

# **2005 School Finance Report**

## **Project Staff**

Marcia Ford Seiler, Director  
Pam Young  
Jo Ann Ewalt, Ph.D.  
John T. Jones, Ph.D.  
Brenda Landy  
Sabrina Olds

## **Research Report No. 335**

### **Legislative Research Commission**

Frankfort, Kentucky  
[lrc.ky.gov](http://lrc.ky.gov)

Accepted December 5, 2006, by  
Education Assessment and Accountability Review Subcommittee



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## Preface

The Office of Education Accountability (OEA) is created in KRS 7.410. Section (2)(c)(2) of the statute directs OEA to conduct an ongoing review of the elementary and secondary public education finance system and to report annually OEA's finance staff's research and activities. The finance staff also contributes to OEA's investigative role, described in section (2)(c)(4), when these investigations involve finance issues.

This preface reports on activities of OEA's finance staff and links those activities to OEA's broader mandates, outlined in sections (2)(c)(1, and 3-8), to monitor and review the implementation and performance of education policy. Following this review, subsequent chapters discuss the equity level achieved through the Support Education Excellence in Kentucky funding system and analyze the issues that impact the equity of education funding.

### Investigations

In compliance with KRS 7.410(2)(c)(3-4), OEA's finance staff has assisted in investigations involving school finance issues. Below are two representative examples of recent cases.

The finance staff assisted in the investigation of a school district regarding complaints about a particular activity fund account at the high school and the lack of timely reports. The complaints focused on the bookkeeping practices, but the investigation was broadened when inappropriate procedures were discovered. Staff recommended that the district provide ongoing training for school employees involved in budgeting and finance activities. OEA also recommended that the school principal develop a growth plan and a detailed plan for monitoring the financial activities of the school, and provide school activity fund training.

Staff headed the investigation of a school district regarding complaints on a laptop initiative piloted by the district at four of its lowest-performing schools. Staff is monitoring the district to ensure report recommendations are implemented, such as providing a detailed budget to the board, refunding fees improperly charged to fee-waiver students, and refunding excess fees charged to students and faculty.

### Verifying Accuracy of Reports

Consistent with the requirements of KRS 7.410(2)(c)(3), OEA's responsibilities include periodic assessment of the accuracy of school, district, and state reports. While conducting research for the 2005 School Finance Report, staff discovered a discrepancy in tax rates levied by two districts and brought the issue to the attention of the Kentucky Department of Education (KDE). In response, KDE is planning to expand its tax program to review tax rates electronically rather than manually.

As part of its ongoing review activities, OEA discovered that KDE had never complied with KRS 157.061, which requires that an annual audit of school districts be submitted to the Legislative Research Commission, the governor, and the Kentucky Board of Education (KBE). Districts' financial audits had been reviewed on an annual basis, but KDE had never reported its findings officially as required by the statute. Upon discussions with OEA, KDE submitted the report to the Legislative Research Commission on October 17, 2005.

OEA's assessment of state reports includes efforts to verify the accuracy of financial data submitted to KDE by local districts. These financial data are used to make funding decisions by the General Assembly, as well as by policy makers within KDE and the federal government. The data are also used in government and private education finance research. OEA's data integrity work began as a part of a mandated study on the efficiency and effectiveness of education spending, described below, and will be an ongoing monitoring activity.

Currently KDE's Division of School Finance has responsibility for data accuracy. The division holds data integrity meetings across the state with district finance officers. As a result of OEA's examination of KDE financial reports, discrepancies in the treatment of various expenditures were identified and discussed with the department. Through a newsletter sent to finance officers in April 2006, KDE has directed districts on necessary corrective action in some of these areas and is considering how to address other data issues identified by OEA. The department plans to continue its data integrity enhancements with periodic newsletters to district finance officers. In addition, KDE plans to post district data on the department Web site and will encourage districts to review the accuracy of the reports.

### **Directed Studies**

Under the direction of the Education Assessment and Accountability Review Subcommittee (EAARS), OEA conducts studies analyzing the implementation of various components of the education system. The finance staff is an integral resource in this research. As part of its regular duties, staff attends educational cooperative meetings, KBE and KDE meetings, and training sponsored by KDE for finance officers to stay apprised of finance issues facing school districts.

In compliance with reporting requirements of KRS 7.410(2)(c)(2) and (5-8), OEA's finance staff assisted in the following Legislative Research Commission research reports.

**Report No. 328, An Analysis of the Commonwealth Accountability Testing System (2005).** Staff analyzed and reported on the cost of implementing CATS per Senate Joint Resolution 156. The cost section identified both the state-level and local-level expenditures related to CATS. The local-level expenditures were captured through surveys and identified both district-level and school-level expenditures.

**Report No. 328, A Review of the School Facilities Construction Commission (February 2006).** Staff collected and analyzed data for the study on SFCC as directed in budget language during the 2005 Session. The SFCC study has been accepted by EAARS. Through budget language, the 2006 General Assembly directed KDE and SFCC to address some of the concerns raised by the report. Their response is expected by September 2006.

**Indicators of Efficiency and Effectiveness in Primary and Secondary Education Spending.** In compliance with KRS 7.410 (2)(c)(5) and as directed by budget language during the 2005 Session, staff presented a draft report to the Education Assessment and Accountability Review Subcommittee in August 2006. This report lists school district efficiency and effectiveness indicators and reviewed national and state efforts to define and address the efficient use of education funding. The report included an analysis of how funds are currently expended, which is a prerequisite to the study of funding adequacy and efficiency.





## Summary

The policy rationale for the Kentucky Education Reform Act (KERA) of 1990 and the Support Education Excellence in Kentucky (SEEK) funding system was to acknowledge the gap in education funding based on variations in local wealth and to provide a means to compensate poorer school districts through a funding formula that would provide these districts with relatively greater state funding. For the purpose of funding education through the SEEK formula, school district “wealth” has been defined as property wealth.

The Office of Education Accountability (OEA) is statutorily mandated through KRS 7.410 to analyze the level of equity achieved by the SEEK funding system and whether adequate funds are available to all school districts. Since 1990, OEA has conducted reviews of school finance issues, primarily focusing on the level of equity achieved by the funding system.

OEA has monitored the “equity gap” between the property-rich districts and the property-poor districts by analyzing per-pupil revenues in wealth quintiles. The wealth quintiles are determined by ranking school districts’ per-pupil property assessments from lowest to highest and using funded average daily attendance (ADA) to separate the school districts into groups, each containing approximately one-fifth of the state’s students. Quintile 1 represents the districts with the lowest property wealth per pupil. Quintile 5 represents the districts with the highest property wealth per pupil. The report covers revenue from FY 1990, which is the baseline year, to FY 2005. The report also includes two other equity measures, which show similar results as the quintile analysis.

The report initially focuses on the revenue gap by looking at local and state revenue combined. The gap narrowed most quickly in the first year of KERA, as a huge effort was made to allocate more state dollars into the new school funding system. The gap decreased further through FY 1997 but then increased from FY 1998 to FY 2002. The widest gap occurred in FY 2002. The gap has slightly narrowed in the last three fiscal years. This report illustrates the impact of the relatively larger amounts of state per-pupil revenue received by districts in the lower wealth quintiles in post-KERA years. When local and state revenue sources are shown together, the state revenue received by districts in the lower wealth quintiles can result in those districts receiving close to the same amount of combined local and state revenue as the districts in the higher wealth quintiles.

To analyze the revenue gap in further detail, it is necessary to separate local revenue from state revenue. Local revenue grew the most in the highest wealth quintile, increasing \$2,781 per pupil from \$2,103 in FY 1990 to \$4,884 in FY 2005. Local revenue grew the least in the lowest wealth quintile, increasing \$969 per pupil from \$355 to \$1,324 for the same time period.

The following factors affect the equity of education resources among school districts in Kentucky. They impact districts differently, allowing some to raise additional local revenue, while limiting the ability of other school districts to raise local revenue.

- Intertwining Tax Laws - House Bill 940 was enacted in 1990. In the early years of KERA, House Bill 940 gave school districts an opportunity to raise property tax rates. House Bill 44, which was enacted in 1979, has allowed them to maintain the higher property revenues.
- Permissive Tax - School districts may levy these taxes under KRS 160.593. The taxes consist of utility taxes, occupational taxes, and excise taxes.
- Property Assessment Growth and SEEK - As property assessments increase, some school districts lose more in SEEK funds than they are able to collect in local taxes.
- Districts Unable to Levy 4 Percent Tax Rate - Prior to recent legislative actions, districts could not levy the 4 percent increase rate if it exceeded the subsection (1) rate. The General Assembly removed this limitation through budget language in 2003 and 2005 and permanently removed the limitation as part of the tax modernization plan under House Bill 272 in 2005.
- Tier II Revenues - School districts are allowed to increase revenue up to 30 percent of the revenue generated by the adjusted SEEK base plus Tier I. The additional revenue produced within Tier II is not equalized by the state and creates additional disparities among revenue available to school districts.
- In Lieu of Taxes - Voluntary payments are made to school districts by corporate or governmental entities for property that is not subject to taxation.
- Growth Nickel - School districts meeting the criteria in KRS 157.621 can levy an additional nickel for building fund needs.
- Second Growth Nickel - Through budget language in 2003 and 2005, the General Assembly provided those districts that continued to meet the growth criteria the option to levy a second growth nickel.
- Recallable Nickel - Through budget language in 2003 and 2005, the General Assembly allowed all districts the opportunity to levy a nickel—subject to recall—for building needs.

State revenue grew the most in the lowest wealth quintile, increasing \$2,919 per pupil from \$2,310 in FY 1990 to \$5,229 in FY 2005. State revenue grew the least in the highest wealth quintile, increasing \$709 per pupil from \$2,120 to \$2,829 for the same time period. While the current SEEK formula has allowed for an increase in state funding to property-poor districts, which has contributed to a reduction in the funding gap, various legislative actions have permitted selective funding, which impacts the ability to reach equity:

- Hold Harmless - A provision of the SEEK statute guarantees that a school district will not receive less state SEEK funding per pupil than it did in FY 1992. This funding is made without regard to the local wealth of the school district.
- Growth Nickel Equalization - The General Assembly, through budget language during the 2003 and 2005 Sessions, appropriated funds to equalize the first growth nickel for those districts that also levied the second growth nickel.
- Special Legislative Projects - Funds for special legislative projects are appropriated to school districts outside the SEEK formula.
- State Funds Outside SEEK - Kentucky Education Reform Act requirements, state grants, and on-behalf-of payments are appropriated outside the SEEK formula. On-behalf-of payments are expenditures the Kentucky Department of Education makes with general fund appropriations. This spending covers expenses that might otherwise be paid for directly by school districts, such as vocational schools, teacher retirement, health insurance, and life insurance.

Although this report focuses primarily on local and state education funding because those are the funding sources that can be impacted through state policymaking, analysis of education funding would be incomplete without some discussion of the federal funds received by school districts. Federal revenue grew the most in Quintile 1, increasing \$939 per pupil from \$540 in FY 1990 to \$1,479 in FY 2005. Federal revenue grew the least in Quintile 4, increasing \$411 per pupil from \$292 to \$703 for the same time period.

The report illustrates how the addition of federal funds helps reduce the equity gap between Quintile 5 and Quintiles 1 through 3. However, the gap is wider between Quintile 5 and 4 when federal revenue is included because of the relatively lower amount of federal funds received by districts in Quintile 4.

In summary, while there have been variations in the equity gap since 1990, including a widening of the gap from FY 1998 through FY 2002, the gap has steadily decreased in the past three years. Comparing FY 2005 local and state per-pupil revenue to the pre-KERA FY 1990 baseline, the equity gap has decreased 21 percent. This report illustrates the specific factors that enable some school districts to collect more local or state revenue than others. Although federal revenue is beyond the control of the General Assembly, the equity gap between Quintile 5 and Quintiles 1 through 3 narrows when federal revenue is considered. That is, the difference in the amount of revenue per pupil available to wealthy districts and the amount available to poorer districts has decreased.



## Chapter 1

### Introduction

In *Rose vs. The Council for Better Education*, Chief Justice Robert Stephens wrote: “Each child, every child, in this Commonwealth must be provided with an equal opportunity to have an adequate education. Equality is the key word here. The children of the poor and the children of the rich, the children who live in the poor districts and the children who live in the rich districts must be given the same opportunity and access to an adequate education....”

The policy rationale for the Kentucky Education Reform Act (KERA) and the Support Education Excellence in Kentucky (SEEK) funding system was to acknowledge the gap in education funding based on variations in local wealth and to provide a means to compensate poorer school districts through a funding formula that would provide these districts with relatively greater state funding. For the purpose of funding education through the SEEK formula, school district “wealth” has been defined as property wealth.

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The education funding system under the Kentucky Education Reform Act (KERA) consists of the following components: guaranteed base; add-ons for at risk, exceptional students, home and hospital, and transportation; required local effort; Tier I; and Tier II. Appendix A contains an example of a district’s SEEK calculation.

The education funding system under KERA consists of the following components (Kentucky Department of Education 8-9):

- A guaranteed base amount of per-pupil funding through SEEK established by the General Assembly for each budget cycle.
- SEEK add-on adjustments reflecting the increased costs associated with educating at-risk and exceptional students, home and hospital instruction, and transportation needs.<sup>1</sup>
- Required local effort: KERA mandates a minimum equivalent tax rate of 30 cents per \$100 in assessed value of property and motor vehicles in the district. The adjusted guaranteed SEEK base is reduced by the amount of the minimum local effort.
- Tier I: local school boards may increase revenue up to 15 percent of the adjusted SEEK base (those funds received through the guaranteed base plus any add-ons). The state equalizes the increase at 150 percent of the statewide average per-pupil property tax assessment.
- Tier II: local school boards are permitted to increase revenue—subject to voter referendum—up to 30 percent of revenue

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<sup>1</sup> The 2005 General Assembly provided funding in the second year of the biennium for school districts serving students with Limited English Proficiency. This funding is not reflected in this report or the SEEK example in Appendix A.

generated through the adjusted SEEK base plus Tier I. These funds are not equalized by the state.

Appendix A contains an example of a district's SEEK calculation and an illustration detailing the formulas for each of its components.

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Since 1990, OEA has conducted reviews of school finance issues, primarily focusing on the level of equity achieved by the funding system.

The Office of Education Accountability (OEA) was created in 1990 by the General Assembly in response to the Kentucky Supreme Court's opinion in *Rose vs. The Council for Better Education*. OEA is statutorily mandated through Kentucky Revised Statute 7.410 to analyze the level of equity achieved by SEEK funding system and determine whether adequate funds are available to all school districts. Since 1990, OEA has conducted reviews of school finance issues, primarily focusing on the level of equity achieved by the funding system.

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OEA monitors the "equity gap" between the property-rich and property-poor districts by analyzing per-pupil revenues in wealth quintiles.

OEA has monitored the "equity gap" between the property-rich districts and the property-poor districts by analyzing per-pupil revenues in wealth quintiles. Per-pupil revenues include local and state revenues received by school districts. These funds include grants, tax receipts, and other sources of revenue from the local and state level.

OEA's past equity reviews have not focused on sources of funds that are not controlled by the General Assembly, such as federal revenue, activity fund accounts, textbook and classroom fees charged by School-Based Decision Making councils, or other sources of revenue from private organizations such as foundations and boosters. For the present analysis, OEA continues the practice of emphasizing local and state revenue sources; however, for illustrative purposes, OEA reports the impact on equity of federal revenue received by school districts. For the first time, this analysis also includes payments made by the state on behalf of local districts in FY 2004 and FY 2005 for expenditures such as life and health insurance and retirement benefits. Prior to FY 2004, districts were not required to record on-behalf-of payments, so these payments have not been reflected in the wealth quintile analysis. In future reports, OEA will consider the appropriateness of including a broader range of revenue sources in the equity analysis.

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Quintile 1 includes the districts with the lowest property wealth per pupil and represents more than one-third of all districts.

Equity is reviewed by dividing the school districts into five groups, or wealth quintiles. The wealth quintiles are determined by ranking school districts' per-pupil property assessments from lowest to highest and using funded average daily attendance (ADA) to separate school districts into groups, each containing

approximately one-fifth of the state’s students. Quintile 1, which includes approximately 66 school districts, or more than one-third of the districts in the state, represents the districts with the lowest property wealth per pupil. Quintile 5, which usually includes Jefferson County, Anchorage Independent, Fayette County, and Boone County, represents the districts with the highest property wealth per pupil. In fiscal year 2003, Campbell County and Southgate Independent moved into Quintile 5 and remained there in FY 2004 and FY 2005. The quintiles are not static, as school districts move from one quintile to another from year to year due to changes in the per-pupil assessments or changes in student ADA in relation to the other school districts. Table 1.1 contains a list of school districts by wealth quintile for FY 2005.<sup>2</sup>

**Table 1.1  
FY 2005 Wealth Quintiles**

Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5
Adair Co.	Ashland Ind.	Anderson Co.	Bardstown Ind.	Anchorage Ind.
Allen Co.	Bowling Green Ind.	Ballard Co.	Beechwood Ind.	Boone Co.
Augusta Ind.	Bracken Co.	Barren Co.	Bullitt Co.	Campbell Co.
Barbourville Ind.	Caldwell Co.	Bellevue Ind.	Burgin Ind.	Fayette Co.
Bath Co.	Carlisle Co.	Bourbon Co.	Calloway Co.	Jefferson Co.
Bell Co.	Clinton Co.	Boyd Co.	Carroll Co.	Southgate Ind.
Berea Ind.	Crittenden Co.	Boyle Co.	Clark Co.	
Breathitt Co.	Cumberland Co.	Breckinridge Co.	Danville Ind.	
Butler Co.	Elizabethtown Ind.	Campbellsville Ind.	Erlanger-Elsmere Ind.	
Carter Co.	Eminence Ind.	Caverna Ind.	Fort Thomas Ind.	
Casey Co.	Frankfort Ind.	Christian Co.	Franklin Co.	
Clay Co.	Fulton Co.	Covington Ind.	Jessamine Co.	
Cloverport Ind.	Garrard Co.	Daviess Co.	Kenton Co.	
Corbin Ind.	Grant Co.	Gallatin Co.	Livingston Co.	
Dawson Springs Ind.	Graves Co.	Glasgow Ind.	Lyon Co.	
Dayton Ind.	Grayson Co.	Hancock Co.	Marshall Co.	
East Bernstadt Ind.	Greenup Co.	Hardin Co.	McCracken Co.	
Edmonson Co.	Harrison Co.	Henderson Co.	Oldham Co.	
Elliott Co.	Harrodsburg Ind.	Madison Co.	Scott Co.	
Estill Co.	Hazard Ind.	Marion Co.	Shelby Co.	
Fairview Ind.	Henry Co.	Mason Co.	Somerset Ind.	
Fleming Co.	Hickman Co.	Mercer Co.	Warren Co.	
Floyd Co.	Hopkins Co.	Nelson Co.	Woodford Co.	
Fulton Ind.	Knott Co.	Newport Ind.		
Green Co.	LaRue Co.	Owensboro Ind.		

<sup>2</sup> Wealth quintiles are available for prior years upon request.

**Table 1.1 Continued  
FY 2005 Wealth Quintiles**

Harlan Co.	Laurel Co.	Paducah Ind.		
Harlan Ind.	Logan Co.	Pikeville Ind.		
Hart Co.	McLean Co.	Pulaski Co.		
Jackson Co.	Middlesboro Ind.	Rowan Co.		
Jackson Ind.	Montgomery Co.	Russell Ind.		
Jenkins Ind.	Muhlenberg Co.	Simpson Co.		
Johnson Co.	Murray Ind.	Spencer Co.		
Knox Co.	Ohio Co.	Trigg Co.		
Lawrence Co.	Owen Co.	Union Co.		
Lee Co.	Paintsville Ind.			
Leslie Co.	Paris Ind.			
Letcher Co.	Pendleton Co.			
Lewis Co.	Perry Co.			
Lincoln Co.	Pike Co.			
Ludlow Ind.	Russell Co.			
Magoffin Co.	Silver Grove Ind.			
Martin Co.	Taylor Co.			
Mayfield Ind.	Trimble Co.			
McCreary Co.	Walton Verona Ind.			
Meade Co.	Washington Co.			
Menifee Co.	Wayne Co.			
Metcalfe Co.	Webster Co.			
Monroe Co.				
Monticello Ind.				
Morgan Co.				
Nicholas Co.				
Owsley Co.				
Pineville Ind.				
Powell Co.				
Providence Ind.				
Raceland Ind.				
Robertson Co.				
Rockcastle Co.				
Russellville Ind.				
Science Hill Ind.				
Todd Co.				
West Point Ind.				
Whitley Co.				
Williamsburg Ind.				
Williamstown Ind.				
Wolfe Co.				

Source: Staff calculations based on data provided by the Kentucky Department of Education, Division of School Finance.



## Other Measures of Equity in Education

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As many studies have noted, the concept of educational equity is difficult to measure and to implement. OEA continues to use wealth quintiles based on local property assessments because the link between education funding and local wealth was one of the primary policy issues that led to education reform in Kentucky.

As many studies have noted, the concept of educational equity is difficult to measure and to implement (Augenblick, Myers, and Anderson 63; Berne and Stiefel 7). OEA Finance Reports have compared per-pupil funding by source based on local districts' property assessments. Wealth quintiles provide a transparent method of examining differences in per-pupil funding across groups of districts with varying levels of local property wealth, as well as examining changes in the quintiles' per-pupil funding over time. This method continues to be the most appropriate way of addressing the question policy makers posed when KERA was enacted: how do the resources received by children in poor districts compare to those received by children in wealthy districts?

A widely cited publication on the measurement of equity in school finance lists 11 measures of horizontal equity (Berne and Stiefel 19).<sup>3</sup> Each method has strengths and weaknesses, as is true concerning the wealth quintile approach adopted by OEA. For example, one can question whether districts should be placed in five wealth groups or quintiles, or whether three or four or six groups is more appropriate. Similarly, some analysts believe that revenue and expenditure measures should be weighted in a manner that accounts for the number of students in a school district or the number of low-income students. They believe the adjustments are needed because the cost of providing educational services is not the same across districts with varying characteristics (Konanc 5; Carey 6; Education Trust 2005b). Others have argued that differences in per-pupil funding between wealthy and poor school districts should be determined by grouping districts according to how much total funding they receive, and not by local property assessments (Bassett). OEA has continued to use wealth quintiles based on local property assessments because the link between education funding and local wealth was one of the primary policy issues that led to education reform in Kentucky. Nonetheless, it is important to note that there are other measures of equity cited in the research and used in education finance studies.

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The McLoone index measures how close low-spending school districts are to the state median, and the coefficient of variation (CV) measures how much variation exists in districts' per-pupil spending.

In rating the states on resource equity, Education Week's Quality Counts rankings use a composite equity index. It consists of a wealth-neutrality score that measures the association between education revenue and property wealth; the McLoone index, which measures how close low-spending school districts are to the state

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<sup>3</sup> Horizontal equity is the principal that equals should be treated equally, and with perfect horizontal equity, all pupils in the state receive the same resource distribution.

median; and the coefficient of variation (CV), which is a measure of how much variation exists in districts' per-pupil spending (Education Week).

In a review of equity and adequacy in school funding, Augenblick and others recommend the use of the wealth-neutrality score and the CV. Education Trust is a national advocacy group devoted to closing achievement gaps between students with varying characteristics. It publishes annual equity rankings using an indicator that measures the difference in adjusted per-pupil revenue between districts with the highest 25 percent of low-income students and those with the lowest 25 percent of low-income students (Education Trust. *Technical Appendix*).<sup>4</sup>

Education finance research offers five properties of a “good” measure of equity:

1. The measure is clear and intuitive.
2. District per-pupil revenues or expenditures are weighted by the number of pupils in the district.
3. The measure is scale invariant, which means it will not reflect proportional increases or decreases to across-the-board changes in revenues or expenditures.
4. Changes over time in which revenues or expenditures for wealthier districts increase while decreasing for poor districts should result in a measurable increase in inequity.
5. The measure should use all the data and not just the ‘top’ and ‘bottom’ districts (Konanc 5).<sup>5</sup>

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The Gini Coefficient measures the difference between the actual distribution of per-pupil revenue and a perfectly equitable revenue distribution.

Konanc advocates the use of the Gini Coefficient in equity studies because it satisfies all five properties. Gini measures the difference between the actual distribution of per-pupil revenue and a perfectly equitable revenue distribution. For example, if all students receive an equal amount of revenue, then 20 percent of students in Kentucky should receive 20 percent of the funding and 40 percent of students should receive 40 percent of the funding. The coefficient ranges between 0 and 1; the closer the value is to 0, the more equitably the revenue is distributed.

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<sup>4</sup> State and local revenues are adjusted for districts' Cost of Education Index. This index estimates varying costs for teacher salary and benefits. Revenues are also adjusted by weighting pupil counts for additional costs of serving students living in poverty and students with disabilities.

<sup>5</sup> The equity analysis used in OEA's Finance Reports meets all criteria except number 2. Per-pupil revenue for the wealth quintiles is not weighted to reflect the number of students in the district.

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Because there is no consensus on the best way to define or measure equity, it is prudent to include and compare the results of more than one analysis.

Because there is no consensus on the best way to define or measure equity, it is prudent to include and compare the results of more than one analysis (Costrell 6-7). In addition to analyzing changes in per-pupil revenue by examining wealth quintiles, the chapters that follow will include two other equity measures. For combined local and state per-pupil revenue and total (local, state, and federal) revenue, changes in equity as measured by the CV and Gini also are included.<sup>6</sup> Appendix B presents the methodology for calculating the CV and Gini.

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The CV and Gini present overall measures of equity among districts, while the wealth quintiles analyze equity between groups of districts. Thus, the measures should show similar trends but should not be expected to be precisely the same.

The advantage of reporting multiple measures of equity is that study findings are more robust and clear when all measures show similar results. However, the CV and Gini present overall measures of equity among districts, while the wealth quintiles analyze equity between groups of districts. Thus, the measures should show similar trends but should not be expected to be precisely the same. In addition, like most equity measures, the CV and Gini do not distinguish between equity gaps that result when states spend relatively more in poor districts—known as ‘progressive’ disparities—and gaps that are created by increased funding for wealthier districts—known as ‘regressive’ disparities (Costrell 5).

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<sup>6</sup> These measures are not calculated for local and state per-pupil revenue because considered by themselves, these revenue sources are inherently inequitable.

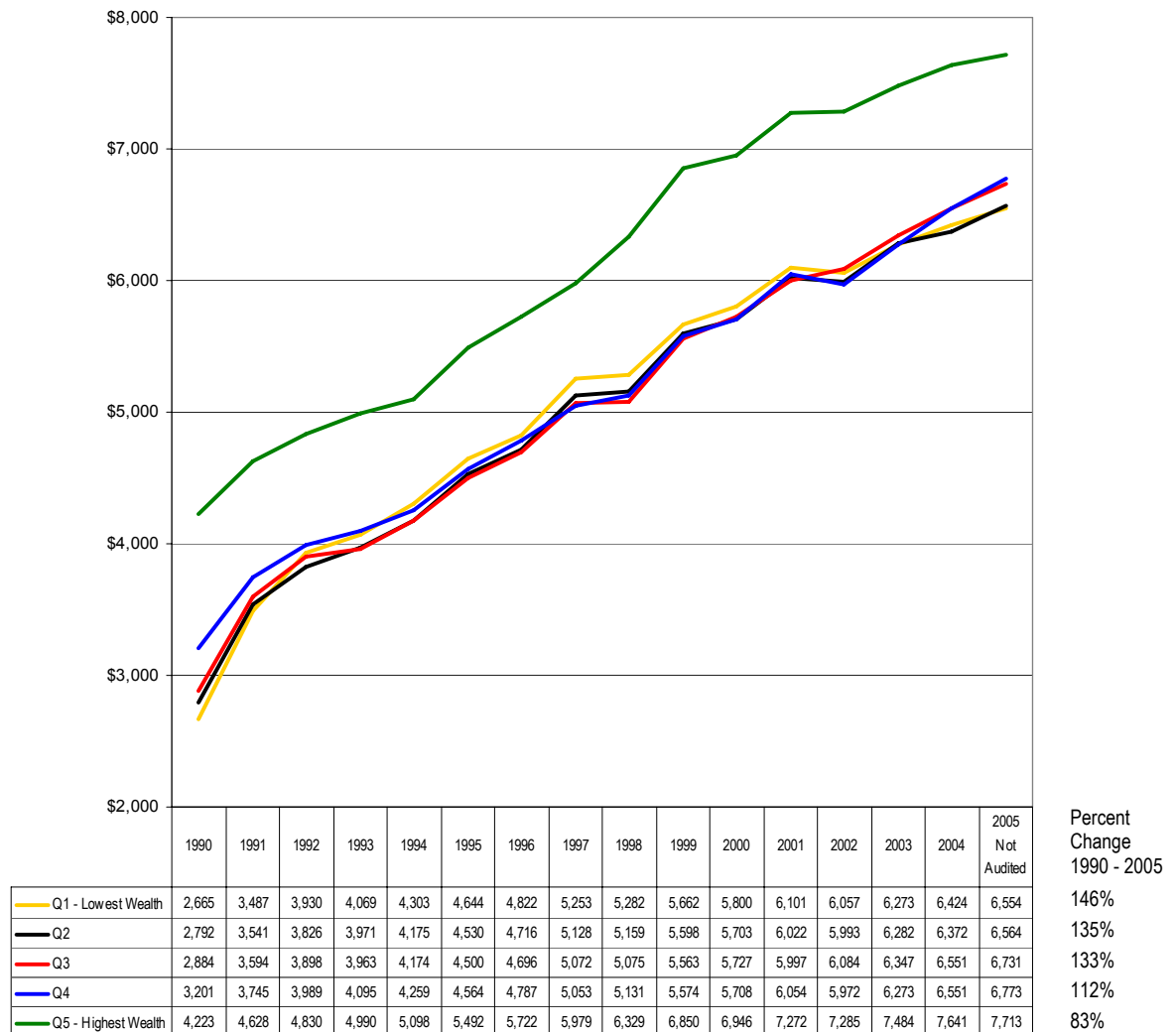


## Chapter 2

### Analysis of Local and State Revenues

The gap in local and state per-pupil revenue between the highest wealth quintile and the other wealth quintiles from FY 1990 through FY 2005 is shown in Figure 2.A, along with the percent change in revenues during the 15-year period. The gap narrowed substantially the first year of reform as a huge effort was made to allocate more state dollars into the new school funding system.

**Figure 2.A**  
**Local and State Per-pupil Revenue by Property Wealth Quintile**  
**FY 1990-FY 2005\***



\*FY 2005 figures are not audited. Appendix C contains Average Per-pupil Revenues by Wealth Quintile. Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.

Progress in reducing the funding gap continued through FY 1997 when the funding gap narrowed the most. This progress was most likely attributed to the Revenue Cabinet's efforts to get the collection of unmined coal tax on schedule, as three years of unmined coal tax bills were issued in FY 1997. Since most of the school districts receiving the unmined coal tax were in the lowest two wealth quintiles, the influx of tax revenue temporarily reduced the funding gap between the quintiles.

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From FY 1998 through FY 2002, the gap continued to widen, with the widest gap occurring in FY 2002.

From FY 1998 through FY 2002, the gap between the highest wealth quintile and the other wealth quintiles widened, with the biggest difference in FY 2002. During this fiscal year, state revenue decreased statewide, and Governor Patton's Budget Reduction Order sought to combat the revenue shortfall. At times, funds appropriated for SEEK exceeded the amount actually required when final SEEK calculations were made. The Kentucky Department of Education reallocated these undistributed dollars to school districts based on criteria set by the General Assembly. The Budget Reduction Order did not intend to reduce SEEK funds to school districts but rather to recoup the undistributed dollars. However, final SEEK calculations in FY 2002 contained higher transportation costs and greater student growth than originally estimated, which meant that about half the funding returned to the General Fund through the Budget Reduction Order was actually needed to fully fund SEEK. This resulted in a reduction of state funds to school districts. When state funding declines, the equity gap increases because the property-poor districts' pro rata share of the reduction is greater than the property-rich districts' share.<sup>7</sup>

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The equity gap narrowed in FY 2003 as state revenue increased due to a one-time pro rata distribution provided in the 2002-2004 biennial budget. The equity gap continued to narrow in FY 2004 and FY 2005.

The adopted 2002-2004 biennial budget contained a one-time pro rata distribution of \$14.7 million above districts' SEEK funds. As state revenue increased, the equity gap narrowed in FY 2003.

The equity gap continued to narrow in FY 2004 and FY 2005. Through budget language, the 2003 General Assembly provided the opportunity for a second growth nickel to those districts that continued to meet the growth criteria. The budget language also provided state equalization of the first growth nickel for those districts that levied the second growth nickel. All but one of the

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<sup>7</sup> SEEK calculations are made throughout the year based on estimated data in order to determine monthly payments to school districts. The final SEEK calculations use actual data.

districts that levied the second growth nickel were in Quintiles 2, 3, and 4.<sup>8</sup>

Figure 2.A also shows that the greatest rate of growth in local and state revenues occurred in the lowest wealth quintile. From FY 1990 to FY 2005, local and state revenues increased 146 percent, from \$2,665 to \$6,554, in Quintile 1. During this period, local and state revenues grew by 83 percent, from \$4,223 to \$7,713 in Quintile 5. When adjusted for inflation using the Bureau of Labor Statistic's Consumer Price Index, local and state revenues increased 63 percent in Quintile 1 and 21 percent in Quintile 5 over the 15-year period. Appendix D reports the results of per-pupil revenues in constant 1990 dollars.

While Figure 2.A illustrates variations in the amount of local and state revenues and reports the amount of revenues received by each quintile over time, Table 2.1 converts these data to a measure of equity among the wealth quintiles. Figure 2.A shows that local and state per-pupil revenue in FY 1990 was \$4,223 in Quintile 5, compared to \$2,665 in Quintile 1, for a difference of \$1,558. Table 2.1 reports the differences in funding between Quintile 5 and each of the other quintiles from FY 1990 to FY 2005. Adding Quintile 5's and 1's difference of \$1,558 to the corresponding differences between Quintile 5 and Quintiles 2 through 4 results in an aggregate difference of \$5,352. As equity improves, the sum of differences between Quintile 5 and Quintiles 1 through 4 will narrow. The FY 1990 figure is the pre-reform baseline against which the FY 1991 through FY 2005 data will be compared.

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Local and state education funding inequity has been reduced by 21 percent from pre-KERA FY 1990 levels to FY 2005.

Table 2.1 reports both unadjusted and constant dollar amounts. Panel 1 of the table shows that for unadjusted (nominal) revenue, the equity gap has been narrower in all years since KERA was enacted than it was in FY 1990. The gap was most narrow in FY 1997, when it reached a low of \$3,410, which was a 36 percent reduction from FY 1990 levels. As noted above, the gap widened during the next five years and reached a high of \$5,034 in FY 2002, just 6 percent below the gap in FY 1990. However, the past three years have seen steady improvement. In FY 2005 the equity gap was \$4,231, which is a 21 percent decrease from the pre-KERA baseline. As shown in Panel 2, the inflation-adjusted gap was \$2,802 in FY 2005, a decrease of 48 percent from FY 1990.

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<sup>8</sup> The growth nickel is a 5-cent equivalent tax that eligible districts may levy for building needs. Growth criteria include growth of at least 150 students and 3 percent overall growth in the last five years; debt service of at least 80 percent of capital outlay and local and state Facilities Support Program of Kentucky; current enrollment greater than available classroom space; and a certified district facility plan.

**Table 2.1**  
**Local and State Revenues: Difference in Quintiles 1-4 Per-pupil Revenue**  
**Compared to Quintile 5 Per-pupil Revenue for FY 1990-FY 2005\***

**Panel 1: Unadjusted Dollars**

Fiscal Year	Quintile 5 Per-pupil Revenue Minus Lower Quintiles' Revenue				Q1-4 Aggregate Difference: Equity Gap	% Difference Compared to 1990
	Quintile 1	Quintile 2	Quintile 3	Quintile 4		
1990	\$1,558	\$1,432	\$1,340	\$1,022	\$5,352	
1991	\$1,142	\$1,087	\$1,034	\$883	\$4,147	-23%
1992	\$901	\$1,005	\$932	\$842	\$3,679	-31%
1993	\$921	\$1,019	\$1,027	\$895	\$3,862	-28%
1994	\$795	\$923	\$924	\$839	\$3,480	-35%
1995	\$847	\$962	\$992	\$928	\$3,729	-30%
1996	\$900	\$1,006	\$1,026	\$935	\$3,867	-28%
1997	\$726	\$851	\$907	\$926	\$3,410	-36%
1998	\$1,047	\$1,170	\$1,253	\$1,198	\$4,669	-13%
1999	\$1,188	\$1,253	\$1,287	\$1,276	\$5,004	-6%
2000	\$1,146	\$1,244	\$1,219	\$1,238	\$4,847	-9%
2001	\$1,171	\$1,250	\$1,275	\$1,219	\$4,915	-8%
2002	\$1,228	\$1,292	\$1,201	\$1,313	\$5,034	-6%
2003	\$1,212	\$1,203	\$1,137	\$1,211	\$4,763	-11%
2004	\$1,217	\$1,269	\$1,090	\$1,090	\$4,666	-13%
2005*	\$1,159	\$1,149	\$982	\$940	\$4,231	-21%

**Panel 2: FY 1990 Constant Dollars**

Fiscal Year	Quintile 5 Per-pupil Revenue Minus Lower Quintiles' Revenue				Q1-4 Aggregate Difference: Equity Gap	% Difference Compared to 1990
	Quintile 1	Quintile 2	Quintile 3	Quintile 4		
1990	\$1,558	\$1,432	\$1,340	\$1,022	\$5,352	
1991	\$1,082	\$1,031	\$981	\$838	\$3,932	-27%
1992	\$827	\$923	\$857	\$773	\$3,380	-37%
1993	\$821	\$908	\$915	\$798	\$3,441	-36%
1994	\$690	\$801	\$802	\$728	\$3,022	-44%
1995	\$715	\$812	\$837	\$783	\$3,148	-41%
1996	\$739	\$827	\$843	\$769	\$3,178	-41%
1997	\$580	\$680	\$725	\$740	\$2,725	-49%
1998	\$822	\$919	\$984	\$940	\$3,665	-32%
1999	\$917	\$967	\$994	\$985	\$3,862	-28%
2000	\$860	\$933	\$915	\$928	\$3,635	-32%
2001	\$849	\$907	\$925	\$884	\$3,564	-33%
2002	\$875	\$921	\$856	\$936	\$3,587	-33%
2003	\$845	\$839	\$793	\$845	\$3,321	-38%
2004	\$830	\$866	\$744	\$743	\$3,184	-41%
2005*	\$768	\$761	\$650	\$623	\$2,802	-48%

\*04-05 figures are not audited.

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance; Bureau of Labor Statistics.



The inflation-adjusted equity gap reported in Panel 2 is narrower than that shown in Panel 1 for unadjusted dollars. In addition, the year-to-year variations in the gap are smaller in the constant dollar analysis than is evident in Panel 1.

In FY 2005 Quintiles 1 through 4 received approximately 85 percent to 88 percent of the local and state revenue received by Quintile 5.

Prior to the reform in 1990, the equity gap was apparent between the property-poor and property-rich districts. As reflected in Table 2.2, Quintiles 1 through 4 received between 63 percent and 76 percent of the local and state revenues received by the highest wealth quintile in FY 1990. After the reform, Quintiles 1 through 4 received between 82 percent to 85 percent in FY 1995, 82 percent to 83 percent in FY 2000, and 85 percent to 88 percent in FY 2005. As noted above, the gap has slightly narrowed in the last three fiscal years.

As explained earlier, the wealth quintiles are based on local property assessments. Figure 2.B also illustrates that when local and state revenue sources are shown together, the relatively greater amount of state per-pupil revenue received by districts in the lower wealth quintiles in post-KERA time periods can result in those districts receiving slightly more total local and state revenues than did the districts in the higher wealth quintiles.

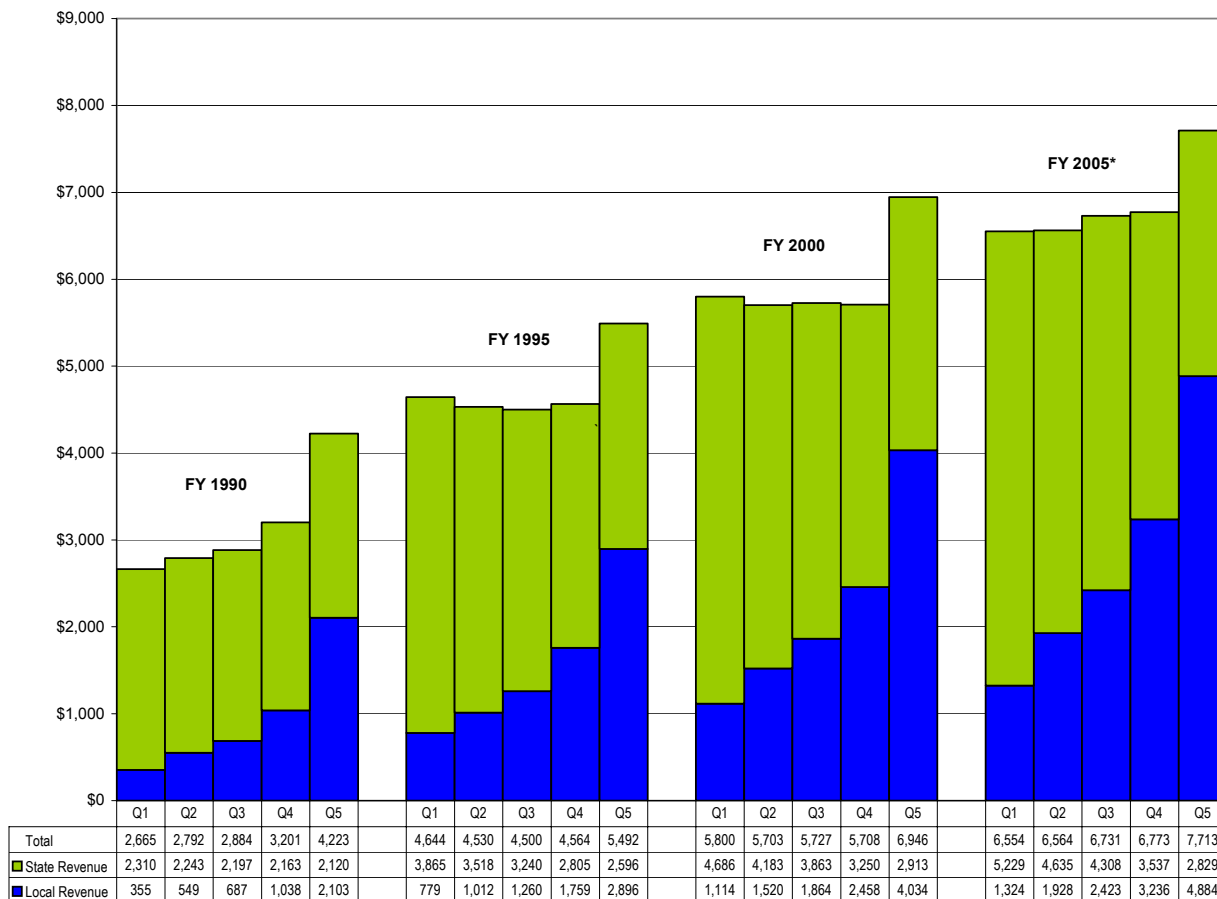
**Table 2.2**  
**Local and State Per-pupil Revenue by Property Wealth Quintile**  
**as Percent of Quintile 5 for Select Years**

Quintile	FY 1990	% of Q5	FY 1995	% of Q5	FY 2000	% of Q5	FY 2005*	% of Q5
Q1 - Lowest Wealth	\$2,665	63%	\$4,644	85%	\$5,800	83%	\$6,554	85%
Q2	\$2,792	66%	\$4,530	82%	\$5,703	82%	\$6,564	85%
Q3	\$2,884	68%	\$4,500	82%	\$5,727	82%	\$6,731	87%
Q4	\$3,201	76%	\$4,564	83%	\$5,708	82%	\$6,773	88%
Q5 - Highest Wealth	\$4,223	100%	\$5,492	100%	\$6,946	100%	\$7,713	100%

\*FY 2005 figures are not audited.

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.

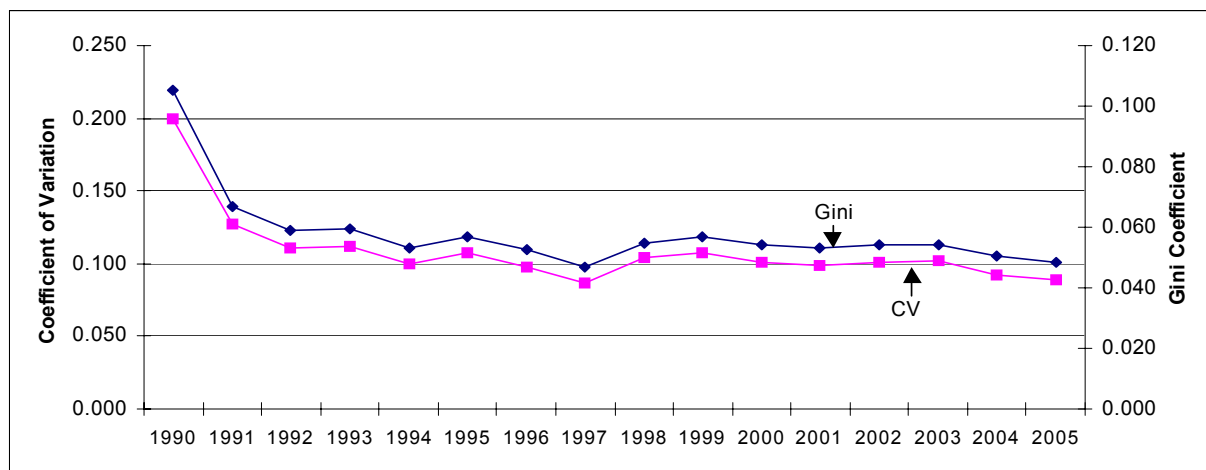
**Figure 2.B**  
**Local and State Per-pupil Revenue by Property Wealth Quintile**  
**for Select Years**



\*FY 2005 figures are not audited. Appendix C contains Average Per-pupil Revenues by Wealth Quintile.  
Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.

Figure 2.C reports changes in per-pupil revenue equity as measured by the CV and Gini. Values closer to zero show greater equity. Differences between the two methods should not be interpreted as one showing more equity because they are based on different units of measurement. However, the relationship between the two is very similar, and a comparison of Figure 2.C with the last column of Table 2.1 shows that all methods of examining equity reveal similar patterns.

**Figure 2.C**  
**Equity Measures for Local and State Per-pupil Revenue FY 1990-FY 2005\***



\*FY 2005 figures are not audited. See Appendix B for technical explanations of the CV and Gini measures.  
Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.

As was also shown in earlier calculations using wealth quintiles, the CV and Gini indicate that equity improved significantly in the first year after KERA was enacted. Equity continued to improve until FY 1997. Following a few years in which equity worsens, improvements begin again in FY 2004 and continue in FY 2005.<sup>9</sup>

<sup>9</sup> A comparison of Table 2.1, which presents the equity gap as measured by the wealth quintiles, and Figure 2.C shows two years in which the results of the CV and Gini differ slightly from the quintile analysis. In FY 1996, Table 2.1 shows that equity between Quintile 5 and the other quintiles worsened, while Figure 2.C shows equity improving. The reason for this disparity in results is that while per-pupil revenue *among* Quintiles 1 through 4 moved further from that of Quintile 5, the variation in per-pupil revenue *within* the quintiles decreased. In FY 2003, Figure 2.C shows equity is slightly worse than it was the year before. Table 2.1 shows that equity between Quintile 5 and the other quintiles improved. FY 2003 per-pupil revenue *among* Quintiles 1 through 4 moved closer to that of Quintile 5, but the variation in per-pupil revenue *within* the quintiles increased. An analysis of variance (ANOVA) examines the level of variation within and between quintiles (Levine, Berenson, and Stephan 605). The analysis shows that variation within quintiles was less in FY 1996 than it was in the preceding year or the following year, while in FY 2003 within-quintile variation was greater than it was in the preceding year or the two following years. Since the CV and Gini are measuring total variation among the districts' revenue, these equity measures reflect the decrease in FY 1996 and the increase in FY 2003. Appendix B presents the results of the ANOVA calculation for local and state per-pupil revenue for FY 1995-FY 1997 and FY 2002-FY 2005.

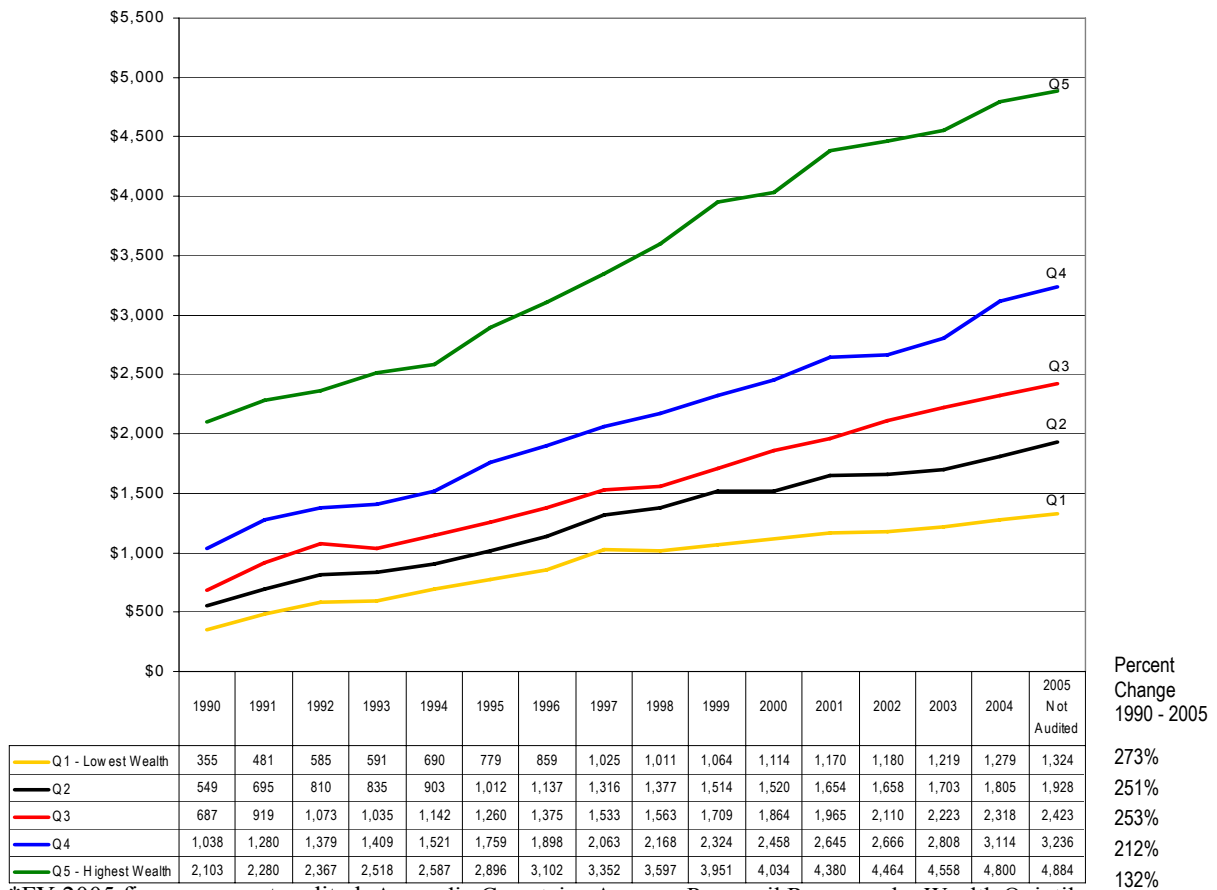


## Chapter 3

### Analysis of Local Revenue

To analyze the revenue gap in further detail, local revenue is analyzed separately from state revenue. As shown in Figure 3.A, in absolute terms, local revenue grew the most in the highest wealth quintile, increasing \$2,781 per pupil from \$2,103 in FY 1990 to \$4,884 in FY 2005. Local revenue grew the least in the lowest wealth quintile, increasing \$969 per pupil from \$355 to \$1,324 for the same time period; however, the lowest wealth quintile experienced the greatest rate of change, increasing 273 percent over the 15-year period.

**Figure 3.A**  
**Local Per-pupil Revenue by Property Wealth Quintile**  
**FY 1990-FY 2005\***



\*FY 2005 figures are not audited. Appendix C contains Average Per-pupil Revenues by Wealth Quintile. Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.

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When adjusted for inflation, the patterns of growth in local revenue are identical to those reported in Figure 3.A, except that the adjusted dollar gains and rates of growth are flatter than those shown for unadjusted data are. See Appendix D for constant dollar calculations.

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KERA requires school districts to levy a minimum equivalent tax of 30 cents per \$100 of assessed property to participate in the SEEK program. School districts have the flexibility to make up their local effort through any combination of real estate property taxes, tangible property taxes, motor vehicle taxes, and permissive taxes.

When adjusted for inflation, the patterns of growth in local revenue are identical to those reported in Figure 3.A, except that the adjusted dollar gains and rates of growth are flatter than those shown for unadjusted data are. As reported in Appendix D, in constant 1990 dollars, Quintile 1 grew by \$522, or 147 percent; and Quintile 5 grew by \$1,132, for a 54 percent increase over the 15-year period.

Most of the school districts' local revenue comes from taxes. KERA requires school districts to levy a minimum equivalent tax of 30 cents per \$100 of assessed property to participate in the SEEK program. School districts have the flexibility to make up their local effort through any combination of property taxes, motor vehicle taxes, and permissive taxes.

Property taxes are levied on both real property and tangible personal property. Real property consists of land, buildings, and improvements thereon, including real property of public service corporations. Tangible property consists of equipment or inventory used in the operation of a business, including tangible property of public service corporations. Motor vehicles taxes are levied on motor vehicles, watercraft, and aircraft. Permissive taxes are levied under KRS 160.593 and consist of utility taxes, occupational taxes, and excise taxes (Kentucky Department of Education 4-6).

The Kentucky Department of Education calculates and certifies tax rates to each local school district. There are four tax rates calculated for real and tangible property. These include three rates calculated under pre-KERA provisions of House Bill 44 per KRS 160.470 and one rate under KERA authorization legislation House Bill 940 implemented in KRS 157.440. The local board of education determines which tax rate it wishes to adopt. Appendix E contains an example of a district's tax rate certification including the calculations for each tax rate.

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House Bill 44, which is solely dependent on property valuation, has three possible levies: the Compensating Tax Rate; Subsection (1) Tax Rate; and 4 Percent Increase Tax Rate.

House Bill 44, which is solely dependent on property valuation, has three possible levies: the Compensating Tax Rate; Subsection (1) Tax Rate; and 4 Percent Increase Tax Rate.

**Compensating Tax Rate.** This is the rate that, when applied to the current year's property assessment, excluding new property, produces an amount of revenue equal to that produced in the preceding year. This rate may be levied without hearing or recall.

**Subsection (1) Tax Rate.** Referring to subsection (1) of KRS 160.470, this rate restricts local school boards to a tax rate

that will produce no more revenue than the previous year's maximum rate. This rate is subject to the hearing and recall provisions in KRS 160.470(7)(8). A school district may exceed the subsection (1) rate with the approval of a majority of the qualified voters.

**4 Percent Increase Tax Rate.** This tax rate is the rate that will produce 4 percent over the amount of revenue produced by the compensating rate. Prior to recent legislative actions, districts could not levy the 4 percent increase rate if it exceeded the subsection (1) rate, but current statute removes this restriction. The 4 percent increase rate is subject to the hearing provisions in KRS 160.470(7).

House Bill 940 implements KERA and specifies local tax provisions in support of education.

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House Bill 940, which is dependent on the mix of taxes levied by a district, including real estate, tangible, motor vehicle, and permissive taxes, provides the fourth possible tax levy.

**Tier I Tax Rate.** House Bill 940, which is dependent on the mix of taxes levied by a district, including real estate, tangible, motor vehicle, and permissive taxes, provides the fourth possible tax levy. Often referred to as the House Bill 940 Tax Rate, this rate qualifies districts for maximum Tier I equalization and can be levied without hearing and recall.

All school districts complied with the required minimum effort and, under House Bill 940, were allowed to increase their local tax effort above the minimum 30 cents to qualify for additional state funds through equalization. In FY 1995, there were 34 districts that did not qualify for full Tier I equalization because their local tax effort was insufficient. By FY 2005, all but three districts qualified for full Tier I equalization.

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Since school districts' local tax effort consists of various types of taxes and the rates at which these revenue sources are taxed can vary, the funding system uses a "levied equivalent rate" to convert districts' local tax efforts to a comparable basis.

Since school districts' local tax effort consists of various types of taxes and the rates at which these revenue sources are taxed can vary, the funding system uses a "levied equivalent rate" to convert districts' local tax efforts to a comparable basis. The levied equivalent rate, in simple terms, is a district's total tax revenue divided by its assessments.

As shown in Table 3.1, districts in each quintile increased their local effort from FY 1990 to FY 1995, resulting in higher levied equivalent rates. During the next five years, the levied equivalent rates remained relatively stable for all quintiles, with little progress in closing the gap between the taxing efforts of property-rich and property-poor districts. However, the levied equivalent rates in FY 2005, reflecting the levy of the second growth nickels by districts

in Quintiles 2, 3, and 4, show slight progress in narrowing the difference between the taxing efforts of these quintiles.

**Table 3.1**  
**Levied Equivalent Tax Rates by Property Wealth Quintile**  
**for Select Years**

FY 1990							
Quintile Characteristics	Q1 - Lowest Wealth	Q2	Q3	Q4	Q5 - Highest Wealth	Statewide	Ratio: Richest to Poorest
Number of Districts	53	45	39	33	6	176	
Funded ADA	115,074	114,190	118,119	106,632	121,119	575,134	
Property Wealth Per Pupil	\$71,665	\$105,467	\$138,954	\$179,713	\$280,727	\$156,255	3.9
Average Levied Equivalent Tax Rates	32.5¢	37.7¢	34.3¢	44.1¢	68.2¢	49.5¢	

FY 1995							
Quintile Characteristics	Q1 - Lowest Wealth	Q2	Q3	Q4	Q5 - Highest Wealth	Statewide	
Number of Districts	55	49	36	32	4	176	
Funded ADA	115,477	114,974	117,044	112,117	121,110	580,722	
Property Wealth Per Pupil	\$104,767	\$146,018	\$185,496	\$249,159	\$360,085	\$210,329	3.4
Average Levied Equivalent Tax Rates	55.7¢	55.0¢	55.5¢	56.6¢	74.7¢	62.6¢	

FY 2000							
Quintile Characteristics	Q1 - Lowest Wealth	Q2	Q3	Q4	Q5 - Highest Wealth	Statewide	
Number of Districts	60	51	32	29	4	176	
Funded ADA	114,448	113,317	112,430	108,383	122,455	571,034	
Property Wealth Per Pupil	\$143,590	\$208,156	\$260,192	\$352,757	\$486,063	\$292,502	3.4
Average Levied Equivalent Tax Rates	55.3¢	54.6¢	57.0¢	56.5¢	75.4¢	62.9¢	

FY 2005							
Quintile Characteristics	Q1 - Lowest Wealth	Q2	Q3	Q4	Q5 - Highest Wealth	Statewide	
Number of Districts	66	47	34	23	6	176	
Funded ADA	117,487	111,624	116,500	99,773	131,921	577,306	
Property Wealth Per Pupil	\$187,290	\$268,348	\$336,898	\$445,536	\$622,859	\$377,318	3.3
Average Levied Equivalent Tax Rates	55.6¢	57.3¢	60.4¢	61.4¢	72.4¢	64.2¢	

Source: Staff compilation of Final SEEK Calculations and Tax Rates provided by the Kentucky Department of Education, Division of School Finance.

The per-pupil property assessment in the highest property wealth quintile is still 3.3 times that of lowest property wealth quintile.

In 1990, there were also new statutory provisions that required a review every four years of all the property in the Commonwealth, mandated that all properties be assessed at 100 percent of fair market value, and imposed rigid performance standards for local Property Valuation Administrators. In FY 1990, the average



per-pupil property assessment was \$71,665 in the lowest wealth quintile and \$280,727 in the highest wealth quintile. Thus, as shown in Table 3.1, the per-pupil property assessment in the highest wealth quintile was 3.9 times greater than that in the lowest wealth quintile. The per-pupil property assessments have increased in all quintiles since FY 1990. However, the difference between quintiles has remained relatively stable. For example, in FY 2005, the per-pupil property assessment was \$187,290 in the lowest wealth quintile and \$622,589 in the highest wealth quintile. The per-pupil property assessment in the highest wealth quintile is still 3.3 times greater than that of the lowest wealth quintile.

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Some school districts have not taken full advantage of the property tax rates certified to them.

About half of Kentucky’s school districts do not take full advantage of the property tax rates certified to them. When school districts levy less than the maximum allowable rate not subject to recall, the result is a loss of potential revenue not only in the current year but in subsequent years as well. As illustrated in Table 3.2, school districts have foregone approximately \$44.7 million in revenue from FY 1998 to FY 2005, an average of \$5.6 million a year. This amount includes only the loss in a given year and does not consider the cumulative effect. Average rates forgone range from 1.6 cents to 2.3 cents, while actual rates forgone vary from 0.1 to 26.3 cents.

**Table 3.2**  
**Estimated Revenue Forgone by Districts Levying**  
**Less Than the Maximum Rate Not Subject To Recall**  
**FY 1998-FY 2005**

Fiscal Year	Districts Levying Less than the Maximum Rate	Average Levy Below Maximum Rate	Median of Levy Below Maximum Rate	Estimated Revenue Lost
1998	90	2.1¢	1.6¢	\$5,706,894
1999	88	2.3¢	1.6¢	\$6,885,802
2000	84	2.2¢	1.6¢	\$5,634,207
2001	89	2.1¢	1.6¢	\$6,213,229
2002	70	2.1¢	1.5¢	\$3,979,495
2003	79	2.0¢	1.4¢	\$4,677,198
2004	98	1.7¢	1.5¢	\$6,379,317
2005	94	1.6¢	1.4¢	\$5,214,338
Total				\$44,690,480

Source: Staff compilation of tax rates and assessment data provided by the Kentucky Department of Education, Division of School Finance.

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It appears potential revenue forgone by school districts would have narrowed the equity gap slightly.

It appears the potential revenue forgone by school districts would have narrowed the equity gap slightly. Districts in the lowest wealth quintile lost an average per-pupil revenue of \$19, while districts in Quintile 2 lost \$15, districts in Quintile 3 lost \$7, and

districts in Quintile 4 lost \$9. On average, school districts in the highest wealth quintile levied the maximum rate not subject to recall and therefore maximized their revenue.

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Several factors affect the equity of education resources among school districts in Kentucky.

The following factors affect the equity of education resources among school districts in Kentucky. They impact districts differently, allowing some to raise additional local revenue, while limiting the ability of others to do so.

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House Bill 44 and House Bill 940 are intertwining tax laws.

**Intertwining Tax Laws.** In the early years of the reform, districts could choose to increase their local tax effort under the provisions of House Bill 940 by raising property taxes. House Bill 44 has allowed districts to maintain the higher property revenues.

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Permissive taxes are levied under KRS 160.593 and consist of utility taxes, occupational taxes, and excise taxes.

**Permissive Tax.** These taxes are levied under KRS 160.593 and consist of utility taxes, occupational taxes, and excise taxes. In FY 1991, 57 districts adopted a utility tax and 2 districts adopted an occupational tax to increase their local tax effort and qualify for Tier I equalization. By doing so, these districts were able to increase their local tax effort without raising their property taxes. By FY 2005, 159 districts had levied a utility tax, 8 districts had levied an occupational tax, and no districts levied an excise tax. These taxes generate substantially more revenue in some school districts than in others. Appendix F reports per-pupil permissive taxes collected by district from FY 1998 through FY 2005.

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As property assessments increase, some school districts lose more in SEEK funds than they are able to collect in local taxes.

**Property Assessment Growth and SEEK.** Some school districts' property assessments grow by more than 4 percent per year, but their property tax collections are limited to 4 percent growth under House Bill 44. The school districts' SEEK calculations are based on their property assessments without considering this limitation. Table 3.3 illustrates the impact on local and state revenues when assessments grow more than 4 percent, less than 4 percent, or exactly 4 percent, and local revenue is limited to 4 percent growth.<sup>10</sup>

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<sup>10</sup> Per KRS 160.470 (3c), the 4 percent limitation applies to real property only. However, for simplicity, the discussion and illustration apply the 4 percent to the total property assessment, which includes real property, tangible property, and motor vehicles.

**Table 3.3**  
**Impact of 4 Percent Increase Tax Rate**  
**on Local and State Revenues**

Scenario 1 illustrates that if districts' property assessments increase 4 percent, districts can collect the same amount in local funds as their state funds are offset.

Scenario 1

The following occurs with a 4% increase in property assessment and no other changes in SEEK:

	Prior Year Revenue	Change in Revenue	Current Year Revenue
Local	\$100,000	\$4,000	\$104,000
State	\$1,000,000	-\$4,000	\$996,000
Total	\$1,100,000	\$0	\$1,100,000

Scenario 2 illustrates that if districts' property assessments grow by more than 4 percent per year and their local revenue is limited to 4 percent growth under House Bill 44, districts can lose more in state funds than they are allowed to gain in local funds.

Scenario 2

The following occurs when property assessments grow more than 4% (10% used below) and local revenue is limited to a 4% increase:

	Prior Year Revenue	Change in Revenue	Current Year Revenue
Local	\$100,000	\$4,000	\$104,000
State	\$1,000,000	-\$10,000	\$990,000
Total	\$1,100,000	-\$6,000	\$1,094,000

Scenario 3 illustrates that if districts' property assessments grow less than 4 percent per year and they are able to collect 4 percent more in local taxes, districts can collect more in local funds than their state funds are offset.

Scenario 3

The following occurs when property assessments grow less than 4% (2% used below) and local revenue is increased by 4%:

	Prior Year Revenue	Change in Revenue	Current Year Revenue
Local	\$100,000	\$4,000	\$104,000
State	\$1,000,000	-\$2,000	\$998,000
Total	\$1,100,000	\$2,000	\$1,102,000

Note: In theory, under the Kentucky Education Reform Act, changes in wealth would have no effect on total funds available to school districts. As districts collect more in local taxes, their state funds would be offset by an equal amount. However, districts' state SEEK calculations are based on their property assessments without considering the 4 percent limitation on local revenue. There are other factors that determine actual total revenue. Permissive taxes, new property, and motor vehicle taxes may offset these differences.

Source: Goins.

Also, as local property assessments increase, school districts with property tax rates above their maximum Tier I equivalent rate collect more in local taxes than their state SEEK funds will decrease. In contrast, school districts with property tax rates lower than their maximum Tier I equivalent rate will lose more in SEEK funds than they collect in local taxes. Appendix G illustrates the impact on local and state revenues when property tax rates are above or below the maximum Tier I equivalent rate.

Prior to recent legislative actions, districts could not levy the 4 percent increase rate if it exceeded the subsection (1) rate. The General Assembly removed this limitation through budget language in 2003 and 2005 and permanently removed the limitation as part of the tax modernization plan in House Bill 272 in 2005.

**Districts Unable to Levy 4 Percent Tax Rate.** Prior to recent legislative actions, districts could not levy the 4 percent increase rate if it exceeded the subsection (1) rate, which limited districts to a tax rate that would produce no more revenue than the previous year's maximum rate. In FY 1998, 22 school districts were limited to the subsection (1) rate per KRS 160.470 and were not legally able to levy the 4 percent increase tax rate. In FY 2005, 39 school districts were limited. As reported in Table 3.4, these school districts could have collected approximately \$14.8 million in additional revenue since FY 1998. This does not consider the cumulative effect of the lost tax revenue. The General Assembly, through budget language in 2003 and 2005, removed this limitation and allowed all districts the opportunity to levy the 4 percent tax rate. Since local boards had already adopted tax rates for the current year, this change went into effect the following fiscal year. For FY 2004, this meant approximately \$5.1 million more revenue for the 31 districts that would have otherwise been capped at the subsection (1) tax rate. Of the 31 districts, 22 districts took full advantage of the opportunity and collected approximately \$4.1 million in additional revenue. No budget was passed in 2004, so the limitation remained in effect for the FY 2005 tax rates. The limitation was again removed through budget language for the FY 2006 tax rates, although this is not reflected in this report. In 2005 the General Assembly permanently removed the limitation as part of the tax modernization plan in House Bill 272 in 2005.

**Table 3.4**  
**Revenue Loss Due to Subsection (1) Limitation**

Fiscal Year	Revenue Loss	No. of Districts Affected	Average Loss Per District
1998	\$708,683	22	\$32,213
1999	\$1,425,007	22	\$64,773
2000	\$1,893,246	23	\$82,315
2001	\$2,775,457	22	\$126,157
2002	\$1,698,202	29	\$58,559
2003	\$3,178,450	33	\$96,317
2004	Limitation removed through budget language		
2005	\$3,136,980	39	\$80,435

Source: Staff calculations based on tax rates and assessment data provided by the Kentucky Department of Education, Division of School Finance.

The additional revenue produced within Tier II is not equalized by the state and creates additional disparities among revenue available to school districts.

**Tier II Revenues.** As explained in Chapter 1, Tier II allows school districts to levy an equivalent tax rate that will raise revenue up to 30 percent above the adjusted SEEK base and Tier I. The additional revenue produced within Tier II is not equalized by the state and creates additional disparities among revenue available to

school districts. Appendix H reflects districts' per-pupil Tier II revenue from FY 1995 through FY 2005.

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In lieu of taxes are voluntary payments made to school districts by corporate or governmental entities for property that is not subject to taxation.

**In Lieu of Taxes.** Not all property in a district is subject to taxation. This can result when property is owned by state or federal agencies, which are exempt from taxation, or by private businesses that have been given tax waivers as part of an economic development package. In some instances, these corporate or governmental entities make voluntary payments, referred to as in lieu of taxes, to a school district. These payments are reported in Appendix I. Some school districts collect substantial amounts from in lieu of taxes while others collect none or very little. Due to the voluntary nature these payments, the timing and amounts are not guaranteed. These properties are not on the tax roll and are not included in the property assessment for the purpose of calculating districts' SEEK allocations.

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School districts meeting the criteria in KRS 157.621 can levy an additional nickel, referred to as the growth nickel, for building fund needs.

**Growth Nickel.** School districts meeting the criteria in KRS 157.621 can levy an additional nickel for building fund needs. This additional tax is subject to a hearing. The General Assembly enacted KRS 157.621 in 1994 and included a sunset provision upon full funding of the Facilities Support Program of Kentucky (FSPK). This program requires districts to levy a 5-cent equivalent tax for facilities, and state funds equalize local tax revenues at 150 percent of the statewide average per-pupil property assessment. Although the FSPK has been fully funded since FY 1996, the General Assembly continued to allow for the growth nickel through budget language. By FY 2005, 26 districts levied a growth nickel. This levy generated \$29.5 million in FY 2005 for those districts to use for building needs.

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Through budget language in 2003 and 2005, the General Assembly provided those districts that continued to meet the growth criteria the option to levy a second growth nickel.

**Second Growth Nickel.** Through budget language in 2003 and 2005, the General Assembly provided those districts that continued to meet the growth criteria the option to levy a second growth nickel. In FY 2005, 18 districts levied the second growth nickel, which generated \$23.4 million for those districts to use for building needs.

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Through budget language in 2003 and 2005, the General Assembly allowed all districts the opportunity to levy a nickel for building needs, which was subject to recall.

**Recallable Nickel.** Through budget language in 2003 and 2005, the General Assembly allowed all districts the opportunity to levy a nickel for building needs that was subject to recall. In FY 2005, six districts levied the recallable nickel, which generated \$4.3 million for those districts to use for building needs.



## Chapter 4

### Analysis of State Revenue

Per-pupil state revenue by wealth quintile from FY 1990 to FY 2005 is depicted in Figure 4.A. In FY 1990, the last year that state funds were distributed under the Foundation Program Fund, there was little difference in the amount of state funds received by school districts. The foundation formula used a classroom unit method of allocating funds and did not take into consideration the property wealth of school districts or their ability to raise local revenue. Under SEEK, which considered the wealth of school districts, more state funds were distributed to property-poor districts. A comparison of revenue received by districts prior to and after implementation of SEEK clearly shows this difference.

State revenue grew the most in the lowest wealth quintile, increasing \$2,919 per pupil from \$2,310 in FY 1990 to \$5,229 in FY 2005. State revenue grew the least in the highest wealth quintile, increasing \$709 per pupil from \$2,120 to \$2,829 for the same time period.<sup>11</sup>

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The SEEK formula has allowed for a substantial increase in state funding to property-poor districts.

While the current SEEK formula has allowed for an increase in state funding to property-poor districts, which has contributed to a reduction in the funding gap, various legislative actions have permitted selective funding, which impacts the ability to reach equity. Some of these actions are listed below.

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Hold harmless is a provision of the SEEK statute that guarantees a school district will not receive less state SEEK funding per pupil than it did in FY 1992. This funding is made without regard to the local wealth of the school district.

**Hold Harmless.** A provision of the SEEK statute guarantees that a school district will not receive less state SEEK funding per pupil than it did in FY 1992. This funding is made without regard to the local wealth of the school district. As shown in Appendix J, in FY 1993, 49 school districts received approximately \$29 million in additional revenue under this provision. In FY 2005, three school districts received approximately \$2.5 million.

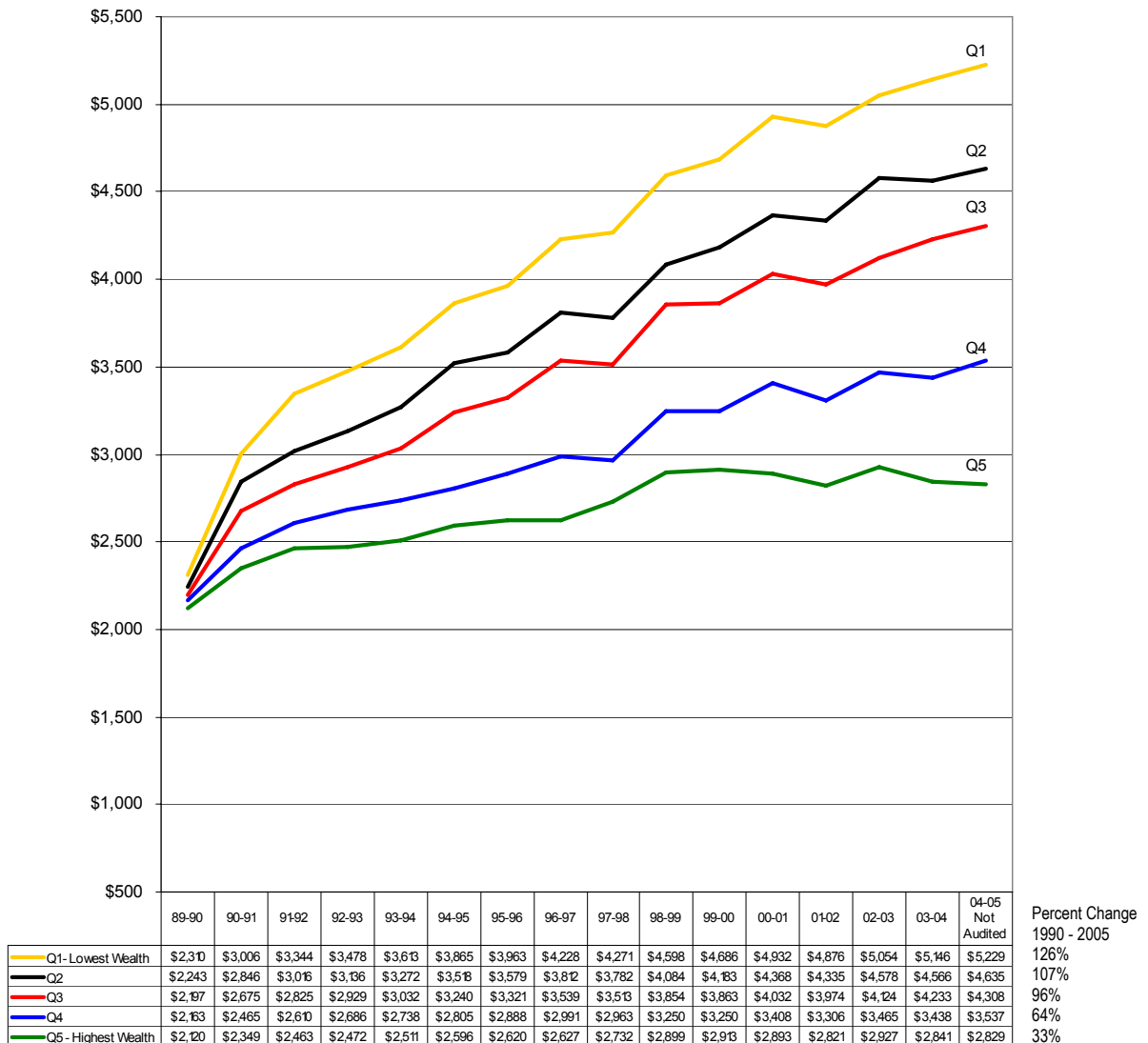
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<sup>11</sup> This relationship is also evident when the data are adjusted for inflation; although, the magnitude of dollar gains is less. As Appendix D reports, in constant 1990 dollars, state revenue for Quintile 1 grew 50 percent from 1990 to 2005, while Quintile 5 state revenue fell by 12 percent, from \$2,120 to \$1,874 during this period.

Through budget language in 2003 and 2005, the General Assembly appropriated funds to equalize the first growth nickel for those districts that also levied the second growth nickel.

**Growth Nickel Equalization.** The General Assembly, through budget language during the 2003 and 2005 Sessions, appropriated \$3 million in FY 2004 and \$8.6 million in FY 2005 as equalization of the first growth nickel for those districts that levied the second growth nickel.

**Figure 4.A**  
**State Per-pupil Revenue by Property Wealth Quintile**  
**FY 1990-FY 2005\***



\*FY 2005 figures are not audited. Appendix C contains Average Per-pupil Revenues by Wealth Quintile.  
Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.



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Funds for special legislative projects are appropriated to school districts outside the SEEK formula.

**Special Legislative Projects.** Special legislative projects are funds appropriated to school districts outside the SEEK formula for special projects. In recent years, the General Assembly has made efforts to assist school districts in funding projects to renovate or replace schools in the poorest condition as rated by KDE. Revenue received through special legislative projects for construction has not been reflected in OEA's funding analysis.

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KERA requirements, state grants, and on-behalf-of payments are appropriated outside the SEEK formula.

**State Funds Outside SEEK.** Consultants advising the Task Force on Education Reform in 1990 envisioned that more state aid would be distributed inside the SEEK formula and thus be subject to equalization than aid available to school districts outside the SEEK formula (Augenblick 46). The following items remain funded outside the SEEK formula:

- Kentucky Education Reform Act requirements of Extended School Services, Family Resource and Youth Service Centers, Professional Development, Preschool, and Technology.
- State grants that are given to school districts to fund certain projects, such as textbooks.
- Funds appropriated by the General Assembly to KDE for expenditures the department makes on behalf of school districts. These items include vocational schools, teacher retirement, health insurance, and life insurance. These payments have not been reflected in OEA's funding analysis thus far because school districts were not required to account for these funds until FY 2004. Table 4.1 reflects changes to district revenue when on-behalf-of payments are included for FY 2004 and 2005.

**Table 4.1**  
**State Per-pupil Revenue by Property Wealth Quintile**  
**Adjusted for State On-Behalf-Of Payments FY 2004 and FY 2005\***

FY 2004				
Quintile	Unadjusted	With On-Behalf-Of Payments	Difference	% Change
Q1 - Lowest Wealth	\$5,146	\$6,196	1,050	20%
Q2	\$4,566	\$5,522	956	21%
Q3	\$4,233	\$5,208	975	23%
Q4	\$3,438	\$4,375	937	27%
Q5 - Highest Wealth	\$2,841	\$3,963	1,122	39%

FY 2005*				
Quintile	Unadjusted	With On-Behalf-Of Payments	Difference	% Change
Q1 - Lowest Wealth	\$5,229	\$6,448	1,219	23%
Q2	\$4,635	\$5,784	1,149	25%
Q3	\$4,308	\$5,439	1,130	26%
Q4	\$3,537	\$4,583	1,046	30%
Q5 - Highest Wealth	\$2,829	\$3,988	1,160	41%

\*FY 2005 figures are not audited.

Note: On-behalf-of payments are expenditures the Kentucky Department of Education makes with general fund appropriations. This spending covers expenses that might otherwise be paid for directly by school districts such as vocational schools, teacher retirement, health insurance, and life insurance.

Source: Staff calculations based on data provided by the Kentucky Department of Education, Division of School Finance.

Quintiles 1 through 4 received between 20-27 percent more revenue per-pupil in FY 2004 when on-behalf-of payments are accounted for, while Quintile 5 received an additional 39 percent. In FY 2005, Quintiles 1 through 4 received between 23-30 percent more from on-behalf-of payments, and Quintile 5 received 41 percent more revenue than seen in unadjusted revenues. In absolute terms, Quintile 5 received the most on-behalf-of payments in FY 2004; and the second most, behind Quintile 1, in FY 2005.

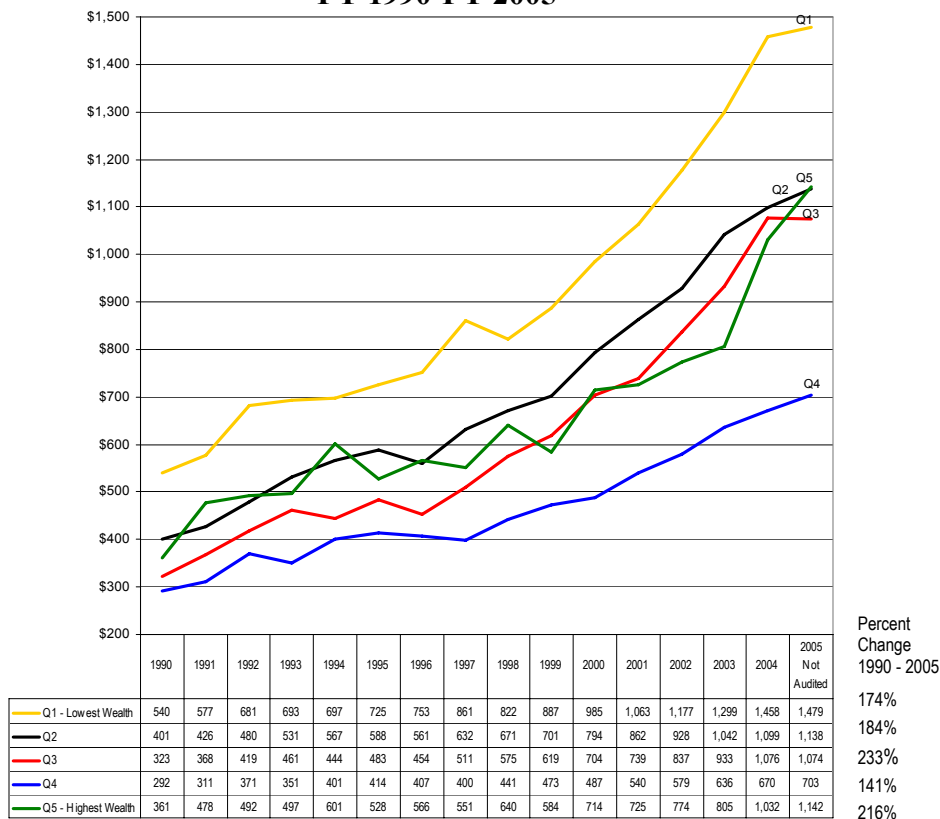
## Chapter 5

### Analysis of Total Revenue

The gap is actually wider between Quintiles 5 and 4 when federal revenue is included.

Although this analysis focuses primarily on local and state education funding because those are the funding sources that can be impacted through state policymaking, analysis of education funding is incomplete without discussion of the federal funds received by school districts. Figure 5.A depicts the federal funds received by quintiles from FY 1990 through FY 2005.<sup>12</sup> Federal revenue grew the most in Quintile 1, increasing \$939 per pupil from \$540 in FY 1990 to \$1,479 in FY 2005. Federal revenue grew the least in Quintile 4, increasing \$411 per pupil from \$292 to \$703 for the same time period.

**Figure 5.A**  
**Federal Per-pupil Revenue by Property Wealth Quintile**  
**FY 1990-FY 2005\***



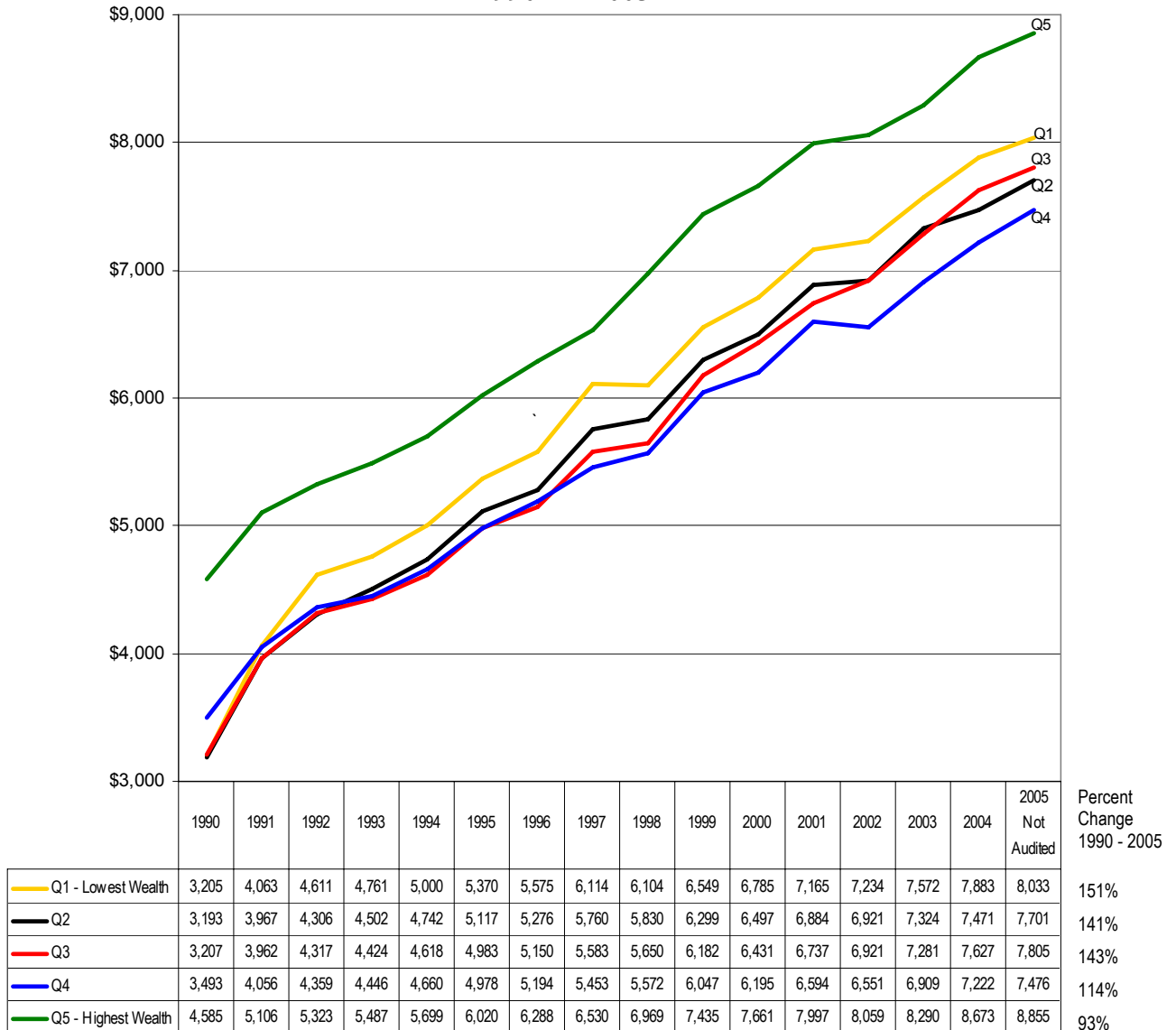
\*FY 2005 figures are not audited. Appendix C contains Average Per-pupil Revenues by Wealth Quintile.

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.

<sup>12</sup> Appendix D reports federal funds in inflation-adjusted constant 1990 dollars.

Figure 5.B reflects total revenue and illustrates how the addition of federal funds helps reduce the equity gap between Quintile 5 and Quintiles 1 through 3. The gap is wider between Quintiles 5 and 4 when federal revenue is included because of the relatively lower amount of federal funds received by districts in Quintile 4.

**Figure 5.B**  
**Total Per-pupil Revenue by Property Wealth Quintile**  
**FY 1990-FY 2005\***



\*FY 2005 figures are not audited. Appendix C contains Average Per-pupil Revenues by Wealth Quintile.  
Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.

In an analysis similar to that presented in Chapter 2 for local and state revenue, Table 5.1 converts the total per-pupil revenue data presented in Figure 5.B to a measure of equity among the wealth quintiles and repeats both nominal and inflation-adjusted revenue amounts. As shown in Figure 5.B, total per-pupil revenue for Quintile 5 was \$4,585 in 1990, compared to \$3,205 in Quintile 1, for a difference of \$1,380. Table 5.1 reports differences in total per-pupil funding between Quintile 5 and each of the other quintiles from FY 1990 through FY 2005. Adding Quintile 5's and 1's difference of \$1,380 to the corresponding differences in funding between Quintile 5 and Quintiles 2 through 4 results in an aggregate difference of \$5,241 in FY 1990. As equity improves, the sum of differences between Quintile 5 and Quintiles 1 through 4—the equity gap—will narrow. The FY 1990 figure is the pre-reform baseline against which the FY 1991 through FY 2005 equity gap data will be compared.

As is the case when just local and state revenue is considered (see Table 2.1), the equity gap in total revenue has been narrower in all years since education reform was enacted in FY 1990. The gap reduced the most in FY 1997, increased in FY 1998, and remained fairly steady until FY 2003, when it narrowed again. In FY 2004, the gap widened a bit and improved slightly in FY 2005.

The constant dollar equity gap calculated in Panel 2 of Table 5.1 shows greater success in reaching equity and a more consistent narrowing of the gap over time than is evident in the unadjusted dollar analysis presented in Panel 1 of Table 5.1.

**Table 5.1**  
**Total Revenue: Difference in Quintiles 1-4 Per-pupil Revenue**  
**Compared to Quintile 5 Per-pupil Revenue for FY 1990-FY 2005\***

**Panel 1: Unadjusted Dollars**

Fiscal Year	Quintile 5 Per-pupil Revenue Minus Lower Quintiles' Revenue				Q1-4 Aggregate Difference: Equity Gap	% Difference Compared to 1990
	Quintile 1	Quintile 2	Quintile 3	Quintile 4		
1990	\$1,380	\$1,391	\$1,378	\$1,092	\$5,241	
1991	\$1,043	\$1,139	\$1,144	\$1,050	\$4,376	-16%
1992	\$711	\$1,017	\$1,006	\$963	\$3,697	-29%
1993	\$726	\$985	\$1,063	\$1,041	\$3,816	-27%
1994	\$699	\$957	\$1,081	\$1,039	\$3,776	-28%
1995	\$650	\$902	\$1,037	\$1,042	\$3,631	-31%
1996	\$712	\$1,011	\$1,138	\$1,094	\$3,956	-25%
1997	\$416	\$771	\$948	\$1,078	\$3,212	-39%
1998	\$865	\$1,139	\$1,318	\$1,397	\$4,719	-10%
1999	\$885	\$1,136	\$1,253	\$1,388	\$4,661	-11%
2000	\$875	\$1,164	\$1,230	\$1,465	\$4,734	-10%
2001	\$833	\$1,113	\$1,261	\$1,403	\$4,610	-12%
2002	\$825	\$1,138	\$1,138	\$1,508	\$4,609	-12%
2003	\$718	\$966	\$1,009	\$1,380	\$4,074	-22%
2004	\$790	\$1,202	\$1,046	\$1,451	\$4,490	-14%
2005*	\$823	\$1,154	\$1,050	\$1,379	\$4,406	-16%

**Panel 2: FY 1990 Constant Dollars**

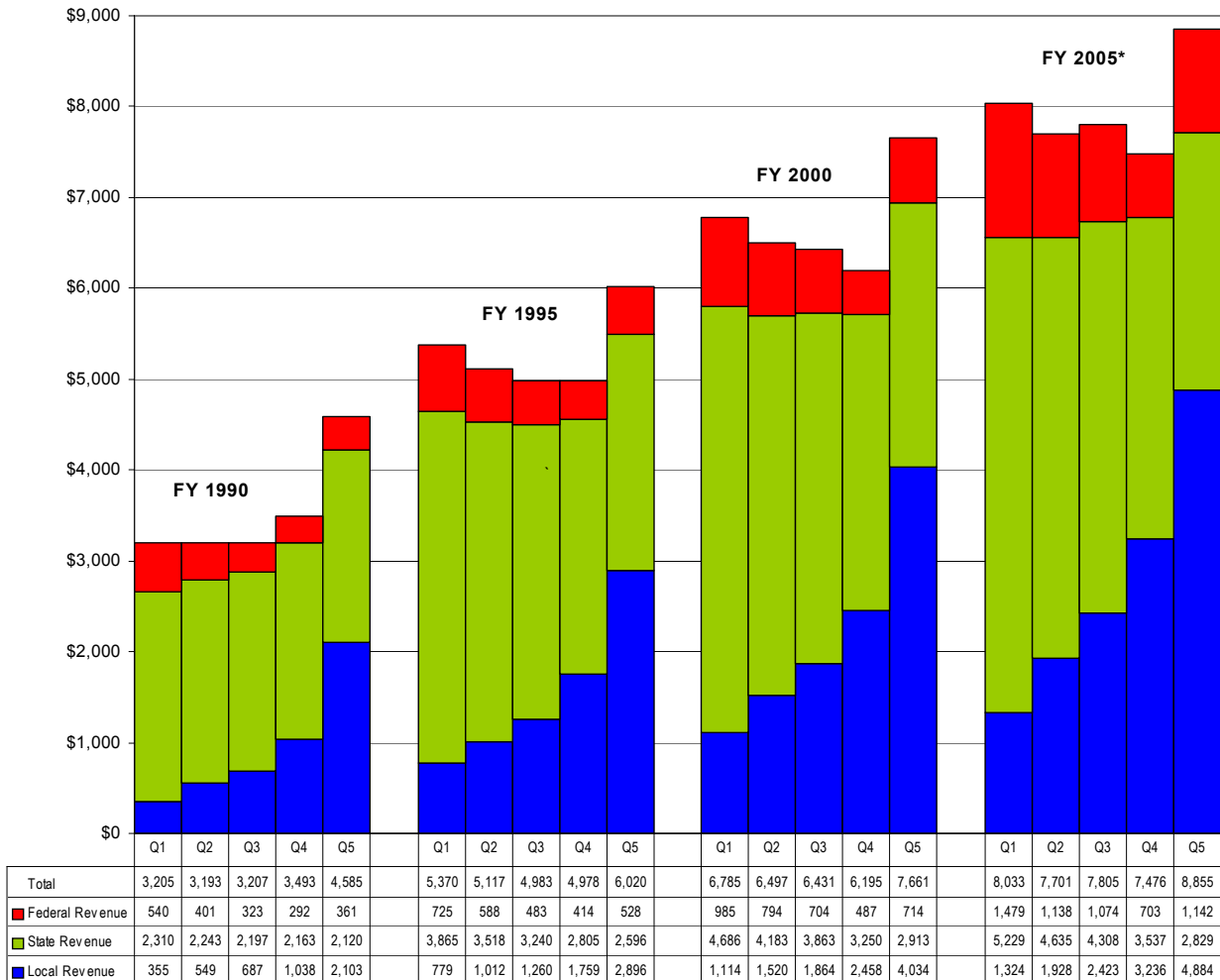
Fiscal Year	Quintile 5 Per-pupil Revenue Minus Lower Quintiles' Revenue				Q1-4 Aggregate Difference: Equity Gap	% Difference Compared to 1990
	Quintile 1	Quintile 2	Quintile 3	Quintile 4		
1990	\$1,380	\$1,391	\$1,378	\$1,092	\$5,241	
1991	\$989	\$1,080	\$1,085	\$996	\$4,149	-21%
1992	\$654	\$934	\$924	\$885	\$3,397	-35%
1993	\$647	\$878	\$947	\$928	\$3,399	-35%
1994	\$607	\$831	\$939	\$902	\$3,279	-37%
1995	\$549	\$762	\$875	\$880	\$3,065	-42%
1996	\$586	\$831	\$935	\$899	\$3,251	-38%
1997	\$333	\$616	\$757	\$861	\$2,567	-51%
1998	\$679	\$894	\$1,035	\$1,096	\$3,705	-29%
1999	\$683	\$876	\$967	\$1,071	\$3,597	-31%
2000	\$656	\$873	\$922	\$1,099	\$3,551	-32%
2001	\$604	\$807	\$914	\$1,018	\$3,343	-36%
2002	\$588	\$811	\$811	\$1,075	\$3,284	-37%
2003	\$501	\$674	\$704	\$963	\$2,840	-46%
2004	\$539	\$820	\$714	\$990	\$3,064	-42%
2005*	\$545	\$764	\$695	\$913	\$2,918	-44%

\*FY 2005 figures are not audited.

Source: Staff compilation of Final SEEK calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance; Bureau of Labor Statistics.

Figure 5.C also illustrates that when local, state, and federal revenue sources are shown together, the relatively greater amount of state and federal per-pupil revenue received by districts in the lower wealth quintiles in post-KERA time periods can result in those districts receiving more in total funding than did the districts in the higher wealth quintiles.

**Figure 5.C**  
**Total Per-pupil Revenue by Property Wealth Quintile for Select Years**



\*FY 2005 figures are not audited. Appendix C contains Average Per-pupil Revenues by Wealth Quintile.  
Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.

As reflected in Table 5.2, Quintiles 1 through 3 received approximately 70 percent of the total revenue received by Quintile 5 in FY 1990. Quintile 4 received approximately 76 percent of the total revenue received by Quintile 5. By FY 2005, Quintiles 1 through 4 received between 84 percent and 91 percent

of the total revenue received by Quintile 5. Quintile 4 receives slightly less revenue than the other quintiles because it receives less federal revenue. As previously reflected in Figure 2.A, when considering local and state revenues, Quintile 4 aligns closely with the less wealthy quintiles. From FY 2004 through FY 2005, Quintile 4 aligns very closely with Quintile 3.

**Table 5.2**  
**Total Per-pupil Revenue by Property Wealth Quintile**  
**as Percent of Quintile 5 for Select Years**

Quintile	FY 1990	% of Q5	FY 1995	% of Q5	FY 2000	% of Q5	FY 2005*	% of Q5
Q1 - Lowest Wealth	\$3,205	70%	\$5,370	89%	\$6,785	89%	\$8,033	91%
Q2	\$3,193	70%	\$5,117	85%	\$6,497	85%	\$7,701	87%
Q3	\$3,207	70%	\$4,983	83%	\$6,431	84%	\$7,805	88%
Q4	\$3,493	76%	\$4,978	83%	\$6,195	81%	\$7,476	84%
Q5 - Highest Wealth	\$4,585	100%	\$6,020	100%	\$7,661	100%	\$8,855	100%

\*FY 2005 figures are not audited.

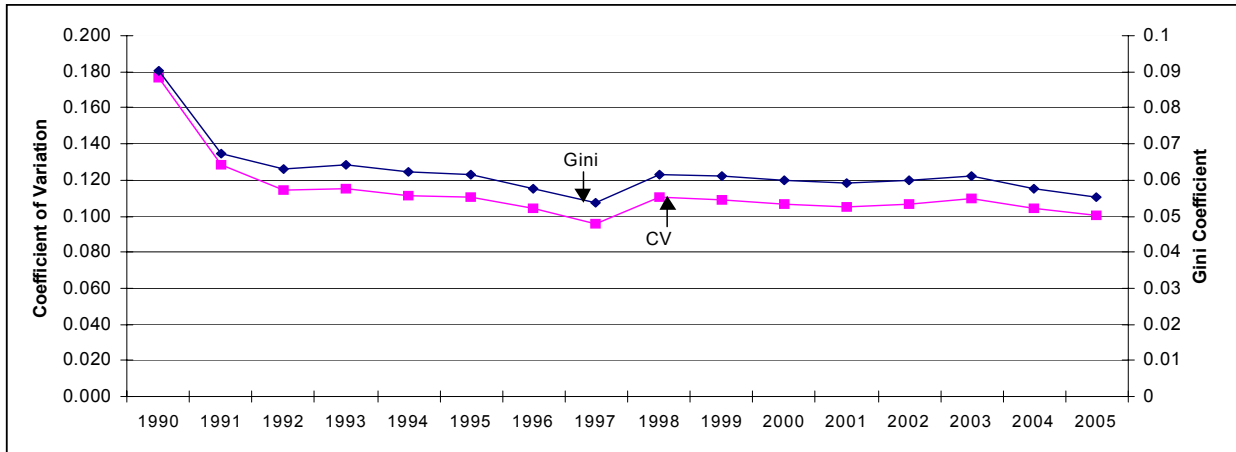
Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky of Education, Division of School Finance.

Figure 5.D reports changes in per-pupil revenue equity as measured by the CV and Gini. As noted in Chapter 2, differences between the two methods should not be interpreted as one showing more equity because they are based on different units of measurement. The relationship between the two measures is similar, and a comparison of Figure 5.D with the last column of Table 5.1 shows that all methods of examining equity reveal similar patterns. Similar to the analysis shown in Table 5.1 using wealth quintile calculations, the CV and Gini indicate that equity improved significantly in the first year after KERA was enacted. Equity continued to improve until FY 1997. From FY 1998-FY 2001 the equity measures show small improvements. Equity worsens slightly in FY 2002 and FY 2003, and improves in FY 2004-2005.<sup>13</sup>

<sup>13</sup>Similar to the local and state revenue analysis in Chapter 2, there are two years in which the results of the CV and Gini differ from the quintile analysis. The quintile analysis shows equity worsening in FY 1996, while the CV and Gini show equity improving. In FY 2003, the quintile analysis shows improvement, while the other two measures show equity worsening. Appendix B presents the results of the ANOVA calculation for total per-pupil revenue for FY 1995-1997 and FY 2002-FY 2005.



**Figure 5.D**  
**Equity Measures for Total Per-pupil Revenue FY 1990-FY 2005\***



\*FY 2005 figures are not audited. See Appendix B for technical explanations of the CV and Gini measures.  
Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.



## Chapter 6

### Conclusion

This report analyzes disparities in equity among school districts by examining the amount of per-pupil funding received by districts through local tax effort and state SEEK payments, as well as other sources of local and state revenue. The analysis focuses on local and state revenues because those are subject to state legislative and regulatory policy, but federal revenues are also reported to provide a more complete picture of education finance in the Commonwealth. Since the review of previous research on equity in education finance concluded that there is no consensus on the best way to measure equity, this analysis employs several equity measures and shows both nominal and inflation-adjusted revenues.

In all analyses, the equity gap between property-rich school districts and property-poor districts was greater in the year before KERA was enacted than it has been since. While there have been variations in equity since 1990, including a widening of the gap from FY 1998 through FY 2002, the gap has steadily decreased in the past three years.

The improvement in the equitable distribution of education revenues among districts is primarily due to the SEEK funding system, which compensates property-poorer districts with relatively greater state aid than that distributed to districts with greater property wealth. In nominal (unadjusted) dollars, the FY 2005 equity gap in local and state revenue between districts with the most local property wealth—Quintile 5—and all other district quintiles has been reduced by 21 percent over pre-KERA FY 1990 levels. In constant (inflation-adjusted) dollars, the equity gap has been reduced by 48 percent from FY 1990 to FY 2005. Although federal revenue is beyond the control of the General Assembly, the equity gap between Quintile 5 and Quintiles 1 through 3 narrows when federal revenue is considered.

As illustrated in this report, there are specific factors that impact districts differently, and these factors affect equity because they enable some school districts to collect more revenue than other, similar districts are able to collect. Some of these factors relate to local revenue, and some relate to state revenue.

Some of the factors impacting the equitable distribution of local education revenues are listed below.

**Intertwining Tax Laws.** Districts may levy property taxes under provisions of House Bill 940 (the KERA statute) or under House Bill 44. The tax provisions adopted by districts, as well as the timing of the adoption, impacts property rates and tax receipts.

**Permissive Taxes.** Districts are permitted to collect utility, occupational, and excise taxes. Permissive taxes generate substantially more revenue in some school districts than in others.

**Property Assessment Growth and Seek.** Under House Bill 44, districts' property tax *collections* may not grow by more than 4 percent a year. However, some school districts' *property assessments* grow by more than 4 percent a year. SEEK calculations are based on property assessments, without regard to the 4 percent limit on collections. When local property assessments increase, the amount of state aid is reduced. For some districts where property assessments have grown by more than 4 percent, this has meant that their state aid has been reduced by a greater amount than they have been able to collect in local tax receipts. Permissive taxes, new property, and motor vehicle taxes may offset these differences.

**Districts Unable to Levy 4 Percent Tax Rate.** Prior to recent legislative actions, districts could not levy the 4 percent increase rate if it exceeded the subsection (1) rate, which limited districts to a tax rate that would produce no more revenue than the previous year's maximum rate. The General Assembly removed this limitation through budget language in 2003 and 2005 and permanently removed the limitation as part of the tax modernization plan under House Bill 272 in 2005.

**Tier II Revenues.** School districts are allowed to increase revenue up to 30 percent of the revenue generated by the adjusted SEEK base plus Tier I. The additional revenue produced within Tier II is not equalized by the state, which creates additional disparities among revenue available to school districts.

**In Lieu of Taxes.** Voluntary payments are made to some school districts by corporate or governmental entities for property that is not subject to taxation.

**Growth Nickel.** School districts meeting the criteria in KRS 157.621 can levy an additional nickel for building fund needs.

**Second Growth Nickel.** Through budget language in 2003 and 2005, the General Assembly provided those districts that continued to meet the growth criteria the option to levy a second growth nickel.

**Recallable Nickel.** Through budget language in 2003 and 2005, the General Assembly allowed all districts the opportunity to levy a nickel—subject to recall—for building needs.

Factors that impact the equitable distribution of state education revenue include provisions of the reform act itself and other legislative actions. Some of these factors are listed below.

**Hold Harmless.** The SEEK statute guarantees that a school district will not receive less state SEEK funding than it received in FY 1992, regardless of the wealth of the district.

**Growth Nickel Equalization.** Since FY 1994, some districts have been eligible to levy a growth tax because of increases in the number of pupils in the district, as well as meeting other growth criteria. In FY 2003, districts that remained eligible were permitted to levy a second growth tax. These districts were eligible to receive state equalization funding at 150 percent of the statewide average per-pupil property assessment.

**Special Legislative Projects.** Funds have been appropriated to school districts outside the SEEK formula to address specific legislative concerns, such as renovating or replacing school buildings in poor condition. These revenues are not reflected in this analysis.

**Education Projects Outside SEEK.** State funding for a number of education projects is distributed outside the SEEK formula and as a result, the funds are not subject to state equalization. These projects include KERA requirements (such as extended school services and professional development), state grants (such as textbook funding) and on-behalf-of payments (expenses paid by the department for school districts such as retirement, health insurance, and life insurance).

It should be noted that on-behalf-of payments have not been reflected in the wealth quintile analysis presented in this report or prior OEA finance reports because school districts were not required to account for these funds prior to FY 2004. A separate illustration was presented in Chapter 4, Table 4.1 to show the

impact to district revenue when on-behalf-of payments are included for FY 2004 and 2005.

As this report has demonstrated, while there are factors the General Assembly may wish to consider because they serve to reduce education-funding equity, in general, equity has substantially improved since education reform was enacted.

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## Appendix A

### Example of Support Education Excellence in Kentucky (SEEK) Calculation for FY 2005

Following is an adaptation of data provided by the Kentucky Department of Education, Division of School Finance. This example shows the specific calculations used to determine a selected district's Final SEEK Calculation.

#### Sample County District Data

A. Current Year Total Assessment of Property and Motor Vehicle	\$ 539,292,572
B. Prior Year Adjusted Average Daily Attendance (PY AADA)	2,362.0
C. Current Year Second Month Growth Factor	0.8%
D. Equivalent Tax Rate	54.0
E. Prior Year Free Lunch Applications (8 Month Average Excluding December)	1,489.4
F. Prior Year December 1 Exceptional Child Count	
Severely Handicapped	83
Moderately Handicapped	229
Speech	86
G. Prior Year Home and Hospital ADA	8.9
H. Graph Adjusted Cost of Transportation Plus Growth (Unprorated)	\$ 1,023,668
I. Hold Harmless Per Pupil (1991-92 State SEEK Funding)	\$ 2,915.83

#### State Data

1. State Equalization Level (150% of Statewide Average Per-pupil Assessment)	\$ 587,000
2. Current Year Guaranteed Base Funding Per Pupil	\$ 3,240
3. At Risk Weight	0.15
4. Exceptional Children Weights	
Severely Handicapped	2.35
Moderately Handicapped	1.17
Speech	0.24
5. Add-on Funding Level	
At Risk	100%
Exceptional Children	100%
Home and Hospital	100%
Transportation	95.7%

**Base SEEK Calculation**

PY AADA Plus Growth (B + (B x C))		2,380.9
Base SEEK (PY AADA Plus Growth x \$3,240)	\$	7,714,116
Plus At Risk Funds (E x .15 x \$3,240)	\$	723,848
Plus Home & Hospital Funds (G x (\$3,240-\$100))	\$	27,946
Plus Exceptional Children Funds		
Severely Handicapped ADA x 2.35 x \$3,240 +	\$	631,962
Moderately Handicapped ADA x 1.17 x \$3,240 +	\$	868,093
Speech ADA x 0.24 x \$3,240	\$	66,874
	\$	1,566,929
Plus Transportation Funds (H x Add-on Funding Level)	\$	979,818
Equals Calculated Base Funding	\$	11,012,657
Less: Local 30¢ Effort (A X .0030)	\$	1,617,878
Equals Calculated State Portion	\$	9,394,779

Note: Above calculation reflects add-on funding level adjustment for Transportation only since all other add-ons were funded at 100%.

**Tier I Calculation**

Full Calculated Base Funding (Calculated Base Not Adjusted For Funding Levels)	\$	11,056,507
Maximum Tier I Revenue Per Pupil		
(Full Calculated Base x 15% / PY AADA Plus Growth)	\$	696.58
Times Percent Local Tier I (Local Assessment Per Pupil /470,000)		38.6%
Equals Local Tier I	\$	268.79
Maximum Less Local Equals State Tier I Per Pupil	\$	427.79
State Tier I (Per Pupil x PY AADA Plus Growth)	\$	1,018,514

**Hold Harmless**

Hold Harmless Funding (Hold Harmless Per Pupil x PY AADA Plus Growth)	\$	6,942,300
Less: State SEEK Base + State Tier I	\$	10,413,293
Equals Hold Harmless Amount-If Positive	\$	-3,470,993

### Facility Support Program of Kentucky (FSPK)

1. Total Assessment	\$ 539,292,572
2. Adjusted Average Daily Attendance Plus Growth	2,380.9
3. Per-pupil Assessment	\$ 226,508
4. State Equalization Level (150% of Statewide Average Per-pupil Assessment)	\$ 587,000
5. Debt Service as of 10/1/03	\$ 759,865

#### Eligibility Calculation - as of 10/1/03

A. Amount Generated by Local FSPK 5¢ Equivalent Building Fund Tax (1 x .0005)	\$ 269,646
B. Less Debt Service (5)	\$ 1,960,363
C. Debt Service Needed for Equalization (A - B) If positive, bonds must be sold by October 1 of the odd numbered years to qualify for equalization the following biennium.	\$ -1,690,717

#### Equalization Calculation

a. Maximum Funding Per Pupil (4 x .0005)	\$ 293.50
b. Local Effort Per Pupil (3 x .0005)	\$ 113.25
c. State Equalization Per Pupil (a - b)	\$ 180.25
d. Total Local Effort (b x 2)	\$ 269,646
e. Total State Equalization (c x 2)	\$ 429,148

## Support Education Excellence in Kentucky

2004 - 2005 School Year  
10/28/2005

04_05 Final with py adj.xls-Free Conference		2003 - 2004 End of Year AADA	2,362.0
		Growth	18.9
		2003 - 2004 AADA Plus Growth	2,380.9
Assessment	\$539,292,572	Levied Equivalent Rate	54.0
Per Pupil Assessment	\$226,508	Maximum Tier I Rate	46.9
91-92 State Per Pupil Funding	\$2,915.83		
SEEK CALCULATION:		<u>Per Pupil</u>	<u>Total</u>
Guaranteed Base *		3,240.00	7,714,116
At Risk		304.02	723,848
Home & Hospital		11.74	27,946
Exceptional Child		658.12	1,566,929
Transportation		411.53	979,818
LEP		0.00	0
		<hr/>	<hr/>
Calculated Base Funding		4,625.41	11,012,657
Less 30 Cent Local Effort		679.52	1,617,878.00
		<hr/>	<hr/>
Calculated STATE Portion		3,945.89	9,394,779
State Tier I		427.79	1,018,514
Hold Harmless		0.00	0
Adjustment to Appropriation		0.00	0
		<hr/>	<hr/>
Total State SEEK *		4,373.68	10,413,293
Prior Year Adjustment		0.00	0
		<hr/>	<hr/>
Total State Funds		4,373.68	10,413,293
		<hr/>	<hr/>
Less Capital Outlay			238,090
Net General Fund SEEK			10,175,203
Local FSPK			269,646
State FSPK			429,148
Local Growth Nickel			0
State Growth Nickel Equalization			0
Local Equalized Growth Nickel			0
Local Recallable Nickel			0

\* CAPITAL OUTLAY in the amount of \$ 238,090 is included in the total guaranteed base.

**Support Education Excellence in Kentucky**

**2004 - 2005 School Year  
10/28/2005**

Base Year Levied Equivalent Rate :	55.80
Current Year Levied Equivalent Rate :	54.00
Assessment :	\$539,292,572
Prior Year End of Year Adjusted ADA :	2,362.0
Prior Year 8 Month Average Free Lunch :	1,489.4
Prior Year December 1 Child Count :	
Severe :	83.00
Moderate :	229.00
Speech :	86.00
Prior Year Home & Hospital :	8.9
Base Year Debt Service :	\$759,865
Current Year Second Month Growth Factor Percentage :	0.8
Transportation (Unprorated) :	\$1,023,668



## Appendix B

### Coefficient of Variation, Gini Coefficient,<sup>1</sup> and Analysis of Variance (ANOVA)<sup>2</sup>

Both the coefficient of variation (CV) and the Gini Coefficient (Gini) measure how much variation there is in a distribution relative to the average (mean) of the distribution. These measures can be used to compare the variability of one data set to another or from the same data set across time. Both statistics range from 0 to 1, and values closer to zero indicate greater equity.

The CV reports the standard deviation (the most basic statistic of variation or dispersion around the mean) as a percentage of the mean. It is calculated as the standard deviation divided by the mean in the following formula:

$$CV = \frac{(\sum_{i=1}^n (x_i - \bar{x}_w)^2 s_i)^{1/2}}{\bar{x}_w (P-1)^{1/2}}$$

The Gini is often used in economic studies to analyze the income disparity within or between countries; however, in education research, it is often used to measure the disparity in per-pupil revenue between school districts. The statistic relates the percentages of revenue with the percentage of students that receive the revenue. If revenue were equally distributed, then each percentage of students would receive an equal percentage of revenue. The Gini measures deviations from this relationship to determine the degree by which resources are inequitable distributed. The Gini is calculated as follows:

$$Gini = \frac{\sum_{i=1}^n \sum_{j=1}^n |x_i - x_j| p_i p_j}{2P^2 \bar{x}}$$

Where:

$x_i$  = Total per-pupil revenue for school district  $i$ .

$x_j$  = Total per-pupil revenue for school district  $j$ .

$s_i$  = Number of students in school district  $i$ .

$\bar{x}$  = Mean of total per-pupil revenue.

$\bar{x}_w$  = Weighted mean of total per-pupil revenue.

$p_i$  = The proportion of the students going to school in district  $i$ .

$p_j$  = The proportion of the students going to school in district  $j$

$P$  = Total student population.

$n$  = The number of school districts.

<sup>1</sup> This material is based on Hussar and Sonnenberg 13-14.

<sup>2</sup> This material is based on Levine, Berenson, and Stephan 605.

The single factor analysis of variance (ANOVA) procedure tests whether the variation in per-pupil revenue is greatest between the wealth quintiles or among the wealth quintiles. If the variation is greater between the quintiles, the interpretation is that the quintiles themselves are logical district groupings because there is more similarity (in terms of state and local and total per-pupil revenue) between the districts in any given quintile than there is across districts in different quintiles.

The ANOVA results for per-pupil local and state revenue are presented below for FY 1995-FY 1997.

#### **FY 1995: Local and state revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	9,733,313	4	2,433,328	13.27	.0000
Within Groups	31,366,258	171	183,428		

#### **FY 1996: Local and state revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	10,067,046	4	2,516,761	17.00	.0000
Within Groups	25,315,210	171	148,042		

#### **FY 1997: Local and state revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	10,535,794	4	2,633,948	14.48	.0000
Within Groups	31,115,441	171	181,961		

***Interpretation:*** This analysis shows that the variation in local and state per-pupil revenue was greatest between quintiles (the results are statistically significant at  $p < .0001$ ). In FY 1996, the variation within groups was smaller ( $MS = 148,042$ ) than for any of the other years.

The ANOVA results for per-pupil local and state revenue are presented below for FY 2002-FY 2005.

#### **FY 2002: Local and state revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	14,386,362	4	3,596,590	13.69	.0000
Within Groups	44,915,824	171	262,665		

#### **FY 2003: Local and state revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	8,964,761	4	2,241,190	6.29	.0001
Within Groups	60,949,413	171	356,429		



**FY 2004: Local and state revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	10,758,485	4	2,689,621	8.46	.0000
Within Groups	54,383,605	171	318,032		

**FY 2005: Local and state revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	17,422,924	4	4,355,731	13.34	.0000
Within Groups	55,831,252	171	326,498		

**Interpretation:** This analysis shows that in all four years, the variation in local and state per-pupil revenue was greatest between quintiles (the results are statistically significant at  $p < .0001$ ). In FY 2003, the variation within groups was larger ( $MS = 356,429$ ) than for any of the other years.

The ANOVA results for per-pupil total revenue are presented below for FY 1995-FY 1997.

**FY 1995: Total revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	10,481,209	4	2,620,302	9.73	.0000
Within Groups	46,058,516	171	269,348		

**FY 1996: Total revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	10,924,554	4	2,731,138	12.05	.0000
Within Groups	38,764,706	171	226,694		

**FY 1997: Total revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	15,243,909	4	3,810,977	13.49	.0000
Within Groups	48,311,258	171	282,521		

**Interpretation:** This analysis shows that the variation in total per-pupil revenue was greatest between quintiles (the results are statistically significant at  $p < .0001$ ). In FY 1996, the variation within groups was smaller ( $MS = 226,694$ ) than for any of the other years.

The ANOVA results for per-pupil total revenue are presented below for FY 2002-FY 2005.

**FY 2002: Total revenue**

ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	13,673,891	4	3,418,472	6.64	.0001
Within Groups	88,015,650	171	514,711		

**FY 2003: Total revenue**

## ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	7,587,399	4	1,896,849	2.60	.0377
Within Groups	124,596,234	171	728,632		

**FY 2004: Total revenue**

## ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	8,781,314	4	2,195,328	3.21	.0144
Within Groups	117,126,079	171	684,947		

**FY 2005: Total revenue**

## ANOVA

Source of Variation	SS	df	MS	F	P-value
Between Groups	13,489,369	4	3,372,342	5.15	.0006
Within Groups	112,075,775	171	655,413		

***Interpretation:*** The analysis shows that in all four years, the variation was greatest between quintiles (the results are statistically significant at  $p < .05$ ). In FY 2003, the variation within groups was larger ( $MS = 728,632$ ) than for any of the other years.

## Appendix C

### Average Per-pupil Revenues by Wealth Quintile

#### Supporting Data for Figures 2.A, 2.B, 3.A, 4.A, 5.A, 5.B, 5.C

Quintile	Funded ADA	Property Wealth Per Pupil	Average Local Revenue Per Pupil	Average State Revenue Per Pupil	Average Federal Revenue Per Pupil	Average Local/State Revenue Per Pupil	Average Total Revenue Per Pupil
<b>FY 1990</b>							
1	115,074	\$ 71,665	\$ 355	\$ 2,310	\$ 540	\$ 2,665	\$ 3,205
2	114,190	105,467	549	2,243	401	2,792	3,193
3	118,119	138,954	687	2,197	323	2,884	3,207
4	106,632	179,714	1,038	2,163	292	3,201	3,493
5	121,119	280,727	2,103	2,120	361	4,223	4,585
<b>Statewide</b>	<b>575,134</b>	<b>\$156,255</b>	<b>\$ 956</b>	<b>\$ 2,206</b>	<b>\$ 384</b>	<b>\$ 3,163</b>	<b>\$ 3,547</b>
<b>FY 1991</b>							
1	112,587	\$ 78,561	\$ 481	\$ 3,006	\$ 577	\$ 3,487	\$ 4,063
2	115,851	114,895	695	2,846	426	3,541	3,967
3	112,858	148,272	919	2,675	368	3,594	3,962
4	113,154	194,504	1,280	2,465	311	3,745	4,056
5	118,398	308,585	2,280	2,349	478	4,628	5,106
<b>Statewide</b>	<b>572,848</b>	<b>\$170,087</b>	<b>\$ 1,140</b>	<b>\$ 2,666</b>	<b>\$ 432</b>	<b>\$ 3,806</b>	<b>\$ 4,238</b>
<b>FY 1992</b>							
1	115,196	\$ 82,965	\$ 585	\$ 3,344	\$ 681	\$ 3,930	\$ 4,611
2	115,319	120,827	810	3,016	480	3,826	4,306
3	117,366	156,687	1,073	2,825	419	3,898	4,317
4	105,660	204,520	1,379	2,610	371	3,989	4,359
5	122,849	310,508	2,367	2,463	492	4,830	5,323
<b>Statewide</b>	<b>576,389</b>	<b>\$176,332</b>	<b>\$ 1,255</b>	<b>\$ 2,851</b>	<b>\$ 490</b>	<b>\$ 4,105</b>	<b>\$ 4,596</b>
<b>FY 1993</b>							
1	115,975	\$ 87,359	\$ 591	\$ 3,478	\$ 693	\$ 4,069	\$ 4,761
2	116,562	126,068	835	3,136	531	3,971	4,502
3	112,531	161,312	1,035	2,929	461	3,963	4,424
4	116,281	215,672	1,409	2,686	351	4,095	4,446
5	120,705	324,663	2,518	2,472	497	4,990	5,487
<b>Statewide</b>	<b>582,054</b>	<b>\$184,254</b>	<b>\$ 1,288</b>	<b>\$ 2,936</b>	<b>\$ 507</b>	<b>\$ 4,225</b>	<b>\$ 4,732</b>
<b>FY 1994</b>							
1	117,389	\$ 95,407	\$ 690	\$ 3,613	\$ 697	\$ 4,303	\$ 5,000
2	115,073	133,898	903	3,272	567	4,175	4,742
3	115,901	170,188	1,142	3,032	444	4,174	4,618
4	112,221	227,847	1,521	2,738	401	4,259	4,660
5	121,719	332,361	2,587	2,511	601	5,098	5,699
<b>Statewide</b>	<b>582,303</b>	<b>\$192,952</b>	<b>\$ 1,379</b>	<b>\$ 3,031</b>	<b>\$ 544</b>	<b>\$ 4,410</b>	<b>\$ 4,954</b>

Quintile	Funded ADA	Property Wealth Per Pupil	Average Local Revenue Per Pupil	Average State Revenue Per Pupil	Average Federal Revenue Per Pupil	Average Local/State Revenue Per Pupil	Average Total Revenue Per Pupil
<b>FY 1995</b>							
1	115,477	\$104,767	\$ 779	\$ 3,865	\$ 725	\$ 4,644	\$ 5,370
2	114,974	146,018	1,012	3,518	588	4,530	5,117
3	117,044	185,496	1,260	3,240	483	4,500	4,983
4	112,117	249,159	1,759	2,805	414	4,564	4,978
5	121,110	360,085	2,896	2,596	528	5,492	6,020
<b>Statewide</b>	<b>580,722</b>	<b>\$210,329</b>	<b>\$ 1,553</b>	<b>\$ 3,201</b>	<b>\$ 548</b>	<b>\$ 4,754</b>	<b>\$ 5,302</b>
<b>FY 1996</b>							
1	114,936	\$113,902	\$ 859	\$ 3,963	\$ 753	\$ 4,822	\$ 5,575
2	114,767	158,720	1,137	3,579	561	4,716	5,276
3	116,275	203,231	1,375	3,321	454	4,696	5,150
4	109,635	273,034	1,898	2,888	407	4,787	5,194
5	120,298	383,316	3,102	2,620	566	5,722	6,288
<b>Statewide</b>	<b>575,912</b>	<b>\$227,438</b>	<b>\$ 1,685</b>	<b>\$ 3,272</b>	<b>\$ 549</b>	<b>\$ 4,957</b>	<b>\$ 5,506</b>
<b>FY 1997</b>							
1	114,764	\$119,513	\$ 1,025	\$ 4,228	\$ 861	\$ 5,253	\$ 6,114
2	115,076	169,753	1,316	3,812	632	5,128	5,760
3	115,470	214,715	1,533	3,539	511	5,072	5,583
4	109,368	293,622	2,063	2,991	400	5,053	5,453
5	120,576	412,182	3,352	2,627	551	5,979	6,530
<b>Statewide</b>	<b>575,254</b>	<b>\$243,120</b>	<b>\$ 1,870</b>	<b>\$ 3,436</b>	<b>\$ 592</b>	<b>\$ 5,306</b>	<b>\$ 5,898</b>
<b>FY 1998</b>							
1	114,752	\$125,180	\$ 1,011	\$ 4,271	\$ 822	\$ 5,282	\$ 6,104
2	115,626	181,230	1,377	3,782	671	5,159	5,830
3	113,668	225,941	1,563	3,513	575	5,075	5,650
4	108,988	313,937	2,168	2,963	441	5,131	5,572
5	121,188	430,946	3,597	2,732	640	6,329	6,969
<b>Statewide</b>	<b>574,222</b>	<b>\$256,770</b>	<b>\$ 1,959</b>	<b>\$ 3,449</b>	<b>\$ 632</b>	<b>\$ 5,409</b>	<b>\$ 6,041</b>
<b>FY 1999</b>							
1	114,990	\$130,435	\$ 1,064	\$ 4,598	\$ 887	\$ 5,662	\$ 6,549
2	113,775	188,977	1,514	4,084	701	5,598	6,299
3	113,861	239,224	1,709	3,854	619	5,563	6,182
4	108,784	327,102	2,324	3,250	473	5,574	6,047
5	121,348	452,967	3,951	2,899	584	6,850	7,435
<b>Statewide</b>	<b>572,758</b>	<b>\$269,377</b>	<b>\$ 2,133</b>	<b>\$ 3,732</b>	<b>\$ 654</b>	<b>\$ 5,865</b>	<b>\$ 6,519</b>
<b>FY 2000</b>							
1	114,448	\$143,590	\$ 1,114	\$ 4,686	\$ 985	\$ 5,800	\$ 6,785
2	113,317	208,156	1,520	4,183	794	5,703	6,497
3	112,430	260,192	1,864	3,863	704	5,727	6,431
4	108,383	352,757	2,458	3,250	487	5,708	6,195
5	122,455	486,063	4,034	2,913	714	6,946	7,661
<b>Statewide</b>	<b>571,034</b>	<b>\$292,502</b>	<b>\$ 2,223</b>	<b>\$ 3,771</b>	<b>\$ 739</b>	<b>\$ 5,995</b>	<b>\$ 6,734</b>

Quintile	Funded ADA	Property Wealth Per Pupil	Average Local Revenue Per Pupil	Average State Revenue Per Pupil	Average Federal Revenue Per Pupil	Average Local/State Revenue Per Pupil	Average Total Revenue Per Pupil
<b>FY 2001</b>							
1	114,195	\$153,977	\$ 1,170	\$ 4,932	\$ 1,063	\$ 6,101	\$ 7,165
2	111,715	221,926	1,654	4,368	862	6,022	6,884
3	112,480	280,527	1,965	4,032	739	5,997	6,737
4	108,976	377,408	2,645	3,408	540	6,054	6,594
5	121,700	535,780	4,380	2,893	725	7,272	7,997
<b>Statewide</b>	<b>569,067</b>	<b>\$316,769</b>	<b>\$ 2,391</b>	<b>\$ 3,915</b>	<b>\$ 787</b>	<b>\$ 6,306</b>	<b>\$ 7,094</b>
<b>FY 2002</b>							
1	114,041	\$161,895	\$ 1,180	\$ 4,876	\$ 1,177	\$ 6,057	\$ 7,234
2	116,524	237,360	1,658	4,335	928	5,993	6,921
3	114,370	302,893	2,110	3,974	837	6,084	6,921
4	101,433	399,610	2,666	3,306	579	5,972	6,551
5	122,891	566,707	4,464	2,821	774	7,285	8,059
<b>Statewide</b>	<b>569,258</b>	<b>\$335,418</b>	<b>\$ 2,439</b>	<b>\$ 3,861</b>	<b>\$ 864</b>	<b>\$ 6,299</b>	<b>\$ 7,163</b>
<b>FY 2003</b>							
1	115,726	\$171,127	\$ 1,219	\$ 5,054	\$ 1,299	\$ 6,273	\$ 7,572
2	113,809	245,680	1,703	4,578	1,042	6,282	7,324
3	117,672	314,484	2,223	4,124	933	6,347	7,281
4	95,793	408,650	2,808	3,465	636	6,273	6,909
5	129,458	573,484	4,558	2,927	805	7,484	8,290
<b>Statewide</b>	<b>572,458</b>	<b>\$346,153</b>	<b>\$ 2,543</b>	<b>\$ 4,021</b>	<b>\$ 950</b>	<b>\$ 6,564</b>	<b>\$ 7,514</b>
<b>FY 2004</b>							
1	115,301	\$177,559	\$ 1,279	\$ 5,146	\$ 1,458	\$ 6,424	\$ 7,883
2	113,950	254,559	1,805	4,566	1,099	6,372	7,471
3	115,073	326,282	2,318	4,233	1,076	6,551	7,627
4	99,127	433,074	3,114	3,438	670	6,551	7,222
5	130,179	603,593	4,800	2,841	1,032	7,641	8,673
<b>Statewide</b>	<b>573,630</b>	<b>\$363,528</b>	<b>\$ 2,708</b>	<b>\$ 4,029</b>	<b>\$ 1,077</b>	<b>\$ 6,737</b>	<b>\$ 7,815</b>
<b>FY 2005 Not Audited</b>							
1	117,487	\$187,290	\$ 1,324	\$ 5,229	\$ 1,479	\$ 6,554	\$ 8,033
2	111,624	268,348	1,928	4,635	1,138	6,564	7,701
3	116,500	336,898	2,423	4,308	1,074	6,731	7,805
4	99,773	445,536	3,236	3,537	703	6,773	7,476
5	131,921	622,859	4,884	2,829	1,142	7,713	8,855
<b>Statewide</b>	<b>577,306</b>	<b>\$377,318</b>	<b>\$ 2,807</b>	<b>\$ 4,087</b>	<b>\$ 1,120</b>	<b>\$ 6,894</b>	<b>\$ 8,014</b>

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance.



## Appendix D

### Average Per-pupil Revenues by Wealth Quintile (FY 1990 Constant Dollars)

#### Supporting Data for Figures D.A-D.G

Quintile	Funded ADA	Property Wealth Per Pupil	Average Local Revenue Per Pupil	Average State Revenue Per Pupil	Average Federal Revenue Per Pupil	Average Local/State Revenue Per Pupil	Average Total Revenue Per Pupil
<b>FY 1990</b>							
1	115,074	\$71,665	\$355	\$2,310	\$540	\$2,665	\$3,205
2	114,190	105,467	549	2,243	401	2,792	3,193
3	118,119	138,954	687	2,197	323	2,884	3,207
4	106,632	179,714	1,038	2,163	292	3,201	3,493
5	121,119	280,727	2,103	2,120	361	4,223	4,585
<b>Statewide</b>	<b>575,134</b>	<b>\$156,255</b>	<b>\$956</b>	<b>\$2,206</b>	<b>\$384</b>	<b>\$3,163</b>	<b>\$3,547</b>
<b>FY 1991</b>							
1	112,587	\$74,488	\$456	\$2,850	\$547	\$3,306	\$3,853
2	115,851	108,939	659	2,698	404	3,357	3,761
3	112,858	140,586	872	2,537	349	3,408	3,757
4	113,154	184,422	1,213	2,338	295	3,551	3,846
5	118,398	292,590	2,162	2,227	453	4,389	4,842
<b>Statewide</b>	<b>572,848</b>	<b>\$161,271</b>	<b>\$1,081</b>	<b>\$2,528</b>	<b>\$410</b>	<b>\$3,609</b>	<b>\$4,018</b>
<b>FY 1992</b>							
1	115,196	\$76,222	\$538	\$3,073	\$626	\$3,610	\$4,236
2	115,319	111,006	744	2,771	441	3,515	3,956
3	117,366	143,952	986	2,596	385	3,581	3,966
4	105,660	187,897	1,267	2,398	340	3,665	4,005
5	122,849	285,271	2,175	2,263	452	4,438	4,890
<b>Statewide</b>	<b>576,389</b>	<b>\$162,000</b>	<b>\$1,153</b>	<b>\$2,619</b>	<b>\$450</b>	<b>\$3,772</b>	<b>\$4,222</b>
<b>FY 1993</b>							
1	115,975	\$77,828	\$526	\$3,099	\$617	\$3,625	\$4,242
2	116,562	112,313	744	2,794	473	3,537	4,011
3	112,531	143,712	922	2,609	410	3,531	3,941
4	116,281	192,141	1,255	2,393	313	3,648	3,961
5	120,705	289,241	2,243	2,202	443	4,446	4,889
<b>Statewide</b>	<b>582,054</b>	<b>\$164,151</b>	<b>\$1,148</b>	<b>\$2,616</b>	<b>\$451</b>	<b>\$3,764</b>	<b>\$4,215</b>
<b>FY 1994</b>							
1	117,389	\$82,852	\$599	\$3,138	\$605	\$3,737	\$4,342
2	115,073	116,278	784	2,842	492	3,626	4,118
3	115,901	147,792	992	2,633	386	3,625	4,010
4	112,221	197,863	1,321	2,378	348	3,699	4,047
5	121,719	288,623	2,247	2,180	522	4,427	4,949
<b>Statewide</b>	<b>582,303</b>	<b>\$167,560</b>	<b>\$1,197</b>	<b>\$2,632</b>	<b>\$472</b>	<b>\$3,829</b>	<b>\$4,302</b>

Quintile	Funded ADA	Property Wealth Per Pupil	Average Local Revenue Per Pupil	Average State Revenue Per Pupil	Average Federal Revenue Per Pupil	Average Local/State Revenue Per Pupil	Average Total Revenue Per Pupil
<b>FY 1995</b>							
1	115,477	\$88,444	\$658	\$3,263	\$612	\$3,921	\$4,533
2	114,974	123,269	854	2,970	496	3,824	4,320
3	117,044	156,596	1,064	2,735	408	3,799	4,207
4	112,117	210,340	1,485	2,368	350	3,853	4,202
5	121,110	303,984	2,445	2,192	446	4,636	5,082
<b>Statewide</b>	<b>580,722</b>	<b>\$177,560</b>	<b>\$1,311</b>	<b>\$2,702</b>	<b>\$463</b>	<b>\$4,013</b>	<b>\$4,476</b>
<b>FY 1996</b>							
1	114,936	\$93,610	\$706	\$3,257	\$619	\$3,963	\$4,582
2	114,767	130,443	934	2,941	461	3,875	4,336
3	116,275	167,025	1,130	2,729	373	3,859	4,232
4	109,635	224,392	1,560	2,374	334	3,934	4,268
5	120,298	315,026	2,549	2,153	465	4,703	5,168
<b>Statewide</b>	<b>575,912</b>	<b>\$186,919</b>	<b>\$1,385</b>	<b>\$2,689</b>	<b>\$451</b>	<b>\$4,074</b>	<b>\$4,525</b>
<b>FY 1997</b>							
1	114,764	\$95,496	\$819	\$3,379	\$688	\$4,198	\$4,885
2	115,076	135,641	1,051	3,046	505	4,097	4,602
3	115,470	171,567	1,225	2,828	408	4,053	4,461
4	109,368	234,617	1,648	2,390	319	4,038	4,357
5	120,576	329,352	2,678	2,099	440	4,778	5,218
<b>Statewide</b>	<b>575,254</b>	<b>\$194,264</b>	<b>\$1,494</b>	<b>\$2,745</b>	<b>\$473</b>	<b>\$4,240</b>	<b>\$4,713</b>
<b>FY 1998</b>							
1	114,752	\$98,273	\$794	\$3,353	\$646	\$4,146	\$4,792
2	115,626	142,274	1,081	2,969	527	4,050	4,576
3	113,668	177,375	1,227	2,758	451	3,984	4,436
4	108,988	246,456	1,702	2,326	346	4,028	4,375
5	121,188	338,313	2,824	2,144	502	4,968	5,471
<b>Statewide</b>	<b>574,222</b>	<b>\$201,576</b>	<b>\$1,538</b>	<b>\$2,708</b>	<b>\$496</b>	<b>\$4,246</b>	<b>\$4,742</b>
<b>FY 1999</b>							
1	114,990	\$100,655	\$821	\$3,548	\$685	\$4,369	\$5,054
2	113,775	145,831	1,169	3,151	541	4,320	4,861
3	113,861	184,606	1,319	2,974	478	4,293	4,771
4	108,784	252,421	1,794	2,508	365	4,301	4,667
5	121,348	349,549	3,049	2,237	451	5,286	5,737
<b>Statewide</b>	<b>572,758</b>	<b>\$207,875</b>	<b>\$1,646</b>	<b>\$2,880</b>	<b>\$505</b>	<b>\$4,526</b>	<b>\$5,030</b>
<b>FY 2000</b>							
1	114,448	\$107,698	\$836	\$3,515	\$739	\$4,350	\$5,089
2	113,317	156,125	1,140	3,137	596	4,277	4,873
3	112,430	195,154	1,398	2,897	528	4,295	4,823
4	108,383	264,581	1,844	2,438	365	4,281	4,647
5	122,455	364,565	3,025	2,185	536	5,210	5,746
<b>Statewide</b>	<b>571,034</b>	<b>\$219,387</b>	<b>\$1,668</b>	<b>\$2,829</b>	<b>\$555</b>	<b>\$4,496</b>	<b>\$5,051</b>



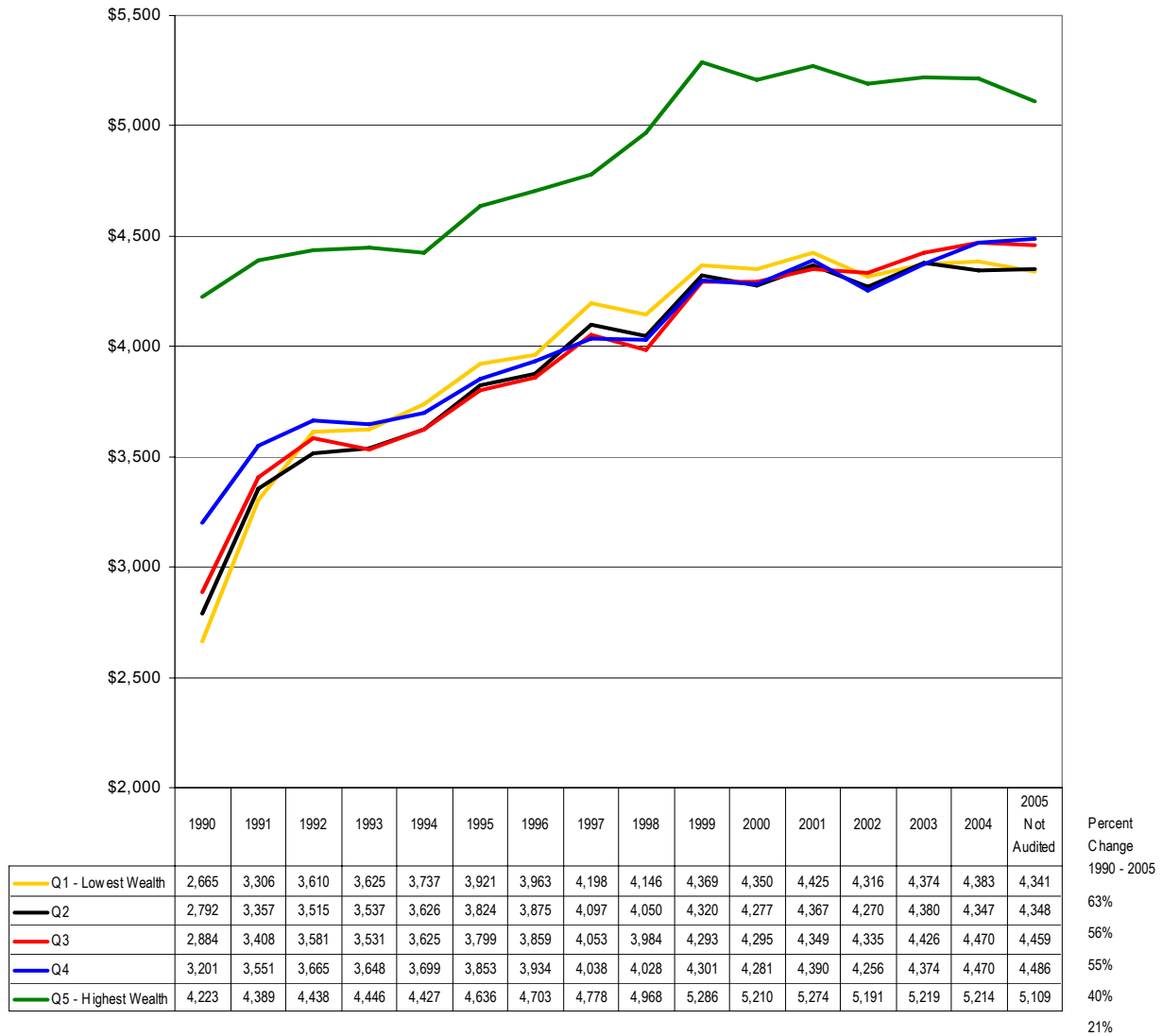
Quintile	Funded ADA	Property Wealth Per Pupil	Average Local Revenue Per Pupil	Average State Revenue Per Pupil	Average Federal Revenue Per Pupil	Average Local/State Revenue Per Pupil	Average Total Revenue Per Pupil
<b>FY 2001</b>							
1	114,195	\$111,663	\$848	\$3,576	\$771	\$4,425	\$5,196
2	111,715	160,939	1,199	3,168	625	4,367	4,992
3	112,480	203,436	1,425	2,924	536	4,349	4,885
4	108,976	273,693	1,918	2,472	392	4,390	4,782
5	121,700	388,543	3,176	2,098	526	5,274	5,800
<b>Statewide</b>	<b>569,067</b>	<b>\$229,718</b>	<b>\$1,734</b>	<b>\$2,839</b>	<b>\$571</b>	<b>\$4,573</b>	<b>\$5,144</b>
<b>FY 2002</b>							
1	114,041	\$115,362	\$841	\$3,475	\$839	\$4,316	\$5,155
2	116,524	169,137	1,181	3,089	661	4,270	4,932
3	114,370	215,834	1,504	2,832	596	4,335	4,932
4	101,433	284,752	1,900	2,356	413	4,256	4,668
5	122,891	403,821	3,181	2,010	552	5,191	5,743
<b>Statewide</b>	<b>569,258</b>	<b>\$239,011</b>	<b>\$1,738</b>	<b>\$2,751</b>	<b>\$616</b>	<b>\$4,489</b>	<b>\$5,104</b>
<b>FY 2003</b>							
1	115,726	\$119,318	\$850	\$3,524	\$906	\$4,374	\$5,279
2	113,809	171,300	1,188	3,192	727	4,380	5,107
3	117,672	219,274	1,550	2,876	651	4,426	5,076
4	95,793	284,931	1,958	2,416	444	4,374	4,818
5	129,458	399,861	3,178	2,041	561	5,219	5,780
<b>Statewide</b>	<b>572,458</b>	<b>\$241,355</b>	<b>\$1,773</b>	<b>\$2,804</b>	<b>\$663</b>	<b>\$4,577</b>	<b>\$5,239</b>
<b>FY 2004</b>							
1	115,301	\$121,153	\$872	\$3,511	\$995	\$4,383	\$5,379
2	113,950	173,692	1,232	3,116	750	4,347	5,098
3	115,073	222,630	1,581	2,888	734	4,470	5,204
4	99,127	295,497	2,124	2,346	457	4,470	4,928
5	130,179	411,846	3,275	1,939	704	5,214	5,918
<b>Statewide</b>	<b>573,630</b>	<b>\$248,044</b>	<b>\$1,848</b>	<b>\$2,749</b>	<b>\$735</b>	<b>\$4,597</b>	<b>\$5,332</b>
<b>FY 2005 Not Audited</b>							
1	117,487	\$124,059	\$877	\$3,464	\$980	\$4,341	\$5,321
2	111,624	177,751	1,277	3,070	753	4,348	5,101
3	116,500	223,158	1,605	2,854	712	4,459	5,170
4	99,773	295,120	2,144	2,343	466	4,486	4,952
5	131,921	412,577	3,235	1,874	757	5,109	5,866
<b>Statewide</b>	<b>577,306</b>	<b>\$249,932</b>	<b>\$1,859</b>	<b>\$2,708</b>	<b>\$742</b>	<b>\$4,567</b>	<b>\$5,309</b>

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance; Bureau of Labor Statistics.

### Figure D.A

## Local and State Per-pupil Revenue by Property Wealth Quintile

FY 1990-FY 2005\*  
(FY 1990 Constant Dollars)



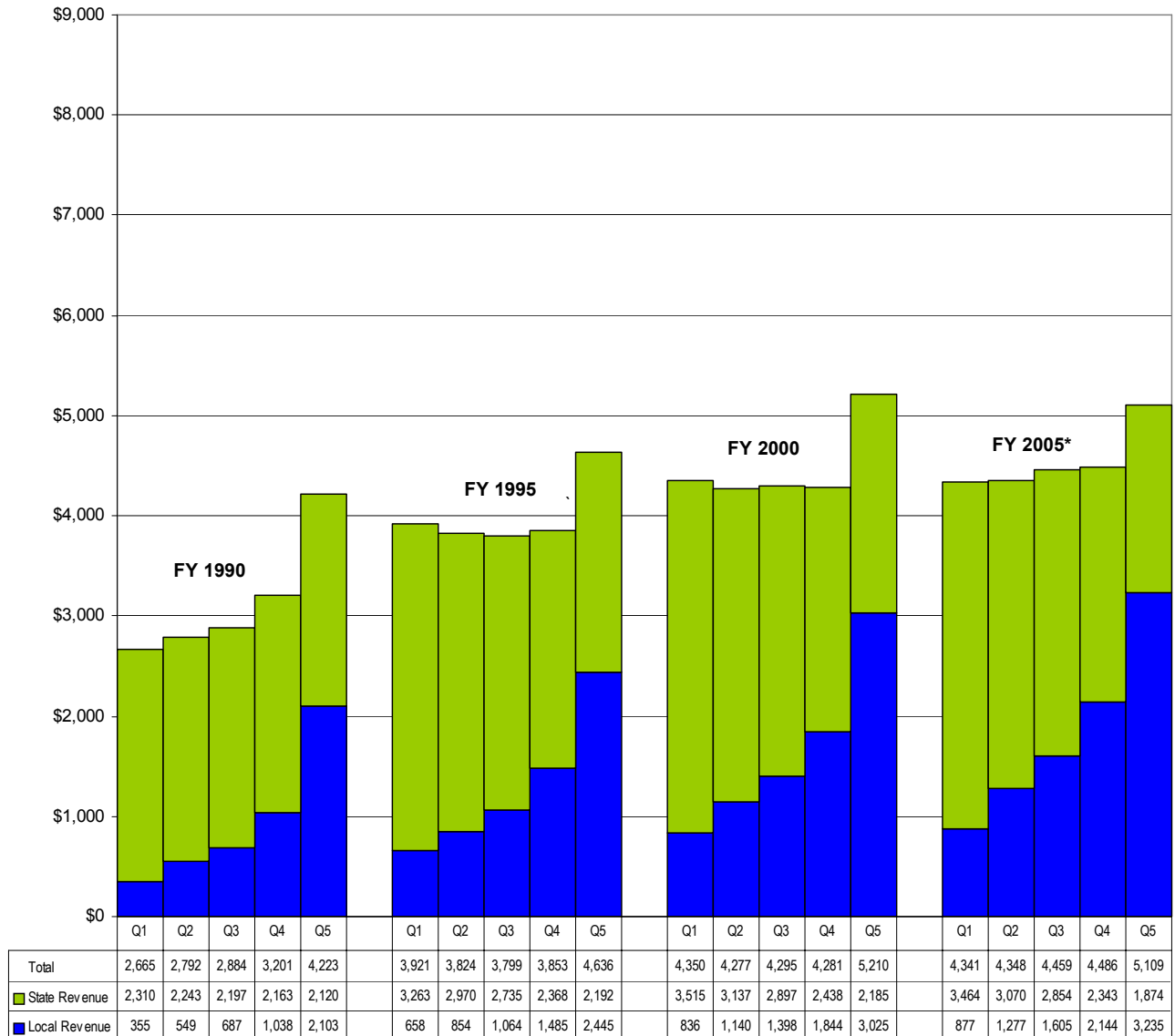
\*FY 2005 figures not audited.

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance; Bureau of Labor Statistics.

**Figure D.B**

**Local and State Per-pupil Revenue by Property Wealth Quintile for Select Years**

**(FY 1990 Constant Dollars)**



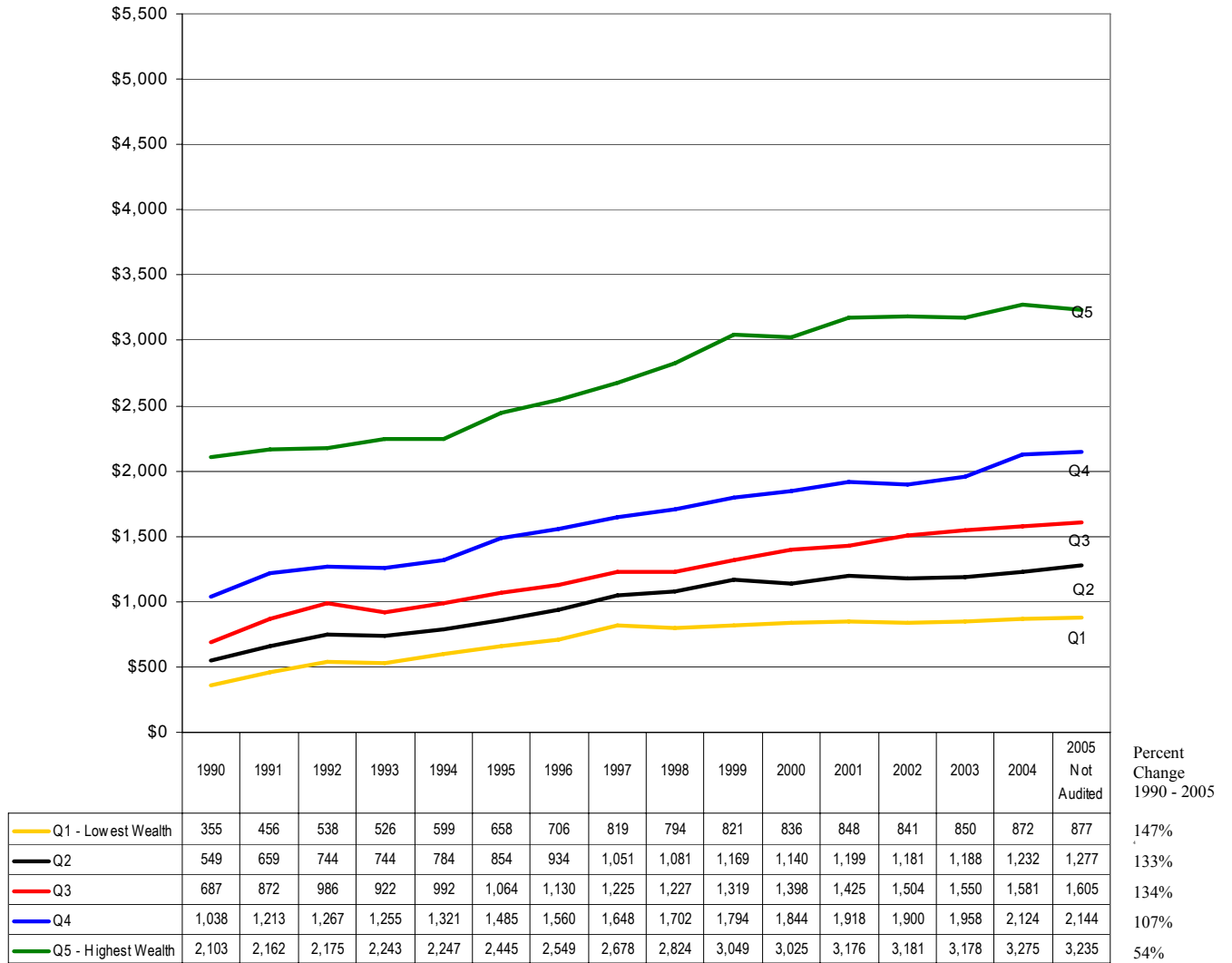
\*Note: 2004-2005 is not audited.

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance; Bureau of Labor Statistics.

### Figure D.C

## Local Per-pupil Revenue by Property Wealth Quintile

FY 1990-FY 2005\*  
(FY 1990 Constant Dollars)



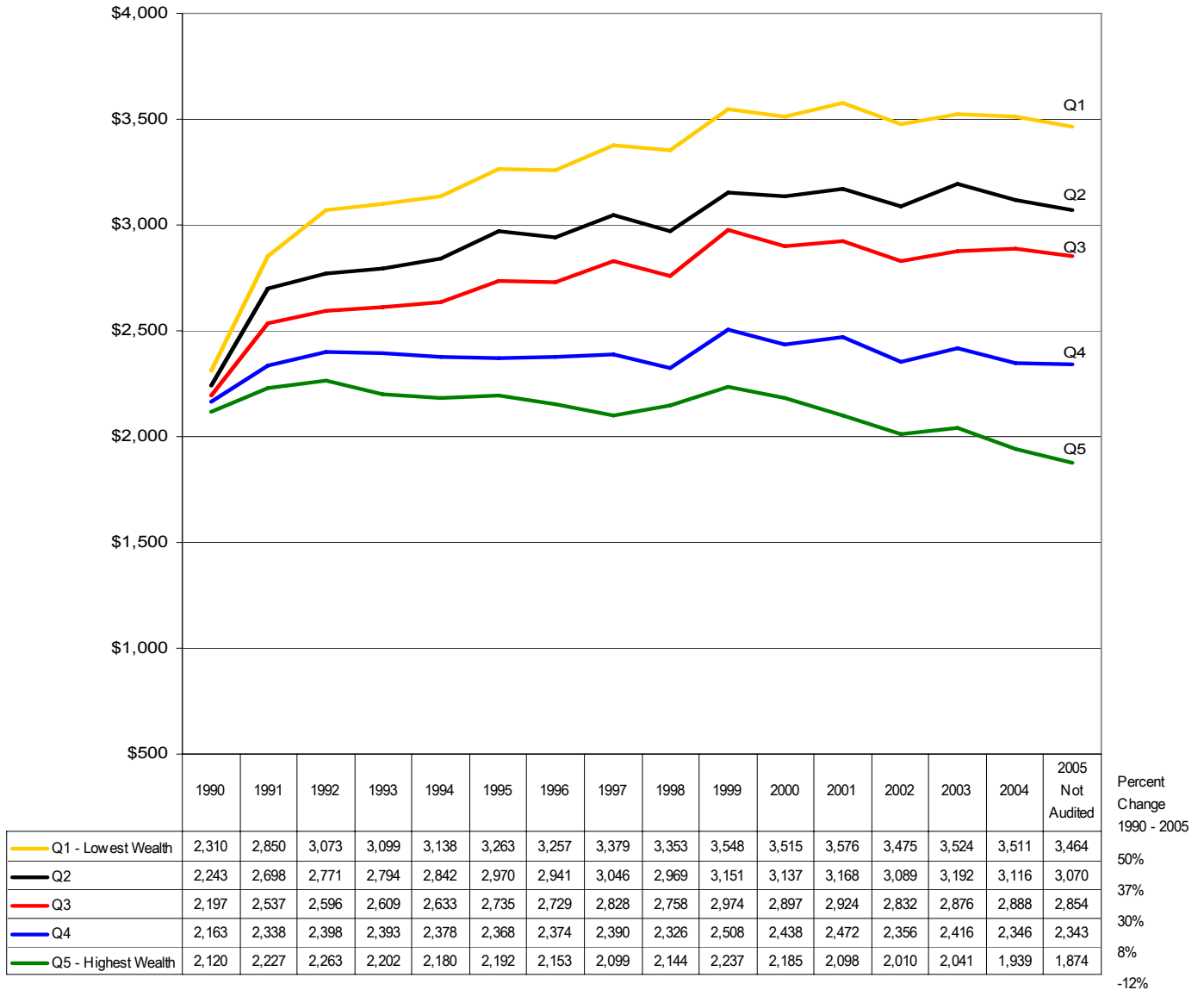
\*FY 2005 figures not audited.

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance; Bureau of Labor Statistics.

### Figure D.D

### State Per-pupil Revenue by Property Wealth Quintile

FY 1990-FY 2005\*  
(FY 1990 Constant Dollars)



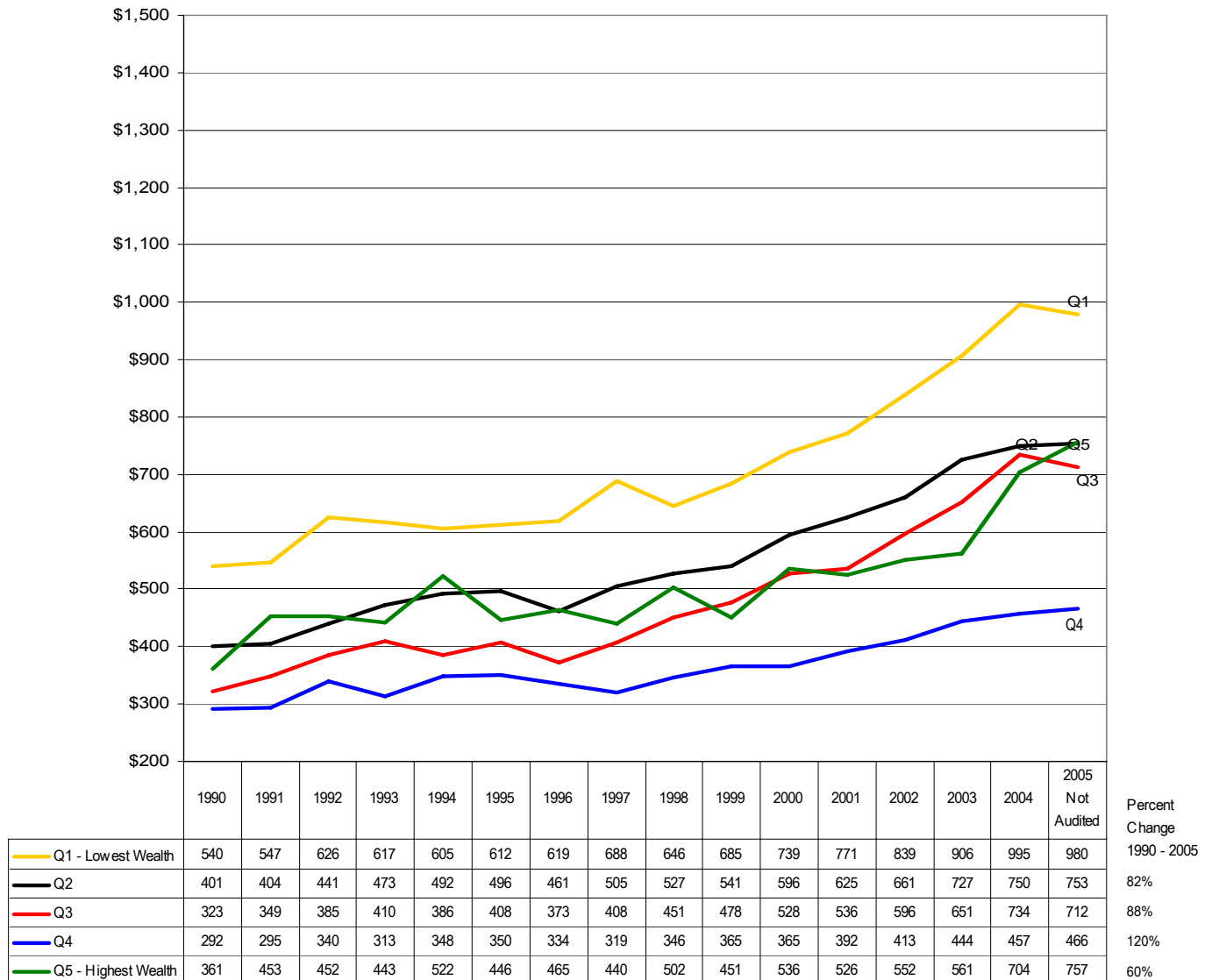
\*FY 2005 figures not audited.

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance; Bureau of Labor Statistics.

### Figure D.E

## Federal Per-pupil Revenue by Property Wealth Quintile

FY 1990-FY 2005\*  
(FY 1990 Constant Dollars)



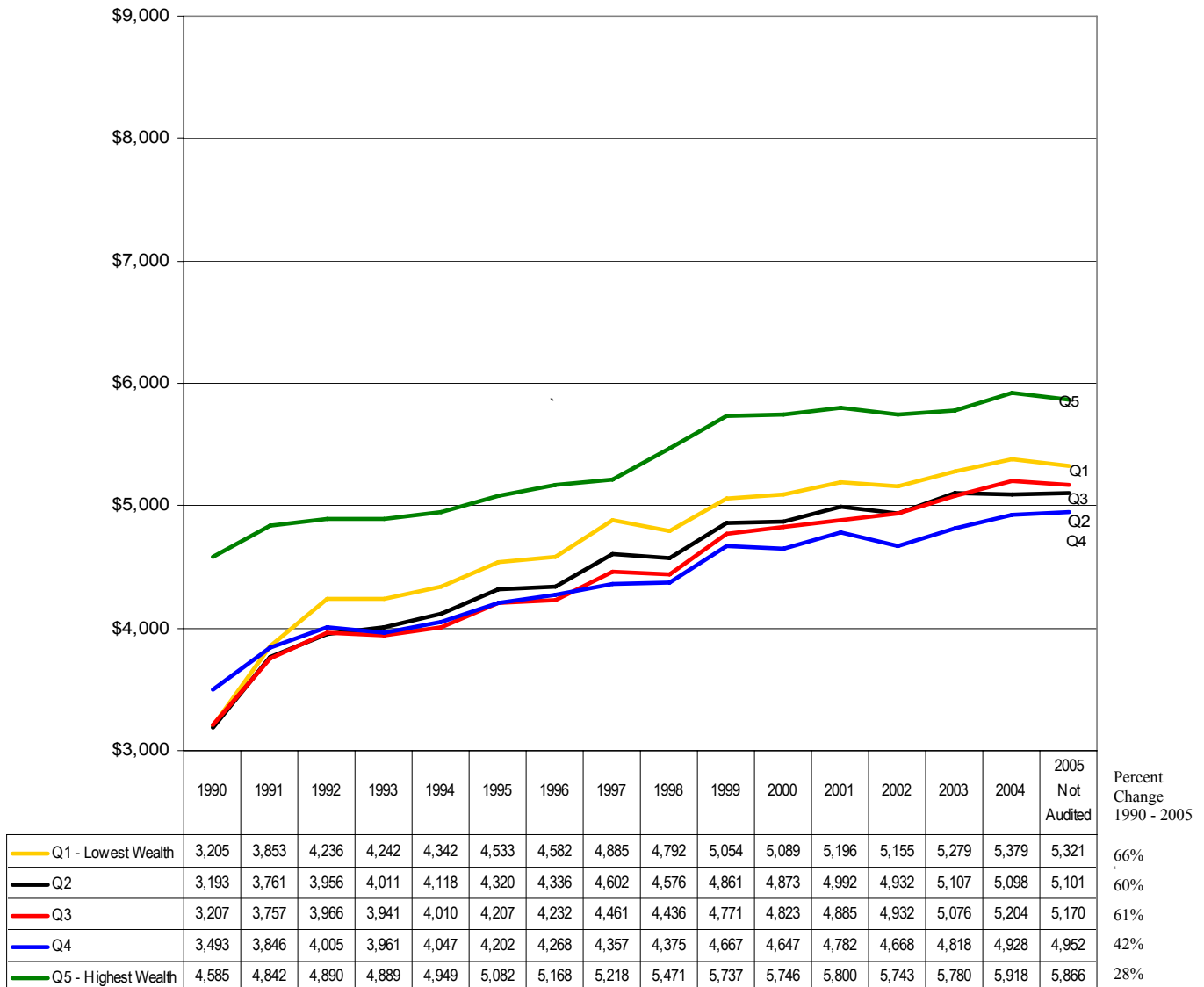
\*FY 2005 figures not audited.

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance; Bureau of Labor Statistics.

## Figure D.F

### Total Per-pupil Revenue by Property Wealth Quintile

FY 1990-FY 2005\*  
(FY 1990 Constant Dollars)



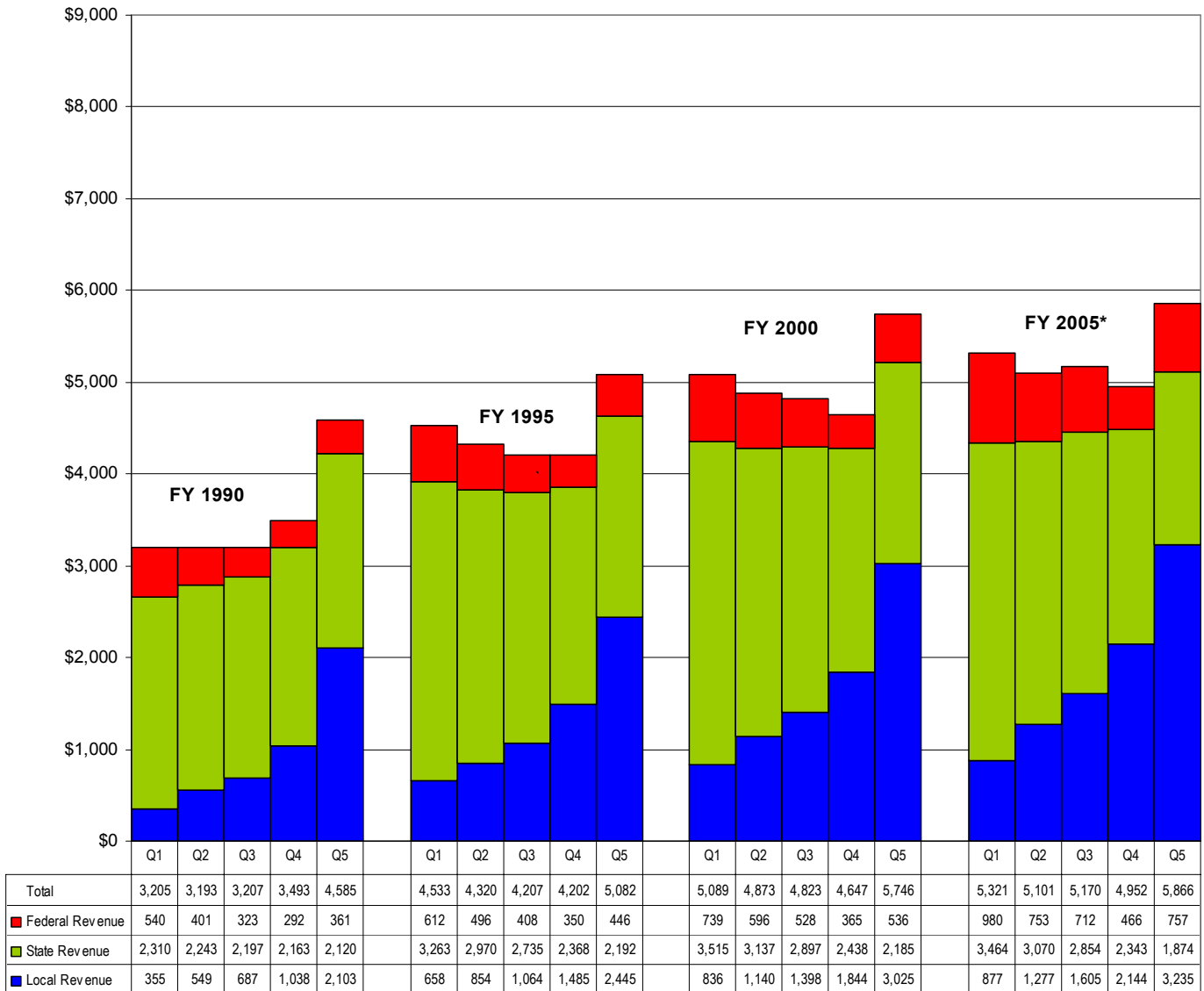
\*FY 2005 figures are not audited.

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance; Bureau of Labor Statistics.

### Figure D.G

## Total Per-pupil Revenue by Property Wealth Quintile for Select Years

(FY 1990 Constant Dollars)



\*Note: 2004-2005 is not audited.

Source: Staff compilation of Final SEEK Calculations and Annual Financial Reports provided by the Kentucky Department of Education, Division of School Finance; Bureau of Labor Statistics.



## Appendix E

### Example of Tax Rate Certification

Following is an adaptation of data provided by the Kentucky Department of Education, Division of School Finance. This example shows the specific calculations used to determine a selected district's tax rates.

**KENTUCKY DEPARTMENT OF EDUCATION**  
Real Estate And Personal Property Tax Calculation  
Form No. F-TR-2 A,B,C,D

**District: 000 Sample County - School Year: 2004-2005**

The property tax rates shown below are calculated under the provisions of KRS 160.470 (House Bill 44). The hearing and recall requirements footnoted apply unless the rates are less than those allowed under KRS 157.440 (House Bill 940) shown on Form No. F-TR-2E.

**CLASS OF PROPERTY - REAL ESTATE, TANGIBLE PERSONALTY, PUBLIC SERVICE COMPANIES AND DISTILLED SPIRITS**

Item A	<u>Compensating Tax Rate *</u>	<u>Subsection (1) **</u>	<u>4% Increase ***</u>
General Fund Real Estate KRS 160.470	37.9	48.1	39.4
Revenue	\$ 1,535,025.30	\$ 1,948,145.57	\$ 1,595,778.28
General Fund Personal Property KRS 160.473	44.1	48.1	44.1
Revenue	\$ 239,174.86	\$ 260,868.72	\$ 239,174.86

Item D  
Maximum Tax Rate for Motor Vehicles: 56.3

- \* No hearing required - no recall (cannot be levied if higher than Subsection 1). KRS 160.470(2)
- \*\* Hearing required if this rate exceeds the compensating rate; subject to recall if exceeds 4 percent. KRS 160.470(1).
- \*\*\* Hearing, - no recall (cannot be levied if higher than Subsection 1) KRS 160.470(7)

5.8 cents of the total property rate shown above is required to produce the 5 cent equivalent tax necessary for participation in the SFCC and FSPK programs.  
NOTE: 0.1 cents may be added to the above property rates to recover prior year losses due to exonerations. KRS 134.590

**KENTUCKY DEPARTMENT OF EDUCATION**

Real Estate And Personal Property Tax Calculation

Form No. F-TR-2 E

**District: 000 Sample County - School Year: 2004-2005**

The property tax rates shown below are calculated under the provisions of KRS 157.440 (House Bill 940). These may be levied without hearing or recall. The equivalent rate shown is the maximum Tier I equivalent, or the 1989-90 equivalent, plus the 5 cent growth district levy, if applicable, whichever is higher.

CLASS OF PROPERTY - REAL ESTATE, TANGIBLE PERSONALTY, PUBLIC SERVICE COMPANIES AND DISTILLED SPIRITS

Required Tax Rate for 46.80 Cent Equivalent Revenue \*

Item E		
General Fund Real Estate	Rate	31.8
	Revenue	\$ 1,287,963.18
General Fund Personal Property	Rate	31.8
	Revenue	\$ 172,466.23

Prior Year Motor Vehicle Tax Levy: 56.3

Item E above may be used in place of Item A General Fund Tax Rate and Revenue Certification. If a higher motor vehicle rate is used, this property tax rate must be recalculated.

\* No hearing required - no recall KRS 157.440(1)(a)

5.8 cents of the total property rate shown above is required to produce the 5 cent equivalent tax necessary for participation in the SFCC and FSPK programs.

NOTE: 0.1 cents may be added to the above property rates to recover prior year losses due to exonerations. KRS 134.590

Report 2

**KENTUCKY DEPARTMENT OF EDUCATION**

Real Estate And Personal Property Tax Calculation

Assessment Form Data Items (A-L)

**District: 000 Sample County - School Year: 2004-2005**

ITEM

	Assessment of Adjusted Property at Full Rates	Net Assessment Growth	Property Subject to Taxation as of January 1, 2003	Property Subject to Taxation as of January 1, 2004
A. January 1, 2003	423,506,203			
B. January 1, 2004	43,100			
C. January 1, 2003	423,463,103			
D. January 1, 2004	35,791,428			
E. January 1, 2004	459,254,531			
F. Real Estate		37,597,220	350,700,038	388,254,158
G. Tangible Personalty		-1,550,341	22,596,938	21,046,597
H. P.S. Co. - Real Estate		0	16,765,711	16,765,711
I. P.S. Co. - Tangible Personalty		-255,451	33,443,516	33,188,065
J. Distilled Spirits		0	0	0
K. Electric Plant Board		0	0	0
L. Motor Vehicles - Includes Public Service Motor Vehicles			79,328,372	80,038,041
Net New Property: PVA Real Estate			9,340,300	365,450
P.S. Co. Real Estate			0	184,248
Unmined Coal:			0	0
Aircraft (Recreational and Non-Commercial):			0	0
Watercraft (Non-			218,159	

Exonerations: Real Estate  
Tangible

**KENTUCKY DEPARTMENT OF EDUCATION  
Real Estate and Personal Property Tax Calculation**

Form No. F-TR-1

**District: 000 Sample County - School Year: 2004-2005**

			Total Valuation Real and Personal Property *
M	2003	Total Valuation of Real Property ( F + H )	\$ 367,465,749
N	2004	Revaluation of Real Property ( Growth F + H - New Property - B )	\$ 28,213,820
O	2004	Total Valuation of Real Property Exclusive of New Property ( F + H - New Property)	\$ 395,679,569
P	2004	New Property	\$ 9,340,300
Q	2004	Total Valuation of Real Property ( F + H )	\$ 405,019,869
R	2004	Total Valuation of Personal Property ( G + I + J )	\$ 54,234,662
S	2004	Total Valuation of Property ( Q + R = E )	\$ 459,254,531
T	2003	Total Valuation of Personal Property ( G + I + J )	\$ 56,040,454
U	2003	Total Valuation of Property ( M + T = A )	\$ 423,506,203

\* Does not include Motor Vehicle Assessment KRS 132.487(3).

Report 4

**KENTUCKY DEPARTMENT OF EDUCATION**  
Report 5 - Property and Motor Vehicle Tax Calculation

**District: 000 Sample County - School Year: 2004-2005**

<b>I. Tax Revenue</b>						
A. Property Tax Revenue	\$ 1,764,734.44					
B. Permissive Tax Revenue	599,728.46					
C. Motor Vehicle Tax Revenue	399,057.97					
D. Total Tax Revenue	\$ 2,763,520.87					
<b>II. Maximum Revenue</b>						
A. Real Property Tax Rate (40.6) x PY Assessment	(367,465,749)		1,491,910.94			
B. Personal Property Tax Rate (44.1) x PY Assessment Total Revenue (Real Estate and Personal Property)	(56,040,454)	101.5%	247,138.40 1,739,049.34			
C. Motor Vehicle Tax Rate (56.3) x PY Assessment	(79,328,372)	89.4%	446,618.73			
D. Maximum Tax Revenue (Real + Personal + MV + Perm)		99.214630%	2,785,396.54			
<b>III. Property and Motor Vehicle Assessment</b>						
A. Property Assessment				Prior Year Assessment	Exonerations	Current Year Assessment
				423,506,203	549,698	459,254,531
B. Motor Vehicle Assessment				79,328,372		80,038,041
C. Total Prior Year Assessment				502,834,575		539,292,572
<b>IV.</b>						
A. Equivalent Tax Rate	54.9 (actual) 54.9 (annualized)			Levied Equivalent Rate	54.0	
B. One Cent Revenue (Maximum Revenue/Annualized Equiv.				50,735.83		
C. Max Tier I Rate (Base SEEK x 15% / ADA / (greater of \$587,000.00 or (assessment/ADA)				11.8		
D. Max Tier II Rate (Base SEEK x 34.5% / ADA / (assessment/ADA)				69.8		

KENTUCKY DEPARTMENT OF EDUCATION  
Real Estate and Personal Property Tax Calculation  
Report 7 - Compensating Tax Rates

District: 000 Sample County - School Year: 2004-2005

	Prior Year Maximum Tax Rates		Prior Year Tax Rate Levied		Current Year Tax Rates	
	Real Estate	Personal Property	Real Estate	Personal Property	Real Estate	Personal Property
General (160.470)	48.1	48.1	40.6	44.1	39.4	44.1
Special Voted General Fund (157.440)	0.0	0.0	0.0	0.0	0.0	0.0
<b>COMPENSATING TAX RATE I</b>						
1. Prior Year Revenue From Real Property (Levied Rate x M)			General Fund		Special Voted General Fund	
2. Compensating Rate (#1/O and rounded to next higher one-tenth cent)			1,491,910.94		0.00	
<b>COMPENSATING TAX RATE II</b>						
3. Prior Year Total Revenue (Levied Rate x A)			37.8		0.00	
a. Real Estate (Rate x M)			0.377050		0.00	
b. Personal Property (Rate x T)			1,491,910.94		0.00	
Total			247,138.40		0.00	
4. Compensating Rate (#3/E and rounded to next higher one-tenth cent)			\$ 1,739,049.34		\$ 0.00	
			37.9		0.000000	
			0.378667		<b>Compensating Rate</b>	

Certify the higher of #2 or #4

**KENTUCKY DEPARTMENT OF EDUCATION**  
Real Estate and Personal Tax Calculation  
Report 8 - Compensating Tax Rates Form

**District: 000 Sample County - School Year: 2004-2005**  
160.470 SubSection (1)

	<u>General Fund</u>	<u>Special Voted General Fund</u>
5. Prior Year Revenue (Maximum Rate x Prior Year Assessment)		
a. Real Estate (Rate x M)	1,767,510.25	0.00
b. Personal Property (Rate x T)	269,554.58	0.00
Total	2,037,064.84	0.00
6. Subsection (1) Tax Rate (#5/C and rounded down)	48.1	0.0
	<b>Subsection (1) Rate</b>	
160.470 (3c)		
7. Revenue From Old Real Property (Higher of #2 or #4 x O)	1,499,625.57	0.00
8. Revenue After 4% Increase on Old Real Property (#7 x 1.04%)	1,559,610.59	0.00
9. 4% Tax Rate (#8/O and rounded down)	39.4	0.0
	0.394160	
		<b>4% Increase Rate</b>

Certify #9

Report 8

**KENTUCKY DEPARTMENT OF EDUCATION**  
Real Estate And Personal Property Tax Calculation

Report 9

**District: 000 Sample County - School Year: 2004-2005**

	<u>REAL ESTATE REVENUE (Rate x Real Estate Assessment)</u>	<u>Compensating</u>	<u>Subsection (1)</u>	<u>4 Percent</u>
10. Current Year (Q x House Bill 44 Rate)	\$ 1,535,025.30	\$ 1,948,145.57	\$ 1,948,145.57	\$ 1,595,778.28
11. Prior Year (#1)		\$1,491,910.94		
12. Percent Increase (#10 minus #11 / #11)	2.889875%	30.580554 %		6.962034 %
<b>PERSONAL PROPERTY REVENUE (Rate x Personal Property Assessment)</b>				
13. Current Year (R x House Bill 44 Rate)	\$ 205,549.37	\$ 260,868.72	\$ 260,868.72	\$ 213,684.57
14. Prior Year (3B or T times Levy)		247,138.40		
15. Percent Increase (#13 minus #14 / #14)	-16.8282351%	5.5557227 %		-13.5364766 %
<b>CALCULATE ONLY IF #12 HIGHER THAN #15</b>				
16. Personal Property Tax Revenue (#14 x (#12 + 100%))	\$ 254,280.39	\$ 322,714.69	\$ 322,714.69	\$ 264,344.26
17. Personal Property Tax Rate (#16 / R and rounded to the next higher 1/10 cent) Not to Exceed Prior Year's Tax Levy on Personal Property	46.9	59.5	59.5	48.7
18. 160.470 Certified Rate	37.9	48.1	48.1	39.4
19. Prior Year Levy	44.1	44.1	44.1	44.1
20. Current Year Personal Property Rate	44.1	48.1	48.1	44.1

**Personal Property:**                      **Compensating Rate**                      **Subsection (1) Rate**                      **4% Increase Rate**  
**For lines 17, 18, 19, and 20, compare line 17 to line 19 in each of the three columns, select the lower of the two rates and compare to line 18; select the higher of those two rates to arrive at the rate shown on line 20.**



**KRS 157.440 (HB 940) Property Tax Rate Calculation**

Maximum Equivalent Rate

Full Calculated SEEK Base	\$ 11,056,507
Times 15%	0.15
Equals Maximum Tier I Revenue	\$ 1,658,476
Divided by ADA	2,380.9
Equals Maximum Tier I Revenue Per Pupil	\$ 697
Divided by State Equalization Level*	587,000
Equals Tier I Rate	0.00119
Plus 35 cents	0.0035
Equals Maximum Equivalent Rate	0.00469

\*Higher of state equalization level or local per pupil assessment

The higher of the Maximum Tier I or the FY 1990 Equivalent Rate will be used to calculate the Maximum Property Tax Rate that may be levied without a hearing or recall.

Maximum Property Tax Rate

Maximum Equivalent Rate	0.00469
Times Total Assessment	\$ 502,834,575
Equals Maximum Local Revenue	\$ 2,358,294
Divided by Collection Rate	\$ 0.992
Equals Maximum Levied Revenue	\$ 2,377,313
Minus Permissive Tax Revenue	\$ 599,728
Minus Motor Vehicle Revenue	\$ 428,754
Equals Maximum Levied Property Revenue	\$ 1,348,830
Divided by Property Assessment	\$ 423,506,203
Equals Maximum Property Tax Rate	0.00318

**Sample Levied Equivalent Rate Calculation**

Levied Property Tax Rate for Real Estate	0.00394	
Times Property Assessment for Real Estate	\$ 367,465,749	
Levied Real Estate Property Tax Revenue		\$ 1,447,815
Plus		
Levied Property Tax Rate for Personal Property	0.00441	
Times Property Assessment for Personal Property	\$ 56,040,454	
Levied Personal Property Tax Revenue		\$ 247,138
Plus		
Levied Motor Vehicle Tax Rate	0.00563	
Times Motor Vehicle Assessment	\$ 79,328,372	
Levied Motor Vehicle Revenue		\$ 428,754
Plus		
Permissive Tax Revenue		\$ 599,728
Equals Local Taxes		\$ 2,723,436
Times Collection Rate		0.992
Total Levied Tax Revenue		\$ 2,701,648
Divided by Total Assessment		\$ 502,834,575
Equals Levied Equivalent Rate		0.0054



## Appendix F

### Per-pupil Permissive Tax for FY 1998 to FY 2005

Permissive taxes are levied under KRS 160.593 and consist of utility taxes, occupational taxes, and excise taxes.

District No.	District Name	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 Not Audited
001	Adair Co.	190	203	211	235	277	275	263	282
005	Allen Co.	10	5	-	-	-	-	-	-
006	Anchorage Ind.	927	933	974	996	1,027	990	1,009	1,091
011	Anderson Co.	187	186	201	235	219	232	233	243
012	Ashland Ind.	267	281	328	363	369	427	469	476
013	Augusta Ind.	256	274	269	290	238	312	381	419
015	Ballard Co.	311	298	320	357	360	383	370	471
016	Barbourville Ind.	215	230	268	325	275	350	339	329
017	Bardstown Ind.	425	324	351	398	366	453	447	413
021	Barren Co.	267	263	269	303	295	312	340	338
025	Bath Co.	152	155	173	188	205	220	231	252
026	Beechwood Ind.	219	258	334	451	410	333	356	348
031	Bell Co.	140	150	147	156	183	165	180	162
032	Bellevue Ind.	-	-	-	-	-	-	-	-
034	Berea Ind.	214	276	298	309	281	343	348	294
035	Boone Co.	628	658	738	802	793	793	858	874
041	Bourbon Co.	177	198	222	246	246	261	294	326
042	Bowling Green Ind.	316	364	407	593	533	491	557	461
045	Boyd Co.	518	496	407	406	488	502	520	587
051	Boyle Co.	228	223	231	260	253	269	259	266
055	Bracken Co.	131	137	151	171	179	170	205	212
061	Breathitt Co.	130	135	137	156	168	180	196	195
065	Breckinridge Co.	176	176	199	218	215	229	254	263
071	Bullitt Co.	167	171	185	205	225	270	288	297
072	Burgin Ind.	191	216	200	239	227	224	228	208
075	Butler Co.	207	230	274	278	312	305	354	260
081	Caldwell Co.	296	295	277	322	324	336	365	354
085	Calloway Co.	296	316	326	390	375	402	423	449
091	Campbell Co.	268	312	333	454	388	458	480	511
092	Campbellsville Ind.	261	291	330	410	350	410	461	444
095	Carlisle Co.	207	208	213	246	250	246	275	263
101	Carroll Co.	548	580	617	807	793	1,218	1,498	1,689
105	Carter Co.	164	165	173	200	220	226	225	247
111	Casey Co.	159	166	173	188	202	218	224	240
113	Caverna Ind.	-	-	-	-	-	-	-	-
115	Christian Co.	283	306	320	354	376	378	408	424
121	Clark Co.	290	292	305	344	340	384	405	374
125	Clay Co.	159	151	166	175	178	215	223	229
131	Clinton Co.	187	199	227	307	281	322	316	323
132	Cloverport Ind.	122	142	168	192	194	175	179	184
133	Corbin Ind.	241	218	238	285	299	296	301	267
134	Covington Ind.	-	-	-	-	-	-	-	-
135	Crittenden Co.	205	185	180	217	226	266	262	290
141	Cumberland Co.	323	329	353	374	373	405	418	455

District No.	District Name	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 Not Audited
143	Danville Ind.	241	231	387	527	487	522	564	530
145	Daviess Co.	234	237	239	293	269	279	283	282
146	Dawson Springs Ind.	211	177	167	189	169	194	206	200
147	Dayton Ind.	-	-	-	-	-	-	-	-
149	East Bernstadt Ind.	177	150	159	178	201	184	195	188
151	Edmonson Co.	190	183	190	186	210	224	226	221
152	Elizabethtown Ind.	331	359	385	429	423	401	419	417
155	Elliott Co.	142	126	119	138	142	166	156	198
156	Eminence Ind.	197	200	222	246	245	242	249	233
157	Erlanger-Elsmere Ind.	-	-	-	-	-	135	427	405
161	Estill Co.	137	160	150	164	166	176	189	214
162	Fairview Ind.	-	-	-	-	-	-	-	-
165	Fayette Co.	1,009	1,072	1,157	1,261	1,242	1,348	1,338	1,365
171	Fleming Co.	146	166	176	198	210	195	204	234
175	Floyd Co.	-	-	-	-	-	-	-	-
176	Fort Thomas Ind.	214	244	261	324	252	331	351	333
177	Frankfort Ind.	836	605	875	815	881	1,075	1,280	1,040
181	Franklin Co.	245	281	292	357	319	386	826	435
185	Fulton Co.	290	257	262	279	306	330	394	396
186	Fulton Ind.	-	-	-	-	213	455	489	510
191	Gallatin Co.	483	367	397	466	423	482	498	713
195	Garrard Co.	185	182	192	213	210	239	234	270
197	Glasgow Ind.	-	-	-	-	-	-	-	-
201	Grant Co.	131	157	163	185	191	219	227	257
205	Graves Co.	260	268	265	294	304	301	316	285
211	Grayson Co.	224	224	238	271	274	283	292	299
215	Green Co.	207	195	211	245	225	243	255	283
221	Greenup Co.	-	-	-	-	-	-	-	-
225	Hancock Co.	684	671	706	826	815	773	770	844
231	Hardin Co.	190	189	206	235	247	258	294	296
235	Harlan Co.	163	171	164	187	207	252	247	274
236	Harlan Ind.	165	175	185	216	204	210	188	200
241	Harrison Co.	176	206	224	263	254	294	314	330
242	Harrodsburg Ind.	283	287	266	482	455	514	479	583
245	Hart Co.	177	190	207	227	205	221	245	252
246	Hazard Ind.	265	231	274	294	310	348	402	429
251	Henderson Co.	320	337	356	421	395	425	420	421
255	Henry Co.	205	200	214	234	239	256	252	263
261	Hickman Co.	268	288	304	330	326	329	333	374
265	Hopkins Co.	-	-	-	-	-	-	-	-
271	Jackson Co.	3	2	0	-	-	-	0	1
272	Jackson Ind.	221	247	244	187	206	177	187	172
275	Jefferson Co.	981	1,058	1,101	1,208	1,133	1,106	1,130	1,085
276	Jenkins Ind.	169	188	207	200	199	220	294	243
281	Jessamine Co.	243	238	239	275	257	331	349	350
285	Johnson Co.	143	145	150	156	154	195	185	194
291	Kenton Co.	264	281	298	357	330	384	415	436
295	Knott Co.	168	177	185	213	226	249	273	286
301	Knox Co.	170	170	177	193	190	211	211	227
305	LaRue Co.	173	160	174	174	184	205	208	228
311	Laurel Co.	238	247	258	284	298	296	319	327
315	Lawrence Co.	143	139	159	172	180	211	223	239

District No.	District Name	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 Not Audited
321	Lee Co.	156	169	174	213	206	231	232	257
325	Leslie Co.	204	212	204	214	223	227	217	236
331	Letcher Co.	176	193	196	242	259	258	276	259
335	Lewis Co.	96	106	113	125	150	148	160	156
341	Lincoln Co.	157	171	181	220	198	211	209	206
345	Livingston Co.	236	242	253	274	273	291	295	306
351	Logan Co.	260	270	296	320	317	343	380	363
354	Ludlow Ind.	143	143	150	202	170	185	197	217
361	Lyon Co.	301	303	358	339	342	366	374	434
365	Madison Co.	278	282	300	322	351	375	388	403
371	Magoffin Co.	120	132	139	156	163	179	192	209
375	Marion Co.	206	213	229	256	250	278	298	296
381	Marshall Co.	569	554	597	653	629	807	830	1,209
385	Martin Co.	227	197	212	218	219	244	259	261
391	Mason Co.	291	303	316	361	358	395	409	452
392	Mayfield Ind.	339	310	359	418	389	410	415	372
395	McCracken Co.	264	262	277	321	303	328	329	302
401	McCreary Co.	126	125	133	142	152	163	179	198
405	McLean Co.	218	215	239	244	247	270	289	284
411	Meade Co.	126	143	143	159	169	185	181	197
415	Menifee Co.	167	166	173	215	207	210	205	216
421	Mercer Co.	188	201	204	217	207	237	247	264
425	Metcalfe Co.	202	200	225	241	253	308	300	303
426	Middlesboro Ind.	254	250	259	271	294	316	316	346
431	Monroe Co.	265	282	300	308	305	370	335	331
435	Montgomery Co.	234	242	251	275	281	300	319	310
436	Monticello Ind.	214	256	249	276	257	249	353	278
441	Morgan Co.	133	161	156	185	191	203	195	216
445	Muhlenberg Co.	0	-	-	-	-	-	0	-
446	Murray Ind.	463	480	492	551	508	548	493	509
451	Nelson Co.	146	157	174	217	214	241	237	260
452	Newport Ind.	-	-	-	-	-	-	-	-
455	Nicholas Co.	185	185	216	250	245	259	261	285
461	Ohio Co.	184	189	199	226	226	249	261	239
465	Oldham Co.	186	185	201	213	216	244	253	268
471	Owen Co.	-	-	77	166	163	240	222	241
472	Owensboro Ind.	406	420	480	556	532	567	524	561
475	Owsley Co.	123	130	135	180	173	182	187	219
476	Paducah Ind.	439	451	480	611	563	607	621	594
477	Paintsville Ind.	-	-	-	-	28	301	367	392
478	Paris Ind.	398	399	402	466	539	531	580	539
481	Pendleton Co.	139	132	147	164	164	187	203	219
485	Perry Co.	186	210	221	227	240	259	279	282
491	Pike Co.	242	241	257	273	287	289	296	321
492	Pikeville Ind.	324	343	337	450	453	603	598	514
493	Pineville Ind.	152	141	151	161	153	195	227	193
495	Powell Co.	184	175	183	211	200	224	235	231
496	Providence Ind.	261	247	263	307	305	341	373	374
501	Pulaski Co.	213	224	262	268	272	281	297	326
502	Raceland Ind.	-	-	-	-	-	-	-	-
505	Robertson Co.	128	143	175	174	181	198	202	267
511	Rockcastle Co.	156	167	174	193	197	202	212	213

District No.	District Name	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 Not Audited
515	Rowan Co.	233	247	280	339	360	430	435	469
521	Russell Co.	208	208	216	257	246	261	277	306
522	Russell Ind.	173	209	250	260	267	282	299	299
523	Russellville Ind.	325	352	363	404	390	345	375	362
524	Science Hill Ind.	152	152	183	197	201	174	167	221
525	Scott Co.	772	934	980	1,118	881	1,242	1,131	1,215
531	Shelby Co.	293	302	321	360	345	384	422	414
533	Silver Grove Ind.	-	-	-	-	-	-	-	-
535	Simpson Co.	312	319	343	400	383	411	453	452
536	Somerset Ind.	242	289	293	356	364	398	422	466
537	Southgate Ind.	-	-	-	-	-	-	-	-
541	Spencer Co.	141	147	168	194	184	204	233	232
545	Taylor Co.	207	197	206	248	289	297	302	313
551	Todd Co.	239	235	249	277	264	289	306	280
555	Trigg Co.	230	242	259	278	255	290	301	283
561	Trimble Co.	136	144	156	160	188	199	207	216
565	Union Co.	273	257	275	324	324	355	342	356
567	Walton Verona Ind.	346	375	439	529	455	516	489	523
571	Warren Co.	709	740	758	778	763	827	887	909
575	Washington Co.	216	210	227	248	230	269	261	275
581	Wayne Co.	142	143	163	185	200	206	198	210
585	Webster Co.	225	220	237	263	285	297	293	305
586	West Point Ind.	97	79	181	236	260	287	314	315
591	Whitley Co.	134	147	143	175	173	188	198	180
592	Williamsburg Ind.	232	234	257	277	269	292	339	358
593	Williamstown Ind.	246	200	227	235	211	228	221	249
595	Wolfe Co.	140	150	162	164	181	197	197	195
601	Woodford Co.	258	267	271	298	303	344	357	439
	State Average*	378	400	425	473	461	488	509	512

\*State Average is calculated by dividing the state's total permissive taxes by the total funded ADA, which includes districts' ADA that do not collect permissive taxes.

Source: Staff calculations based on data provided by the Kentucky Department of Education, Division of School Finance.

## Appendix G

### Impact on Local and State Revenues of Property Tax Rates Greater or Less Than Maximum Tier I Rate

The following illustrates the relationship between property assessment growth and SEEK when two different real estate tax rates are levied. The real estate tax rate in Scenario A is less than the maximum Tier I rate. The real estate tax rate in Scenario B is greater than the maximum Tier I rate.

	Property Assessment Increase (a)	Maximum Tier I Rate (b)	Real Estate Property Tax Rate (c)	Local Tax Revenue on Assessment Increase (a) x (c) = (d)	SEEK and FSPK Decrease* (a) x (b) = (e)	Net Effect (d) + (e) = (f)
Scenario A - Real Estate Rate Less Than Maximum Tier I	400,000,000	45.6	40.0	1,600,000	(1,827,065)	(227,065)
Scenario B - Real Estate Rate Greater Than Maximum Tier I	400,000,000	45.6	65.0	2,600,000	(1,827,065)	772,935

**Result:**

The district in Scenario A that levied a real estate rate less than its maximum Tier I rate lost more in SEEK funds than it collected in local taxes.

The district in Scenario B that levied a real estate rate greater than its maximum Tier I rate collected more in local taxes than its SEEK funds decreased.

Assumption: Regardless of the real estate rate levied, the district received full Tier I funding. Some districts increased their local effort to qualify for Tier I funding by adding a permissive tax rather than by raising their property tax rate. The permissive tax may or may not grow enough to make up this difference.

\*Maximum Tier I rate of 45.6766 (not rounded) is used in calculation.





## Appendix H

### Per Pupil Tier II Revenue for FY 1995 to FY 2005

Tier II allows school districts to levy an equivalent tax rate that will raise revenue up to 30% above the adjusted SEEK base and Tier I. The additional revenues produced within Tier II are not equalized by the state and create additional disparities among revenues available to school districts.

District No.	District Name	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
001	Adair Co.	60	25	57	80	94	110	124	139	162	169	161
005	Allen Co.			15	23	43	20	62	137	150	156	120
006	Anchorage Ind.	3,596	3,777	3,616	4,124	4,015	4,107	4,618	4,628	4,854	5,205	5,656
011	Anderson Co.	18	127	186	155	141	189	243	230	258	471	470
012	Ashland Ind.	157	95	193	217	166	179	113	270	342	472	642
013	Augusta Ind.	373	254	301	407	433	495	487	435	530	625	661
015	Ballard Co.	55	11	62	62	58	61	85	127	123	285	366
016	Barbourville Ind.	117	116	133	156	142	156	213	295	407	192	322
017	Bardstown Ind.	209	159	238	240	299	222	287	482	613	835	868
021	Barren Co.	12	118	152	159	167	206	172	193	262	443	501
025	Bath Co.											
026	Beechwood Ind.	456	264	410	424	483	477	622	1,274	1,320	1,308	1,387
031	Bell Co.	68	61	66	58	77	66	82	79	134	83	143
032	Bellevue Ind.	277	302	397	426	476	509	558	584	738	810	725
034	Berea Ind.	246	236	350	312	297	352	400	418	562	561	666
035	Boone Co.	251	273	396	552	504	604	577	737	821	977	1,177
041	Bourbon Co.	70	57	33	44	50	58	111	185	253	273	289
042	Bowling Green Ind.	584	619	687	715	714	895	985	1,120	1,155	1,083	1,115
045	Boyd Co.	56	52	134	66	180	177	67	186	208	182	309
051	Boyle Co.	74	73	121	97	65	150	126	223	165	320	271
055	Bracken Co.			8		12	13	24	13	11	11	68
061	Breathitt Co.		9		5		8	30	16	58		67
065	Breckinridge Co.	21	5	32	61	58	76	68	84	137	139	166
071	Bullitt Co.	36	2	7	5	12	3	18	48	78	472	461
072	Burgin Ind.	138	108	121	133	187	206	248	184	245	250	334
075	Butler Co.	6			3	4	8	4	33	88	83	97
081	Caldwell Co.	39	3	30	6	56	66	11	51	71	63	108
085	Calloway Co.	24		14	8	14	16	10	15	50	28	139
091	Campbell Co.	204	135	235	281	327	379	473	608	569	595	657
092	Campbellsville Ind.	29	23	45	28	35	47	148	154	103	196	326
095	Carlisle Co.											
101	Carroll Co.	97	184	245	334	385	377	463	789	762	1,070	1,381
105	Carter Co.	3		41	5	23	23	38	63	94	73	114
111	Casey Co.	13	3	24	7	26	8	16	17	58	70	87

District No.	District Name	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
113	Caverna Ind.	139	159	187	211	236	265	337	350	409	414	432
115	Christian Co.	20			8	29	40	49	63	141	102	170
121	Clark Co.	81	35	66	249	115	101	113	126	173	168	135
125	Clay Co.	10			29	43	56	60	70	102	139	196
131	Clinton Co.	19	6	55	28	49	31	31	103	107	111	159
132	Cloverport Ind.	48	32	60	73	88	114	115	170	172	133	184
133	Corbin Ind.	89	116	146	148	83	86	139	208	205	281	251
134	Covington Ind.	577	587	662	719	850	932	980	1,098	1,271	1,356	1,562
135	Crittenden Co.	9			9	2			14	73	73	127
141	Cumberland Co.	14	6	7	17	8		4	6	33	20	7
143	Danville Ind.	218	183	243	340	410	572	889	939	1,071	1,157	1,184
145	Daviess Co.	19	93	154	190	161	253	224	294	365	398	461
146	Dawson Springs Ind.	330	350	289	342	327	288	276	270	277	295	352
147	Dayton Ind.	209	179	214	267	282	330	389	381	431	498	455
149	East Bernstadt Ind.	29	8	69	58	83	71	68	60	101	106	102
151	Edmonson Co.						6	16		40	53	81
152	Elizabethtown Ind.	211	215	297	277	295	386	431	415	527	589	723
155	Elliott Co.	49	62	50	89	114	78	85	92	77	71	61
156	Eminence Ind.	125	127	181	162	188	228	359	289	350	338	321
157	Erlanger-Elsmere Ind.	378	310	334	335	363	400	547	593	701	803	1,155
161	Estill Co.	10			9	23	26	31	48	122	207	175
162	Fairview Ind.	179	153	205	201	200	247	294	313	329	304	302
165	Fayette Co.	933	1,063	1,131	1,295	1,354	1,512	1,692	1,679	1,632	1,676	1,742
171	Fleming Co.	10			8	8	9	22	6	21	13	32
175	Floyd Co.	46	23	92	88	46	91	154	210	185	260	233
176	Fort Thomas Ind.	349	401	597	655	956	1,006	1,112	1,290	1,862	2,009	2,051
177	Frankfort Ind.	554	548	654	782	258	522	737	759	934	1,054	1,242
181	Franklin Co.	26			60	149	141	168	246	275	603	1,019
185	Fulton Co.	33	9	80	126	122	75	105	156	169	194	182
186	Fulton Ind.	398	404	495	559	572	602	665	677	887	996	907
191	Gallatin Co.	97	152	346	290	390	314	483	541	575	490	570
195	Garrard Co.	109	81	106	139	169	161	290	262	388	545	614
197	Glasgow Ind.	90	39	97	145	210	287	338	290	369	411	521
201	Grant Co.	53	60	88	91	96	112	179	128	173	310	329
205	Graves Co.									10	13	29

District No.	District Name	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
211	Grayson Co.			21	17	30	56	58	87	86	96	103
215	Green Co.	38	6	39	39	78	15	45	62	77	76	99
221	Greenup Co.		16	22	19	41	39	112	153	174	216	256
225	Hancock Co.	149	305	366	503	420	546	676	723	774	717	868
231	Hardin Co.	31	18	74	66	89	126	140	152	178	190	255
235	Harlan Co.	29		13	4		3	25	36	74	61	93
236	Harlan Ind.	123	71	105	101	103	109	150	169	154	146	148
241	Harrison Co.	35	3	2	4	11	34	56	50	40	86	107
242	Harrodsburg Ind.	71	27	93	115	110	179	123	344	350	391	332
245	Hart Co.	20	6	38	8	48	29	40	80	121	119	172
246	Hazard Ind.	98	124	197	76	143	108	152	157	173	298	338
251	Henderson Co.	91	91	166	244	216	196	226	270	251	340	342
255	Henry Co.	87	73	101	118	153	157	201	223	274	271	312
261	Hickman Co.	10	6	82	48	16	17	55	76	158	211	244
265	Hopkins Co.	95	70	129	157	136	153	211	254	289	321	312
271	Jackson Co.	10		16	32	29	13	27	12	15	59	42
272	Jackson Ind.	64	104	82	193	172	187	199	123	128	93	101
275	Jefferson Co.	1,015	1,019	1,181	1,188	1,250	1,434	1,516	1,608	1,650	1,737	1,774
276	Jenkins Ind.	94	349	309	371	268	373	355	334	423	671	441
281	Jessamine Co.	212	174	277	301	311	316	388	448	528	736	418
285	Johnson Co.	76	74	42	3	63	64	136	132	95	130	112
291	Kenton Co.	27	164	278	258	293	353	334	421	520	796	932
295	Knott Co.	12	6	71	60	27		65	7	19	52	128
301	Knox Co.		71	124	124	110	95	114	169	247	148	193
305	LaRue Co.	18	6	49	77	66	58	92	97	137	136	145
311	Laurel Co.	23	2	39	6	13	2	3	16	25	14	9
315	Lawrence Co.										35	9
321	Lee Co.	6		27	67	60	43	15	9	49	38	25
325	Leslie Co.	9		3	5	20		29		31	68	
331	Letcher Co.	1		77	71	25	136	58		71	61	329
335	Lewis Co.							5	5	16	13	92
341	Lincoln Co.	15		6	5	6	9	4	15	10	42	48
345	Livingston Co.											
351	Logan Co.							7	5	15	58	120
354	Ludlow Ind.	336	312	365	387	401	389	438	501	485	509	576
361	Lyon Co.							5	5	59	21	17
365	Madison Co.	78	184	156	192	171	186	204	307	415	636	666

District No.	District Name	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
371	Magoffin Co.	25	48	76	44	53	64	112	121	150	152	130
375	Marion Co.	19	51	106	108	130	131	158	127	152	180	303
381	Marshall Co.		14	36	11	6	9	31	38	97	187	242
385	Martin Co.	9	42	28	29	14	85	141	120	109	248	131
391	Mason Co.	114	88	47	29	72	94	162	237	294	356	367
392	Mayfield Ind.	556	469	622	642	715	747	767	824	833	856	777
395	McCracken Co.			5			3		30	112	52	218
401	McCreary Co.	7		2		1	5		10	12	10	77
405	McLean Co.	18		6	28	35	9	35	56	112	153	229
411	Meade Co.	15	72	87	83	89	94	99	110	146	162	200
415	Menifee Co.		6	7	2	5	9	7	48	33	36	60
421	Mercer Co.	62	8	7		75	52	32	117	181	221	188
425	Metcalfe Co.			11	27	24	7	27	27	83	122	128
426	Middlesboro Ind.	95	125	255	241	184	249	215	246	267	249	346
431	Monroe Co.	108	84	100	139	123	163	185	170	200	265	265
435	Montgomery Co.	19	4	11	41	28	12	25	147	165	312	310
436	Monticello Ind.	25	18	45	28	86	98	94	119	104	104	206
441	Morgan Co.	1	5	36	28	42	56	73	93	117	121	126
445	Muhlenberg Co.						63	4	31	82	41	25
446	Murray Ind.	142	108	146	195	217	208	249	318	283	520	625
451	Nelson Co.	23		9	2	12	18	83	282	380	388	387
452	Newport Ind.	539	547	655	738	776	836	981	1,105	1,173	1,250	1,348
455	Nicholas Co.	56	6	10	8	18	15	57	48	59	110	78
461	Ohio Co.	3	6	18	28	28	32	30	40	53	87	101
465	Oldham Co.	311	284	384	422	408	442	522	509	611	635	1,119
471	Owen Co.	25	3	58	81	33	41	178	236	473	375	394
472	Owensboro Ind.	520	640	678	758	754	870	1,029	1,165	1,188	1,160	1,254
475	Owsley Co.	53	52	93	99	87	93	106	118	102	106	130
476	Paducah Ind.	503	521	610	648	641	732	759	930	894	895	1,063
477	Paintsville Ind.	407	411	536	555	471	573	746	702	960	1,172	1,228
478	Paris Ind.	436	372	442	520	546	519	542	628	772	749	778
481	Pendleton Co.	16	4		3	43	7	6	10	36	248	283
485	Perry Co.		11	66	109	67	164	212	139	192	117	123
491	Pike Co.	112	118	204	169	257	212	298	353	216	502	423
492	Pikeville Ind.	592	442	577	693	798	865	957	1,081	1,339	1,503	1,588
493	Pineville Ind.	82	87	126	155	92	88	85	139	155	112	209
495	Powell Co.	35	4	21	8	46	56	51	31	6	36	57

District No.	District Name	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
496	Providence Ind.	67	75	97	100	122	126	185	213	198	275	219
501	Pulaski Co.				17	9	22	19	15	30	44	166
502	Raceland Ind.	256	253	285	293	369	421	446	438	453	438	509
505	Robertson Co.	74	70	51	65	45	45	113	105	96	159	55
511	Rockcastle Co.	46	40	76	95	91	98	94	86	97	114	124
515	Rowan Co.	93	48	84	71	92	106	133	92	150	209	341
521	Russell Co.	34	71	146	151	103	58	49	56	99	143	123
522	Russell Ind.	90	106	145	141	195	257	267	262	340	412	510
523	Russellville Ind.	258	247	304	346	456	436	471	502	546	542	556
524	Science Hill Ind.	36	9	38	14	41	30	40	50	74	62	62
525	Scott Co.	365	255	525	426	493	631	608	719	486	927	853
531	Shelby Co.	155	196	208	262	275	391	628	623	788	1,028	695
533	Silver Grove Ind.	377	377	428	425	469	474	694	994	846	993	920
535	Simpson Co.	57	23	79	80	99	52	121	187	143	169	262
536	Somerset Ind.	61	78	173	225	281	328	375	423	502	587	704
537	Southgate Ind.	232	19	175	235	285	273	348	475	719	313	1,320
541	Spencer Co.	13	27	127	124	146	143	165	182	210	217	453
545	Taylor Co.	99	82	98	104	96	73	92	125	231	230	232
551	Todd Co.					3				23	8	43
555	Trigg Co.							39	60	117	99	119
561	Trimble Co.	123	62	115	181	146	184	234	227	305	270	360
565	Union Co.	67	90	94	80	75	65	132	158	197	252	321
567	Walton Verona Ind.	845	923	959	1,066	1,227	1,324	1,578	1,643	1,822	1,748	1,984
571	Warren Co.	92	201	261	200	205	234	261	267	214	517	602
575	Washington Co.		7	47	46	23	31	25	50		111	133
581	Wayne Co.	3	7	50	21	18			6	49	52	41
585	Webster Co.	62	69	155	78	86	107	51	144	161	223	194
586	West Point Ind.	164	131	135	193	323	345	444	541	635	658	919
591	Whitley Co.	100	57	21	59	46	64	98	94	70	61	66
592	Williamsburg Ind.	114	106	134	204	216	183	186	194	284	292	281
593	Williamstown Ind.	432	440	536	503	516	444	563	613	579	537	686
595	Wolfe Co.			6	14	51	3	13	8	22		8
601	Woodford Co.	56	163	312	329	367	300	324	351	472	474	405
	State Average*	266	277	339	359	378	433	475	522	559	635	687

\*State Average is calculated by dividing the state's total Tier II revenue by the total funded ADA, which includes districts' ADA that do not collect Tier II revenues.

Source: Staff compilation of Final SEEK Calculations provided by the Kentucky Department of Education, Division of School Finance.



## Appendix I

### Per-Pupil In Lieu of Taxes for FY 1998 to FY 2005

In lieu of taxes are voluntary payments made to a school district by corporate or governmental entities for property that is not subject to taxation. Some school districts collect substantial amounts while others collect none or very little. Due to the voluntary nature of the payment, the timing and amounts are not guaranteed.

District No.	District Name	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 Not Audited
001	Adair Co.								
005	Allen Co.	10	10	11	13	12	15	29	29
006	Anchorage Ind.								
011	Anderson Co.								
012	Ashland Ind.								
013	Augusta Ind.								
015	Ballard Co.	7	7	8	9	9	11	12	14
016	Barbourville Ind.								
017	Bardstown Ind.	6							
021	Barren Co.	17		19	22	17	20	23	24
025	Bath Co.				1	6			
026	Beechwood Ind.								
031	Bell Co.		10	12	14	13	15	16	17
032	Bellevue Ind.								
034	Berea Ind.								
035	Boone Co.	1				17	17	28	24
041	Bourbon Co.								
042	Bowling Green Ind.	58	72	79	79	69	93	85	88
045	Boyd Co.								
051	Boyle Co.								
055	Bracken Co.								
061	Breathitt Co.								
065	Breckinridge Co.								
071	Bullitt Co.								
072	Burgin Ind.								
075	Butler Co.	44	44	45	56	51	62	70	71
081	Caldwell Co.	55	43	46	52	53	58	60	
085	Calloway Co.	57	57	65	76	69	83	93	93
091	Campbell Co.								
092	Campbellsville Ind.				17	8	8	15	11
095	Carlisle Co.	23	23	27	32	29	36	42	44
101	Carroll Co.	91	94	93	159	160	187	234	273
105	Carter Co.					2			
111	Casey Co.								
113	Caverna Ind.		2						
115	Christian Co.	40	41	47	56	39	48	66	69
121	Clark Co.								
125	Clay Co.	8	6	1	1	2	1	11	12
131	Clinton Co.	24	25	28	34	31	37	40	39
132	Cloverport Ind.								
133	Corbin Ind.								
134	Covington Ind.	23	25	29	29	31	41	47	47
135	Crittenden Co.								

District No.	District Name	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 Not Audited
141	Cumberland Co.	32	32	36	44	41	49	57	58
143	Danville Ind.	8	9	9	9	9	7	10	10
145	Daviess Co.	16	16	20	17	17	18	17	21
146	Dawson Springs Ind.	7	6	6	3	4	5	11	13
147	Dayton Ind.	31	28	28	30	43	49	57	15
149	East Bernstadt Ind.								
151	Edmonson Co.								
152	Elizabethtown Ind.								
155	Elliott Co.								
156	Eminence Ind.								
157	Erlanger-Elsmere Ind.			26	14	15	15	18	
161	Estill Co.	1	1	0					2
162	Fairview Ind.								
165	Fayette Co.	1	1	1	1	1	1	1	1
171	Fleming Co.								
175	Floyd Co.								
176	Fort Thomas Ind.								
177	Frankfort Ind.	17	17	18	17	17	19	18	18
181	Franklin Co.								
185	Fulton Co.	22	24	29	32	34	39	41	45
186	Fulton Ind.	103	105	115	118	129	129	97	92
191	Gallatin Co.								
195	Garrard Co.								
197	Glasgow Ind.	63	61	57	83	82	104	142	167
201	Grant Co.								
205	Graves Co.	29	29	43	58	59	68	77	74
211	Grayson Co.				1	1	1	1	2
215	Green Co.								
221	Greenup Co.								
225	Hancock Co.	12	63	82	83	81	86	87	88
231	Hardin Co.								
235	Harlan Co.	0							
236	Harlan Ind.								
241	Harrison Co.	4	4	5		5			
242	Harrodsburg Ind.								
245	Hart Co.	16	16	18	22	19	23	26	26
246	Hazard Ind.								
251	Henderson Co.	4	4	21	10	12	12	12	13
255	Henry Co.								
261	Hickman Co.	72	74	89	112	101	126	147	153
265	Hopkins Co.		2	2	2	2	2	2	2
271	Jackson Co.	10	8	2	2	14	13	14	15
272	Jackson Ind.								
275	Jefferson Co.							2	4
276	Jenkins Ind.								
281	Jessamine Co.	3	3	3	3				
285	Johnson Co.				9	5	0		
291	Kenton Co.								
295	Knott Co.								
301	Knox Co.			0					



District No.	District Name	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 Not Audited
305	LaRue Co.	2	2	2				2	2
311	Laurel Co.	1	1	1	1		1	1	1
315	Lawrence Co.								
321	Lee Co.				0	3			
325	Leslie Co.			2		3	1		15
331	Letcher Co.				2	0	0	0	0
335	Lewis Co.								
341	Lincoln Co.								
345	Livingston Co.	379	350	390	455	430	493	554	579
351	Logan Co.	58	59	71	90	81	93	117	118
354	Ludlow Ind.								
361	Lyon Co.	306	297	326	354	315	420	454	461
365	Madison Co.	1	1	1	1	1	1		
371	Magoffin Co.								
375	Marion Co.	9	16	18	15	10	10	13	13
381	Marshall Co.	114	109	127	149	137	165	185	182
385	Martin Co.								
391	Mason Co.	34	35	35	36	36	36	36	35
392	Mayfield Ind.	37	41	37	41	39	34	47	42
395	McCracken Co.	276	268	303	355	328	378	415	402
401	McCreary Co.	26	26	17	19	37	43	42	49
405	McLean Co.					1			
411	Meade Co.								
415	Menifee Co.								
421	Mercer Co.								
425	Metcalf Co.	91	91	105	124	113	130	152	156
426	Middlesboro Ind.								
431	Monroe Co.	3	23	27	43	39	47	53	54
435	Montgomery Co.	73	55	53	51	59	60	63	59
436	Monticello Ind.	11	11	13	13	14	15	20	20
441	Morgan Co.								
445	Muhlenberg Co.	658	658	736	855	915	1,078	1,148	1,240
446	Murray Ind.	32	37	34	35	35	73	83	81
451	Nelson Co.								21
452	Newport Ind.	14	14		10	8	7	10	14
455	Nicholas Co.								
461	Ohio Co.				1	1	1	2	2
465	Oldham Co.						23	22	21
471	Owen Co.								
472	Owensboro Ind.	8	9	11		11	12	12	
475	Owsley Co.								
476	Paducah Ind.	55	55	57	63	66	80	87	110
477	Paintsville Ind.								
478	Paris Ind.								
481	Pendleton Co.								
485	Perry Co.								
491	Pike Co.								
492	Pikeville Ind.		33	20	21	0	0	45	22
493	Pineville Ind.								
495	Powell Co.								
496	Providence Ind.								
501	Pulaski Co.								

District No.	District Name	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 Not Audited
502	Raceland Ind.								
505	Robertson Co.								
511	Rockcastle Co.								
515	Rowan Co.	15	10	1	10	6	7	7	7
521	Russell Co.	14						22	22
522	Russell Ind.								
523	Russellville Ind.	28	32	32	38	34	48	61	61
524	Science Hill Ind.								
525	Scott Co.	246	216	209	195	193	166	218	211
531	Shelby Co.	4	4	4	5	4	4	5	5
533	Silver Grove Ind.								
535	Simpson Co.	23	23	24	32	32	36	39	38
536	Somerset Ind.								
537	Southgate Ind.								
541	Spencer Co.								
545	Taylor Co.								
551	Todd Co.	112	111	126	148	129	173	189	190
555	Trigg Co.	248	228	447	348	528	382	410	431
561	Trimble Co.								
565	Union Co.	66	64	72	84	79	91	101	135
567	Walton Verona Ind.	12	29	29	30	28	28	26	25
571	Warren Co.	25	27	37	47	42	50	57	59
575	Washington Co.	2		2	2		2	23	24
581	Wayne Co.	26	27	31	37	34	40	45	46
585	Webster Co.	10	21	23	14	12	25	26	26
586	West Point Ind.								
591	Whitley Co.	4	4	5	6	5	6		
592	Williamsburg Ind.	14	15	14	14	12	12	14	12
593	Williamstown Ind.								
595	Wolfe Co.								
601	Woodford Co.								
	State Average*	21	21	24	26	26	30	34	35

\*State Average is calculated by dividing the state's total in lieu of taxes by the total funded ADA, which includes districts' ADA that do not collect in lieu of taxes.

Source: Kentucky Department of Education, Division of School Finance.

## Appendix J

### Hold Harmless Funding for FY 1993 to FY 2005

Hold Harmless is a provision of the SEEK statute guarantees that a school district will not receive less state SEEK funding per pupil than it did in FY 1992. This funding is made without regard to the local wealth of the school district.

District Name	FY 1993	FY 1994	FY 1995	FY 1996	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Allen Co.	\$157,638											
Anchorage Ind.	\$215,342	\$206,995	\$223,513	\$191,297	\$196,011	\$189,032	\$152,951	\$126,110	\$130,784	\$179,423	\$171,610	\$233,339
Bardstow Ind.	\$37,878											
Beechwood Ind.	\$134,581	\$67,605	\$70,674		\$14,487							
Boone Co.	\$1,189,336	\$440,545				\$203,139	\$406,467	\$33,597				
Bowling Green Ind.	\$24,772	\$16,540										
Boyd Co.	\$656,683	\$176,309	\$171,366									
Boyle Co.	\$226,738											
Bracken Co.	\$17,915											
Bullitt Co.	\$305,522											
Burgin Ind.	\$63,229	\$54,327	\$41,065									
Caldwell Co.	\$79,150											
Campbell Co.	\$250,727		\$70,954									
Carlisle Co.	\$44,511		\$1,964									
Carroll Co.	\$887											
Clinton Co.	\$367,055	\$268,026	\$14,828									
Danville Ind.	\$112,012		\$39,092									
Erlanger-Elsmere Ind.	\$76,427											
Fayette Co.	\$3,481,244	\$486,291							\$897,177	\$2,770,889	\$926,345	\$2,259,289
Fort Thomas Ind.	\$621,957	\$413,740	\$533,313	\$335,302	\$36,153							
Frankfort Ind.	\$138,561	\$1,039										
Franklin Co.	\$663,582	\$159,445	\$344,273									
Graves Co.	\$118,690											
Grayson Co.	\$245,731											
Greenup Co.	\$34,198											
Hancock Co.		\$48,161										
Harrodsburg Ind.	\$28,986											
Jefferson Co.	\$16,206,175	\$7,718,045	\$7,693,137									
Kenton Co.	\$784,069	\$793,821	\$294,601									
Lawrence Co.	\$260,828	\$16,717										
Lewis Co.	\$39,604											
Livingston Co.	\$231,401	\$52,095	\$23,168									
Logan Co.	\$86,836											
Lyon Co.	\$91,050	\$5,994	\$48,768		\$50,398							
Marshall Co.	\$249,569											

District Name	FY 1993	FY 1994	FY 1995	FY 1996	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
McLean Co.	\$162,594											
Mercer Co.	\$53,799											
Muhlenberg Co.	\$185,375											
Murray Ind.	\$36,856											
Owensboro Ind.	\$8,394											
Paducah Ind.	\$31,578											
Paintsville Ind.				\$43,843								
Paris Ind.	\$37,553		\$30,239									
Robertson Co.	\$16,579											
Shelby Co.	\$212,083	\$17,119										
Somerset Ind.	\$178,170	\$175,269	\$83,529									
Southgate Ind.	\$61,426	\$34,751	\$43,534	\$15,746	\$41,163	\$30,224	\$21,139		\$11,674	\$81,591	\$42,390	\$64,681
Todd Co.	\$92,676											
Trigg Co.	\$197,774	\$25,943	\$36,682									
Webster Co.	\$313,657											
Woodford Co.	\$361,740											
State Total	\$29,193,138	\$11,178,777	\$9,764,700	\$586,188	\$338,212	\$422,395	\$580,557	\$159,707	\$1,039,635	\$3,031,903	\$1,140,345	\$2,557,309
Number of Districts	49	21	18	4	5	3	3	2	3	3	3	3

Source: Final SEEK Calculations provided by the Kentucky Department of Education, Division of School Finance.