

# FundEd: Kentucky Report

## A Detailed Look at Kentucky's Funding Policies



## Kentucky



### Funding Basics

#### Formula Type

Kentucky has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both through program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students.

The categories of students generating supplemental funding in Kentucky are 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 FY2018, the per-student base amount was \$3,981. 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 does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required.

However, if a local taxing district, including a school district, increases the property tax rate by more than 4% over the previous year, taxpayers may petition to prevent the tax increase. If 10% of taxpayers who voted in the last 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%.

## District Characteristics

### Grade Level

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

### English-Language Learner

Kentucky provides increased funding for English-language learners (ELLs). 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.

It does so by applying different multipliers to the per-student base amount for students in these categories. The multipliers range from 1.24 to 3.35, depending on the disability.

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 FY2018 was \$6.62 million.

## Career and Technical Education

Kentucky provides increased funding for career and technical education (CTE) programs. It does so through direct support for Area Technology Centers and by providing an allocation for each student enrolled in a locally operated Career and Technical Center.

Area Technology Centers do not receive regular per-student base funding. Instead, they receive funding directly from the state for personnel and a portion of their operating expenses.

Districts may also operate Career and Technical Centers. Students in these centers generate regular per-student base funding and additional funding in the amount of \$1,260 or \$1,800 per student, depending on the program. Some schools receive additional state funds for Energy Technology and Early College pilot projects.

## Sparsity and/or Small Size

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

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

