

Kentucky

Funding Basics

Formula Type

Kentucky has a primarily student-based formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in Kentucky's funding policy are English-language learners, low-income students, students with disabilities, students identified as gifted, and students enrolled in career and technical education (CTE) programs.

Kentucky expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values. Districts in Kentucky are permitted to raise and keep additional local revenues up to a certain percentage for regular district operations.

Supplemental funding is provided for English-language learners, low-income students, and students with disabilities. Services for students identified as gifted and students enrolled in career and technical education programs are funded through program-specific allocations.

Base Amount

Kentucky has a fixed base funding amount per student. For FY2021, the per-student base amount was $4,000.

This means that an average student with no special needs or disadvantages would be funded at that level.

Local Revenue

Expected Local Share

Kentucky expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: Each district is expected to contribute $3.00 for every $1,000 of assessed local property wealth for the purpose of funding its schools.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

Property Tax Floors and Ceilings

Kentucky sets both a floor and a ceiling for local property tax rates. School districts are required to impose at least $3.50 for every $1,000 of assessed local property wealth and are limited to a maximum levy of $15 for every $1,000 of assessed local property wealth.

However, if a local taxing district, including a school district, increases the property tax rate by more than 4% over the previous year, taxpayers may petition to prevent the tax increase. If 10% of taxpayers who voted in the past presidential election sign a petition, a referendum will be held to adopt or reject the tax rate.

Other Local Taxes for Education

School districts in Kentucky may receive local revenue from property taxes, income surtaxes, and a gross receipts tax on utilities.

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

Student Characteristics

Grade Level

Kentucky does not differentiate funding based on students' grade levels.

English-Language Learner

Kentucky provides increased funding for English-language learners. It does so by applying a multiplier of 1.096 to the base per-pupil amount for these students.

All students limited in English proficiency receiving instruction in a district are eligible to receive this supplemental funding.

Poverty

Kentucky provides increased funding for students from low-income households. It does so by applying a multiplier of 1.15 to the base per-pupil amount for these students.

Students are eligible for this supplemental funding if they qualify for free lunch (but not reduced-price lunch) under the National School Lunch Program.

Special Education

Kentucky funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to three different categories based on their specific disabilities.

Kentucky applies different multipliers to the per-student base amount for students based on three categories: low incidence disabilities, moderate incidence disabilities, and high incidence disabilities. Each category has a multiplier of 3.35, 2.17, and 1.24, respectively.

The multipliers have been expressed this way for consistency with other states. The funding is actually provided in an amount equal to 0.24 for high incidence disabilities, 1.17 moderate incidence disabilities, or 2.35 times the per-pupil base amount for low incidence disabilities, distributed in addition to the student's own base amount funding. The state budget also includes line items for the Kentucky School for the Blind and the Kentucky School for the Deaf.

Gifted

Kentucky provides increased funding for gifted and talented students. It does so in an amount proportional to each district's total enrollment.

The total amount appropriated for this purpose in FY2021 was $6.2 million.

Career and Technical Education

Kentucky provides increased funding for career and technical education (CTE) programs. It does so through direct support for local area vocational education centers and by providing supplementary funds for each student enrolled in locally operated secondary area centers and vocational departments based on the cost of operating the program.

Kentucky appropriates funds for career technical education. In FY2021 the state provided $64,149,700, and of that amount, $12,043,500 was distributed as supplementary funds to locally operated secondary area centers and vocational departments. The state applies a multiplier of 1.5 to the base education dollar amount for each student enrolled in high-cost programs and a multiplier of 1.0 for each student enrolled in technical skill programs. The additional funding supports the operation of the state's 52 Area Technology Centers (ATCs), as well as secondary students who pursue CTE coursework within the Kentucky community colleges.

Additionally, Kentucky allocates general fund state dollars on an annual basis via reimbursement to districts and ATCs for the successful earning of a high-demand certification/credential for low-income students. In FY2021, the state allocated approximately $150,000 for this purpose. Kentucky also administers a fund that is meant to support the development of career pathways and programs of study in high-demand occupational fields for students in middle schools and high schools and the establishment of career academies in secondary schools; while this fund statutorily exists, there has been no state funding allocated to it in over a decade.

District Characteristics

Concentrated Poverty

Kentucky does not provide increased funding for districts based on the concentrations of students from low-income households that they serve. However, Kentucky does provide funding for individual students from low-income households (see "Poverty" for more information).

Sparsity and/or Small Size

Kentucky does not provide increased funding for sparse districts or for small schools or districts.

Charter Funding

Funding for charter schools in Kentucky is not subject to a specific calculation.

Unlike traditional public schools, Kentucky does not provide a funding mechanism for charter schools. Charters in Kentucky have autonomy in how they receive and disburse funds and incur debt for school purposes.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org