.3.
Source: Staff analysis of data from the Kentucky Department of Education.

Table Q.3 shows the change to each district's state and local funding based on including an additional add-on for foster care students and for students in rural, micropolitan, and small districts, based on the membership of pupils in a district.

Table Q.3
Changes To State And Local Revenue
FY 2020

District	Table 3.14	Table 3.15	Table 3.16	Table 3.18
Adair Co.	$6,626	$1,780,653	$1,651,307	$443,070
Allen Co.	-4,314	2,010,074	1,860,748	490,305
Anchorage Ind.	0	0	0	0
Anderson Co.	-2,284	-693,878	-69,465	-81,518
Ashland Ind.	3,361	-713,367	-853,577	-129,502
Augusta Ind.	-31	-64,379	-77,033	246,951
Ballard Co.	1,720	-236,746	-37,828	173,622

District	Table 3.14	Table 3.15	Table 3.16	Table 3.18
Barbourville Ind.	1,359	455,806	424,427	310,888
Bardstown Ind.	-1,410	-521,949	-624,534	394,308
Barren Co.	-1,989	-1,028,031	-132,319	-141,877
Bath Co.	-1,248	-411,376	-63,697	329,470
Beechwood Ind.	-1,964	-274,633	-328,610	239,317
Bell Co.	-4,672	-575,503	-114,572	436,383
Belleview Ind.	-1,087	-120,032	-143,623	262,489
Berea Ind.	-1,375	-260,070	-61,837	175,021
Boone Co.	-22,584	-3,905,329	-4,672,898	-2,333,851
Bourbon Co.	1,923	-541,529	-647,963	435,412
Bowling Green Ind.	1,344	-883,660	-1,057,338	-127,822
Boyd Co.	-3,219	-683,665	-818,037	446,907
Boyle Co.	-5,270	-581,372	-125,000	417,065
Bracken Co.	2,076	-263,614	-315,425	204,761
Breathitt Co.	312	1,197,497	1,099,100	283,617
Breckenridge Co.	-2,969	1,664,655	1,543,944	432,645
Bullitt Co.	-13,490	-2,540,503	-3,039,822	-1,518,220
Burgin Ind.	-892	327,867	304,802	408,247
Butler Co.	1,837	1,526,498	1,415,214	373,835
Caldwell Co.	-953	1,307,792	1,218,256	324,836
Callaway Co.	5,877	-580,379	-86,100	454,538
Campbell Co.	3,791	-1,019,930	-1,220,391	-609,517
Campbellsville Ind.	-1,813	-259,193	-48,388	183,208
Carlisle Co.	-396	470,240	436,233	313,563
Carroll Co.	-3,271	1,297,504	1,204,192	322,939
Carter Co.	-1,353	2,838,009	2,626,915	-136,740
Casey Co.	893	1,569,922	1,453,185	378,283
Caverna Ind.	8,258	-135,183	-26,216	268,460
Christian Co.	-9,157	-1,769,302	-2,117,049	-751,833
Clark Co.	2,580	-1,065,257	-1,274,625	-164,493
Clay Co.	40,675	2,051,818	1,891,312	-110,132
Clinton Co.	-2,534	1,140,058	1,053,159	274,480
Cloverport Ind.	-708	263,146	244,851	321,943
Corbin Ind.	-2,616	-635,127	-76,017	533,907
Covington Ind.	-3,908	-822,582	-984,257	-154,688
Crittenden Co.	4,290	926,887	862,046	221,755
Cumberland Co.	-1,199	606,523	562,152	413,996
Danville Ind.	-358	-393,245	-73,469	294,234
Daviess Co.	-17,069	-2,247,317	-2,689,011	-1,343,011
Dawson Springs Ind.	-161	-138,237	-26,442	286,208
Dayton Ind.	-1,122	-213,057	-254,933	417,733
East Bernstadt Ind.	36	-104,704	-16,930	418,415
Edmonson Co.	7,420	-397,100	-475,146	303,620
Elizabethtown Ind.	-326	-499,599	-597,792	417,197
Elliott Co.	-1,679	686,150	632,180	169,248
Eminence Ind.	-1,851	-203,983	-244,074	409,703
Erlanger-Elsmere Ind.	3,070	-503,267	-602,181	421,902
Estill Co.	11,101	1,545,652	1,433,369	387,058
Fairview Ind.	-772	-145,322	-173,883	327,148
Fayette Co.	-49,845	-7,928,964	-9,487,355	-4,738,403
Fleming Co.	-2,861	1,494,754	1,384,451	363,388
Floyd Co.	14,567	3,677,507	3,375,300	-256,457

District	Table 3.14	Table 3.15	Table 3.16	Table 3.18
Fort Thomas Ind.	-4,123	-551,533	-659,933	-39,963
Frankfort Ind.	-1,644	-181,585	-24,621	360,920
Franklin Co.	-6,021	-1,239,174	-155,613	-172,319
Fulton Co.	6,978	-123,428	-22,251	254,389
Fulton Ind.	3,768	-74,412	-19,299	262,450
Gallatin Co.	3,166	-303,933	-363,669	250,387
Garrard Co.	5,569	1,693,403	1,569,588	427,367
Glasgow Ind.	749	-473,498	-72,652	361,160
Grant Co.	5,147	-763,818	-913,942	-116,400
Graves Co.	3,585	-822,553	-85,043	-109,046
Grayson Co.	17,207	2,760,512	2,558,697	-129,363
Green Co.	3,521	1,109,749	1,029,577	276,954
Greenup Co.	16,857	-578,548	-692,258	458,066
Hancock Co.	85	-319,255	-382,002	261,347
Hardin Co.	51,863	-2,988,793	-3,576,223	-1,786,123
Harlan Co.	-8,013	2,419,960	2,217,576	-160,463
Harlan Ind.	-1,296	456,297	423,022	315,660
Harrison Co.	-1,348	1,903,946	1,764,207	479,582
Hart Co.	-693	1,486,692	1,369,284	349,749
Hazard Ind.	883	671,201	621,428	456,886
Henderson Co.	-10,286	-1,449,948	-1,734,927	-205,293
Henry Co.	-3,867	-426,641	-510,495	352,883
Hickman Co.	-282	460,779	427,462	309,126
Hopkins Co.	-10,113	-1,422,104	-261,597	-233,787
Jackson Co.	7	1,250,794	1,142,349	306,580
Jackson Ind.	931	233,551	217,077	292,466
Jefferson Co.	-126,486	-18,549,875	-22,195,741	-11,085,532
Jenkins Ind.	32	272,666	250,073	368,438
Jessamine Co.	-7,605	-1,688,343	-2,020,177	-715,984
Johnson Co.	-2,647	2,340,944	2,160,575	-124,037
Kenton Co.	-9,807	-2,772,154	-3,317,004	-1,656,659
Knott Co.	2,516	1,374,287	1,253,033	337,447
Knox Co.	-2,621	2,714,497	2,490,564	-171,992
LaRue Co.	-144	-512,916	-613,728	390,693
Laurel Co.	5,547	-1,959,789	-403,169	-844,271
Lawrence Co.	1,157	1,618,490	1,494,411	393,983
Lee Co.	-667	590,033	545,860	433,748
Leslie Co.	2,821	1,101,988	1,012,583	267,125
Letcher Co.	2,325	1,907,839	1,737,329	454,024
Lewis Co.	17,765	-473,340	-80,414	370,651
Lincoln Co.	22,933	-769,158	-131,777	-119,731
Livingston Co.	9,074	0	231,348	0
Logan Co.	-2,360	2,273,175	2,106,039	-106,460
Ludlow Ind.	-1,122	-180,585	-216,078	376,061
Lyon Co.	2,712	757,271	750,703	0
Madison Co.	10,863	-2,371,134	-320,989	-1,417,006
Magoffin Co.	-557	1,286,139	1,180,406	321,075
Marion Co.	-3,843	2,126,118	1,974,832	-85,950
Marshall Co.	-1,905	3,040,818	2,831,442	-115,949
Martin Co.	6,926	1,200,050	1,108,146	287,781
Mason Co.	-223	-540,810	-94,776	421,264
Mayfield Ind.	-472	-404,025	-63,093	300,948
McCracken Co.	-6,165	-1,336,574	-123,805	-170,427

District	Table 3.14	Table 3.15	Table 3.16	Table 3.18
McCreary Co.	1,340	1,848,716	1,700,374	456,991
McLean Co.	-2,791	-307,784	-368,278	245,050
Meade Co.	2,792	-1,000,290	-1,196,892	-137,121
Menifee Co.	-1,044	-228,691	-44,361	471,095
Mercer Co.	-4,774	1,778,690	1,643,983	420,031
Metcalfe Co.	-1,883	-309,938	-45,270	255,484
Middlesboro Ind.	-1,686	-244,608	-60,704	173,927
Monroe Co.	5,388	1,212,277	1,121,683	295,567
Montgomery Co.	-2,964	-937,843	-151,896	-136,428
Morgan Co.	912	1,313,100	1,211,221	326,929
Muhlenberg Co.	-274	-929,919	-126,087	-122,233
Murray Ind.	-2,514	-335,383	-27,914	275,394
Nelson Co.	10,596	-848,626	-1,015,419	-108,735
Newport Ind.	782	-312,168	-373,522	228,497
Nicholas Co.	12	701,204	650,889	175,500
Ohio Co.	-3,754	2,784,434	2,580,498	-129,843
Oldham Co.	-19,412	-2,420,096	-2,895,751	-1,446,266
Owen Co.	14,764	1,241,739	1,152,733	308,869
Owensboro Ind.	-5,545	-1,071,299	-1,281,856	-179,579
Owsley Co.	203	459,808	423,948	322,560
Paducah Ind.	4,997	-599,680	-65,798	482,704
Paintsville Ind.	-56	544,648	507,439	378,277
Paris Ind.	1,717	-146,669	-175,497	300,336
Pendleton Co.	2,455	-478,408	-572,438	396,408
Perry Co.	30,028	2,465,592	2,263,794	-163,421
Pike Co.	-2,118	5,496,631	5,091,433	-735,074
Pikeville Ind.	-1,681	804,001	749,517	201,529
Pineville Ind.	-653	-123,718	-20,105	269,996
Powell Co.	4,979	1,455,407	1,344,059	363,831
Pulaski Co.	42,906	-1,714,272	-252,885	-722,365
Raceland Ind.	5,474	-207,840	-248,690	487,626
Robertson Co.	-836	277,693	256,345	346,522
Rockcastle Co.	12,807	-625,063	-138,602	444,107
Rowan Co.	10,180	2,191,144	2,033,284	-94,730
Russell Co.	-1,591	2,020,598	1,872,292	498,185
Russell Ind.	-550	-455,831	-545,423	378,976
Russellville Ind.	-1,393	651,254	601,760	455,571
Science Hill Ind.	1,924	-83,386	-10,392	346,102
Scott Co.	-2,343	-1,881,758	-2,251,607	-793,703
Shelby Co.	-8,181	-1,395,139	-1,669,344	-192,469
Simpson Co.	-2,954	1,950,593	1,809,515	475,980
Somerset Ind.	3,266	-335,959	-54,262	257,848
Southgate Ind.	-324	-35,765	-42,794	145,580
Spencer Co.	-4,112	-615,423	-736,381	488,541
Taylor Co.	1,793	-559,173	-81,458	446,948
Todd Co.	-593	1,227,179	1,133,060	295,987
Trigg Co.	-3,477	-383,518	-458,896	323,164
Trimble Co.	1,312	-226,873	-271,461	187,176
Union Co.	-2,997	1,437,962	1,335,336	371,091
Walton Verona Ind.	7,214	-343,527	-411,048	295,874
Warren Co.	-17,815	-3,235,015	-3,870,838	-1,933,268
Washington Co.	-2,116	1,094,262	1,013,302	271,946
Wayne Co.	-4,491	2,036,118	1,877,958	-115,615

District	Table 3.14	Table 3.15	Table 3.16	Table 3.18
Webster Co.	-2,287	-462,317	-553,183	352,220
West Point Ind.	301	-26,631	-31,865	106,971
Whitley Co.	-4,224	-990,513	-283,021	-197,734
Williamsburg Ind.	-680	-176,273	-28,925	367,534
Williamstown Ind.	476	-173,301	-207,363	376,678
Wolfe Co.	7,255	725,545	657,747	165,263
Woodford Co.	-4,802	-746,802	-893,580	-92,751

Note: Table 3.14 includes an add-on for foster care students, which was calculated using the number of foster care children in A1 schools multiplied by an adjustment value of 0.125. Table 3.15 includes an add-on of 0.239 for rural districts. Table 3.16 includes an add-on of 0.239 for students in rural districts and an add-on of 0.06 for students in micropolitan districts. Table 3.18 includes an add-on based on the membership of a district. Districts with fewer than 500 students received a weighting of 0.239 per student, districts with 500 to 999 students received an add-on of 0.143 per student, districts with 1,000 to 2,999 students received an add-on of 0.071 per student, districts with 3,000 to 6,999 students received an add-on of 0.023 per student, districts with 7,000 to 9,999 students received an add-on of 0.009 per student, and districts with 10,000 or more students did not receive an add-on.
Source: Staff analysis of data from the Kentucky Department of Education.

Table Q.4 shows the change to each district's state and local funding based on including an additional add-on for small districts based on the following: the membership of pupils in a district, where the changes were additive; student density per square mile; and having a guaranteed base per pupil to keep up with inflation, which would change the base per-pupil guarantee to $4,768.68.

Table Q.4
Changes To State And Local Revenue
Fiscal Year 2020

District	Table 3.19	Table 3.21	Table 3.22	Table 3.23
Adair Co.	$549,511	$650,171	$2,523,704	$313,972
Allen Co.	529,657	730,814	2,922,337	260,303
Anchorage Ind.	0	0	0	0
Anderson Co.	496,633	-429,475	3,155,066	-33,144
Ashland Ind.	471,052	-441,538	3,243,680	370,878
Augusta Ind.	196,342	-39,848	292,729	52,066
Ballard Co.	480,106	273,068	1,076,486	-18,452
Barbourville Ind.	414,482	-82,716	607,662	118,102
Bardstown Ind.	502,452	-323,060	2,373,299	-8,151
Barren Co.	244,759	1,240,351	4,674,457	435,187
Bath Co.	538,122	477,964	1,870,533	254,225
Beechwood Ind.	525,294	-169,984	1,248,758	-9,707
Bell Co.	538,586	625,131	2,616,813	483,808
Belleview Ind.	357,251	-74,293	545,784	-60,402
Berea Ind.	495,959	-160,969	1,182,536	209,905
Boone Co.	-4,908,932	-2,417,198	17,757,537	-2,533,098
Bourbon Co.	534,295	648,481	2,462,337	37,980
Bowling Green Ind.	348,318	-546,940	4,018,004	283,012
Boyd Co.	447,122	-423,154	3,108,630	70,824
Boyle Co.	491,667	-359,839	2,643,500	129,061
Bracken Co.	496,003	303,072	1,146,879	-126,547
Breathitt Co.	486,773	426,482	1,950,046	344,321
Breckenridge Co.	546,660	608,012	2,354,709	29,890
Bullitt Co.	-3,193,368	-1,572,440	11,551,670	-267,796

District	Table 3.19	Table 3.21	Table 3.22	Table 3.23
Burgin Ind.	329,916	-60,992	448,076	-9,568
Butler Co.	539,056	556,992	2,172,364	329,714
Caldwell Co.	547,634	482,663	1,732,565	148,563
Callaway Co.	509,787	680,757	2,638,982	-245,914
Campbell Co.	-1,282,034	-631,284	4,637,614	-785,723
Campbellsville Ind.	490,426	-160,428	1,178,548	106,497
Carlisle Co.	398,661	171,842	663,113	29,664
Carroll Co.	527,489	-247,493	1,818,155	107,919
Carter Co.	347,556	1,031,582	4,131,872	604,806
Casey Co.	522,928	570,682	2,284,824	302,441
Caverna Ind.	356,948	-83,671	614,677	-14,508
Christian Co.	-486,563	-1,095,107	8,045,018	195,651
Clark Co.	150,160	-659,339	4,843,716	-192,254
Clay Co.	535,962	738,374	3,162,011	624,836
Clinton Co.	507,846	412,415	1,706,394	228,370
Cloverport Ind.	259,952	-48,299	354,818	79,554
Corbin Ind.	594,308	-393,111	2,887,919	533,734
Covington Ind.	346,679	-509,136	3,740,287	189,041
Crittenden Co.	516,769	340,782	1,258,552	102,647
Cumberland Co.	466,207	221,165	866,574	44,278
Danville Ind.	495,408	-243,399	1,788,083	28,573
Daviess Co.	-2,824,837	-1,390,972	10,218,547	-158,092
Dawson Springs Ind.	389,036	-85,562	628,561	140,916
Dayton Ind.	462,261	221,665	968,770	168,656
East Bernstadt Ind.	335,625	-64,806	476,089	90,617
Edmonson Co.	512,152	431,813	1,805,611	146,371
Elizabethtown Ind.	560,242	-309,227	2,271,673	249,287
Elliott Co.	508,560	246,641	1,063,979	189,803
Eminence Ind.	462,741	-126,256	927,506	174,631
Erlanger-Elsmere Ind.	552,883	-311,496	2,288,363	119,647
Estill Co.	549,938	564,359	2,190,792	341,688
Fairview Ind.	419,475	-89,946	660,778	103,680
Fayette Co.	-9,966,575	-4,907,621	36,053,013	-6,719,948
Fleming Co.	522,448	544,154	2,156,727	218,129
Floyd Co.	-57,961	1,309,697	5,989,287	753,267
Fort Thomas Ind.	644,515	-341,371	2,507,816	-24,666
Frankfort Ind.	425,528	-112,393	825,674	100,217
Franklin Co.	21,543	-766,984	5,634,524	-332,986
Fulton Co.	356,069	138,041	561,228	27,267
Fulton Ind.	204,611	-46,057	338,355	43,868
Gallatin Co.	518,840	-188,119	1,381,977	51,505
Garrard Co.	543,620	617,551	2,417,992	209,908
Glasgow Ind.	520,135	-293,072	2,152,996	204,716
Grant Co.	445,599	-472,764	3,473,081	314,171
Graves Co.	394,936	1,028,043	3,740,145	101,984
Grayson Co.	363,494	1,006,729	3,941,156	357,992
Green Co.	531,489	405,619	1,563,090	197,372
Greenup Co.	544,205	665,866	2,630,654	269,701
Hancock Co.	508,333	393,068	1,451,650	-55,761
Hardin Co.	-3,756,862	-1,849,910	13,590,042	365,100
Harlan Co.	348,536	858,520	4,019,212	709,484
Harlan Ind.	412,104	-88,424	649,592	121,924

District	Table 3.19	Table 3.21	Table 3.22	Table 3.23
Harrison Co.	546,090	693,834	2,730,311	208,875
Hart Co.	485,615	533,960	2,315,693	258,770
Hazard Ind.	499,476	-132,564	973,862	162,324
Henderson Co.	-119,770	-897,443	6,592,911	301,495
Henry Co.	541,005	514,678	1,939,938	141,857
Hickman Co.	393,090	168,389	649,670	-5,193
Hopkins Co.	-126,570	1,581,517	6,466,306	392,998
Jackson Co.	479,199	440,119	2,162,453	410,451
Jackson Ind.	236,476	-43,579	320,148	70,805
Jefferson Co.	-23,316,879	-11,481,418	84,346,296	-15,741,976
Jenkins Ind.	291,228	-61,010	448,197	73,025
Jessamine Co.	-422,773	-1,044,998	7,676,897	-268,005
Johnson Co.	451,745	-482,774	3,546,614	576,827
Kenton Co.	-3,484,550	-1,715,821	12,604,985	-1,106,004
Knott Co.	463,376	481,592	2,422,550	244,105
Knox Co.	270,732	965,918	4,440,068	735,887
LaRue Co.	523,843	588,789	2,332,233	249,493
Laurel Co.	-674,959	-1,213,009	8,911,162	827,368
Lawrence Co.	511,178	584,818	2,438,234	273,543
Lee Co.	488,778	214,200	865,384	60,493
Leslie Co.	497,402	393,546	1,769,168	265,125
Letcher Co.	435,406	666,508	3,411,369	634,851
Lewis Co.	537,753	537,783	2,152,282	316,495
Lincoln Co.	443,826	871,979	3,497,358	375,385
Livingston Co.	0	0	911,182	0
Logan Co.	477,531	828,107	3,266,399	221,564
Ludlow Ind.	440,908	195,421	821,120	107,900
Lyon Co.	0	0	623,531	0
Madison Co.	-2,980,475	-1,467,610	10,781,551	116,612
Magoffin Co.	505,991	458,001	2,095,584	419,102
Marion Co.	534,697	779,284	2,943,518	88,552
Marshall Co.	318,210	-551,946	4,054,778	-185,071
Martin Co.	510,989	433,712	1,805,686	293,859
Mason Co.	515,667	609,479	2,459,056	-20,288
Mayfield Ind.	522,721	-250,071	1,837,108	328,660
McCracken Co.	-41,244	-827,269	6,077,400	-398,616
McCreary Co.	512,679	661,772	2,931,557	566,209
McLean Co.	515,573	368,541	1,399,497	94,231
Meade Co.	268,310	-619,128	4,548,321	420,462
Menifee Co.	503,101	250,406	1,039,856	171,149
Mercer Co.	490,812	644,266	2,642,879	47,899
Metcalfe Co.	532,753	364,755	1,409,292	171,869
Middlesboro Ind.	486,535	-151,399	1,112,232	83,856
Monroe Co.	516,972	440,249	1,774,307	219,844
Montgomery Co.	308,339	-580,477	4,264,373	390,405
Morgan Co.	521,320	473,330	2,004,972	350,567
Muhlenberg Co.	328,228	1,111,041	4,228,341	375,195
Murray Ind.	532,284	-207,585	1,524,982	145,720
Nelson Co.	336,623	1,046,727	3,858,706	-378,029
Newport Ind.	478,173	-193,216	1,419,425	-48,889
Nicholas Co.	517,401	256,617	980,086	109,300
Ohio Co.	375,697	1,015,101	3,983,535	569,077
Oldham Co.	-3,042,019	-1,497,915	11,004,177	-536,338

District	Table 3.19	Table 3.21	Table 3.22	Table 3.23
Owen Co.	528,708	454,522	1,733,503	126,844
Owensboro Ind.	184,439	-663,080	4,871,199	572,429
Owsley Co.	410,428	165,571	706,190	136,720
Paducah Ind.	549,819	-371,172	2,726,744	184,839
Paintsville Ind.	456,552	-97,977	719,769	64,170
Paris Ind.	388,069	-90,781	666,900	63,507
Pendleton Co.	552,347	563,707	2,175,323	220,883
Perry Co.	333,797	878,860	3,997,452	550,822
Pike Co.	-392,862	2,001,400	7,921,698	1,122,111
Pikeville Ind.	514,073	-143,294	1,052,689	-17,076
Pineville Ind.	383,229	-76,575	562,548	126,085
Powell Co.	520,339	526,105	2,187,465	259,287
Pulaski Co.	-404,658	2,013,213	7,794,794	406,816
Raceland Ind.	534,807	-128,643	945,047	165,355
Robertson Co.	274,180	100,284	419,671	64,788
Rockcastle Co.	510,048	654,753	2,842,164	493,229
Rowan Co.	516,154	801,282	3,076,656	188,071
Russell Co.	540,087	736,338	2,897,739	236,515
Russell Ind.	548,570	-282,135	2,072,669	167,364
Russellville Ind.	495,502	-132,242	971,506	122,026
Science Hill Ind.	279,801	-51,611	379,156	50,091
Scott Co.	-628,842	-1,164,711	8,556,360	-349,261
Shelby Co.	-107,936	-863,519	6,343,690	-448,263
Simpson Co.	525,967	712,798	2,751,026	-35,632
Somerset Ind.	502,507	-207,941	1,527,600	50,079
Southgate Ind.	117,225	-22,136	162,620	-10,159
Spencer Co.	536,471	-380,915	2,798,332	50,866
Taylor Co.	543,721	658,443	2,542,559	210,043
Todd Co.	501,077	443,387	1,849,573	180,802
Trigg Co.	527,064	478,047	1,743,854	-45,791
Trimble Co.	500,647	280,536	1,031,582	-27,378
Union Co.	543,148	526,765	1,997,565	58,841
Walton Verona Ind.	543,357	-212,627	1,562,027	102,843
Warren Co.	-4,066,361	-2,002,308	14,709,624	-706,347
Washington Co.	511,841	398,159	1,583,526	92,648
Wayne Co.	511,551	733,777	3,113,093	406,642
Webster Co.	518,692	519,840	2,102,150	204,714
West Point Ind.	85,899	-16,483	121,091	15,203
Whitley Co.	243,361	929,204	4,503,863	837,686
Williamsburg Ind.	438,552	-109,105	801,520	135,931
Williamstown Ind.	449,694	-107,266	788,002	132,226
Wolfe Co.	412,297	250,683	1,362,768	-79,717
Woodford Co.	411,626	-462,232	3,395,703	-489,651

Note: Table 3.19 includes an add-on based on the membership of a district. Districts receive an add-on weighting of 0.239 for their first 499 students, an add-on of 0.143 for the next 500 students to 999, an add-on of 0.071 for the next 2,000 students to 2,999, an add-on of 0.023 for the next 4,000 students to 6,999, an add-on of 0.009 for the next 3,000 students to 9,999, and no add-on for students above 10,000. Similarly, Table 3.20 includes an add-on based on the membership of a district. Districts receive an add-on weighting of 0.2 for their first 499 students, an add-on of 0.1 for the next 500 students to 999, an add-on of 0.05 for the next 2,000 students to 2,999, an add-on of 0.02 for the next 3,000 students to 5,999, and no add-on for students above 6,000. Table 3.21 includes a density adjustment. An adjustment of 0.1 was created for districts with one-fourth the state average of gross transported pupil density per square mile, using FY 2020 Final Pupil Transportation Calculation data available on the Kentucky Department of Education website. Districts were excluded if they met any of the following conditions: per-pupil assessment was

greater than the state equalization level; a district did not transport students; a district served only kindergarten through grade 8; or gross transported pupil density per square mile was greater than one-fourth of the state average. Table 3.22 increases the guaranteed base per-pupil to keep up with inflation. If the SEEK per-pupil guaranteed base amount had kept up with inflation, it would be $4768.68. Table 3.23 increases local effort to 35 cents. The per-pupil base was raised to $4,218.42.
Source: Staff analysis of data from the Kentucky Department of Education.

Table Q.5 shows the change to each district's state and local funding based on increasing the guaranteed base per-pupil funding to keep up with inflation, and increasing Tier I from 15 percent to 30 percent.

Table Q.5
Changes To State And Local Revenue
Fiscal Year 2020

District	Table 3.24	Table 3.25
Adair Co.	$2,120,572	$555,800
Allen Co.	2,352,266	248,307
Anchorage Ind.	0	0
Anderson Co.	2,225,418	-12,857
Ashland Ind.	2,692,876	462,784
Augusta Ind.	261,617	74,052
Ballard Co.	752,153	-39,878
Barbourville Ind.	553,098	177,658
Bardstown Ind.	1,690,781	-76,941
Barren Co.	3,781,409	722,608
Bath Co.	1,593,251	439,371
Beechwood Ind.	884,219	6,477
Bell Co.	2,357,061	821,328
Belleview Ind.	330,299	-108,578
Berea Ind.	1,056,426	300,257
Boone Co.	10,178,681	-3,900,187
Bourbon Co.	1,800,651	56,912
Bowling Green Ind.	3,159,310	461,694
Boyd Co.	2,296,144	-16,163
Boyle Co.	2,021,418	123,247
Bracken Co.	678,565	-252,790
Breathitt Co.	1,740,267	567,368
Breckenridge Co.	1,715,516	55,795
Bullitt Co.	8,001,496	-341,787
Burgin Ind.	311,187	-15,700
Butler Co.	1,860,238	229,557
Caldwell Co.	1,388,825	316,454
Callaway Co.	1,643,207	-498,359
Campbell Co.	2,534,125	-1,133,865
Campbellsville Ind.	950,164	164,418
Carlisle Co.	504,356	52,374
Carroll Co.	1,409,451	186,203
Carter Co.	3,562,617	1,039,222
Casey Co.	1,938,037	525,409
Caverna Ind.	425,510	-41,588
Christian Co.	5,954,698	-414,686
Clark Co.	3,275,132	-379,105

District	Table 3.24	Table 3.25
Clay Co.	2,888,369	1,056,287
Clinton Co.	1,449,897	354,978
Cloverport Ind.	333,551	134,976
Corbin Ind.	2,601,058	841,552
Covington Ind.	2,866,534	98,180
Crittenden Co.	1,003,584	202,126
Cumberland Co.	664,617	80,601
Danville Ind.	1,308,577	-10,827
Daviess Co.	7,156,881	-198,402
Dawson Springs Ind.	590,873	216,572
Dayton Ind.	862,152	216,363
East Bernstadt Ind.	431,426	134,584
Edmonson Co.	1,426,027	2,464
Elizabethtown Ind.	1,875,470	404,916
Elliott Co.	951,455	-853,490
Eminence Ind.	838,590	280,949
Erlanger-Elsmere Ind.	1,757,777	135,297
Estill Co.	1,909,972	608,997
Fairview Ind.	576,701	161,132
Fayette Co.	19,088,693	-8,814,703
Fleming Co.	1,762,028	198,848
Floyd Co.	5,040,713	1,045,637
Fort Thomas Ind.	1,770,561	69,010
Frankfort Ind.	691,277	141,906
Franklin Co.	3,700,502	-531,120
Fulton Co.	429,023	41,932
Fulton Ind.	286,080	46,490
Gallatin Co.	1,040,797	97,649
Garrard Co.	1,940,833	333,892
Glasgow Ind.	1,745,944	303,353
Grant Co.	2,800,386	565,754
Graves Co.	2,757,296	-88,445
Grayson Co.	3,179,279	605,177
Green Co.	1,316,313	398,677
Greenup Co.	2,152,862	470,328
Hancock Co.	983,406	-74,284
Hardin Co.	10,093,567	540,850
Harlan Co.	3,586,647	1,012,100
Harlan Ind.	586,936	180,106
Harrison Co.	2,163,375	341,289
Hart Co.	1,916,466	390,485
Hazard Ind.	859,466	241,720
Henderson Co.	5,021,047	517,391
Henry Co.	1,530,566	281,210
Hickman Co.	459,875	1,361
Hopkins Co.	5,021,920	568,544
Jackson Co.	1,958,448	675,075
Jackson Ind.	299,984	109,157
Jefferson Co.	44,637,536	-20,622,067
Jenkins Ind.	393,870	112,250
Jessamine Co.	5,227,521	-535,173
Johnson Co.	3,115,681	956,208

District	Table 3.24	Table 3.25
Kenton Co.	7,917,308	-1,708,687
Knott Co.	1,833,263	-133,530
Knox Co.	3,914,321	1,139,124
LaRue Co.	1,919,028	424,410
Laurel Co.	7,206,447	1,131,749
Lawrence Co.	2,018,959	313,383
Lee Co.	634,594	-34,102
Leslie Co.	1,413,778	32,795
Letcher Co.	3,076,888	976,141
Lewis Co.	1,731,108	97,889
Lincoln Co.	2,878,978	618,728
Livingston Co.	410,239	0
Logan Co.	2,559,824	362,502
Ludlow Ind.	695,701	128,674
Lyon Co.	192,982	0
Madison Co.	7,834,613	179,538
Magoffin Co.	1,919,232	691,614
Marion Co.	2,195,676	176,842
Marshall Co.	2,717,553	-228,943
Martin Co.	1,586,463	492,062
Mason Co.	1,740,035	-71,925
Mayfield Ind.	1,643,759	556,706
McCracken Co.	3,951,907	-544,481
McCreary Co.	2,503,279	241,322
McLean Co.	1,096,064	161,272
Meade Co.	3,676,390	765,077
Menifee Co.	915,532	291,447
Mercer Co.	1,939,811	29,845
Metcalfe Co.	1,180,713	299,229
Middlesboro Ind.	880,050	87,215
Monroe Co.	1,489,987	384,307
Montgomery Co.	3,443,068	628,829
Morgan Co.	1,785,831	595,431
Muhlenberg Co.	3,402,064	315,830
Murray Ind.	1,237,384	232,651
Nelson Co.	2,384,235	-593,422
Newport Ind.	967,211	-147,663
Nicholas Co.	757,100	17,146
Ohio Co.	3,420,701	971,902
Oldham Co.	7,341,031	-451,075
Owen Co.	1,367,776	238,296
Owensboro Ind.	4,059,489	837,353
Owsley Co.	642,247	222,671
Paducah Ind.	2,136,785	333,434
Paintsville Ind.	579,419	100,659
Paris Ind.	540,909	94,705
Pendleton Co.	1,778,093	412,263
Perry Co.	3,412,409	435,764
Pike Co.	6,792,880	1,907,077
Pikeville Ind.	736,494	-13,523
Pineville Ind.	528,785	208,719
Powell Co.	1,825,190	228,464
Pulaski Co.	5,986,740	652,441

District	Table 3.24	Table 3.25
Raceland Ind.	841,869	294,582
Robertson Co.	365,210	120,514
Rockcastle Co.	2,527,800	496,050
Rowan Co.	2,390,503	311,472
Russell Co.	2,310,868	394,186
Russell Ind.	1,651,089	284,234
Russellville Ind.	817,480	192,257
Science Hill Ind.	321,510	80,053
Scott Co.	5,775,831	-596,137
Shelby Co.	4,092,884	-747,206
Simpson Co.	1,933,697	-73,561
Somerset Ind.	1,143,616	46,560
Southgate Ind.	106,253	-21,025
Spencer Co.	2,054,059	122,479
Taylor Co.	2,030,140	359,483
Todd Co.	1,436,786	-11,773
Trigg Co.	1,202,552	-45,352
Trimble Co.	711,083	-31,853
Union Co.	1,488,804	118,897
Walton Verona Ind.	1,221,024	232,126
Warren Co.	9,823,574	-999,964
Washington Co.	1,226,219	147,165
Wayne Co.	2,635,158	432,048
Webster Co.	1,709,543	348,080
West Point Ind.	101,887	27,423
Whitley Co.	4,061,788	1,234,178
Williamsburg Ind.	709,702	213,692
Williamstown Ind.	696,320	211,610
Wolfe Co.	895,826	-333,191
Woodford Co.	1,941,172	-697,852

Note: Table 3.24 increases the guaranteed base per pupil funding to $4,768.68 to keep up with inflation, and it increased the guaranteed local effort to 35 cents. Table 3.25 increases Tier I from 15 percent to 30 percent to determine the effects on equity.
Source: Staff analysis of data from the Kentucky Department of Education.

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