

# School Finance

## Definition

*Spending per pupil* is the total amount of current expenses per pupil, excluding facility expenditures, debt service, or fund transfers. *Local revenue per pupil* is the amount of revenue from local sources that school districts collect. *Percent of total revenue* is local revenue per pupil as a percent of total revenue per pupil, which includes state and federal sources.

## Data in context

All students need to attend schools with sufficient resources to ensure a fair opportunity to succeed academically. Yet spending varies among schools, districts, and states, impacting children's opportunities for learning.

In SY 2006, the national average for per-pupil expenditures on public elementary and secondary education was \$9,138, with 44 percent of total elementary-secondary school system revenue coming from local sources.<sup>1</sup> Per-student spending for K-12 education nationwide increased by 29 percent from 1989-90 to 2004-2005, with the costs of interest on debt increasing the most.<sup>2</sup>

Kentucky's comparable spending in 2006 was \$7,662 per student, ranking 39th of all states for elementary-secondary per-pupil expenditures in 2005-2006.<sup>3</sup> While Kentucky's per-pupil expenditures are on the rise,<sup>4</sup> they still lag behind six of the seven surrounding states and the national average.<sup>5</sup>

Resources are a critical element in school quality. The Kentucky Supreme Court's ruling in *Rose v. Council for Better Education* stated that the funding system must be adequate, substantially uniform, and provide an equal opportunity for all children in Kentucky.<sup>6</sup> In response to this ruling, Kentucky adopted a school funding formula that supplements school revenues with funding from the state budget.<sup>7</sup>

Funding streams vary greatly from district to district, leading to wide differences in per-pupil expenditures. Districts raise money and allocate resources, such as



personnel, instructional materials, and transportation to schools.<sup>8</sup> In addition to state and federal dollars, school districts depend primarily on property taxes to generate local revenue. Districts may also enact a formula-based utilities tax, and in some districts, a coal severance tax adds to the district funding.

A good education serves as insurance for supporting oneself financially, and is particularly important to poor students, English Language Learners, and students of color. School districts with high populations of these students need to provide extra supports, yet they often receive less funding.<sup>9</sup> Kentucky has narrowed this funding gap over the past decade and actually spends more per pupil in school districts with high populations of students of color and students living in poverty.<sup>10</sup>

Kentucky's per-pupil expenditure was \$8,313 in SY 2007. The majority of districts (62 percent) fell within 10 percent of the state per-pupil expenditure, yet some districts varied greatly. Per-pupil expenditure was more than a third higher than the state average in Anchorage Independent, Covington Independent, Newport Independent, Owsley County, and Providence Independent School Districts. In contrast, four school districts spent only 81-82 percent of the state average per student, including Boone, Bullitt, Oldham, and Warren County School Districts.

The state average for local revenue per student in SY 2007 was \$3,340, an increase of 8.5 percent from the previous year. Local revenue accounted for 37 percent of total revenue statewide, but ranged greatly among school districts. Local revenue accounted for only 9 percent of total revenue in Monticello Independent School District (\$806 per pupil) compared to 83 percent of total revenue in Anchorage Independent School District (\$12,244 per pupil).

**Data Source:** Kentucky Department of Education website.

**Data Note:** Independent school districts are listed after the school district for the county in which they are located.

- 1 U.S. Census Bureau (2008). *Public Education Finances, 2006*. Available at <http://www.census.gov>. Accessed August 2008.
- 2 Planty, M., Hussar, W., Snyder, T., Provasnik, S., Kena, G., Dinkes, R., KewalRamani, A., and Kemp, J. (2008). *The Condition of Education 2008* (NCES 2008-031). U.S. Department of Education, National Center for Education Statistics, Institute of Education Sciences. Washington, DC: US Government Printing Office.
- 3 U.S. Census Bureau (2008). *Public Education Finances, 2006*. Available at <http://www.census.gov>. Accessed August 2008.
- 4 Data from National Center for Education Statistics, Common Core of Data. Available at <http://nces.ed.gov/ccd>. Accessed September 2008.
- 5 U.S. Census Bureau (2008). *Public Education Finances, 2006*. Available at <http://www.census.gov>. Accessed August 2008.
- 6 *Rose v. Council for Better Education*, 790 S.W.2d 186 (Ky. 1989).
- 7 Odden, A., Fermanich, M., and Picus, L. (2004). *A State-of-the-Art Approach to School Finance Adequacy in Kentucky*. Lawrence O. Picus and Associates. Available at <http://www.kde.state.ky.us> Accessed September 2008.
- 8 Odden, A. (2005). *Redesigning School Finance: Moving the Money to the School*. North Central Regional Educational Lab. Available at <http://www.ncrel.org>. Accessed August 2008.
- 9 Arroyo, C. (2008) *The Funding Gap*. The Education Trust Fund. Available at <http://www.edtrust.org>. Accessed September 2008.
- 10 Ibid.

# Spending per pupil and local revenue per pupil (amount & percent of total revenue)

	SY 2007				SY 2007				SY 2007				SY 2007		
	Spending per pupil	Local revenue per pupil	Percent of total revenue		Spending per pupil	Local revenue per pupil	Percent of total revenue		Spending per pupil	Local revenue per pupil	Percent of total revenue		Spending per pupil	Local revenue per pupil	Percent of total revenue
Kentucky	8,313	3,340	37	Clay Co.	9,163	1,400	14	Johnson Co.	8,586	1,716	19	Nelson Co.	7,449	3,061	37
Adair Co.	8,634	1,691	19	Clinton Co.	9,567	2,129	21	Paintsville Ind.	9,051	3,788	38	Bardstown Ind.	8,237	3,744	35
Allen Co.	7,385	1,869	23	Crittenden Co.	8,310	2,063	24	Kenton Co.	7,311	4,229	52	Nicholas Co.	7,197	1,676	21
Anderson Co.	7,177	2,859	35	Cumberland Co.	8,109	1,884	20	Beechwood Ind.	7,184	4,977	61	Ohio Co.	8,177	2,023	23
Ballard Co.	8,588	2,680	29	Daviess Co.	7,961	2,924	34	Covington Ind.	12,556	4,450	35	Oldham Co.	6,744	3,966	49
Barren Co.	7,947	2,604	30	Owensboro Ind.	9,656	3,707	35	Erlanger-Elsmere Ind.	7,764	3,415	42	Owen Co.	8,377	2,294	26
Caverna Ind.	9,486	2,499	25	Edmonson Co.	8,286	1,606	19	Ludlow Ind.	7,008	2,348	30	Owsley Co.	12,320	1,788	14
Glasgow Ind.	7,834	3,184	36	Elliott Co.	9,128	1,193	13	Knott Co.	8,763	2,416	25	Pendleton Co.	7,293	2,233	26
Bath Co.	7,652	1,427	17	Estill Co.	8,229	1,460	17	Knox Co.	9,120	1,432	15	Perry Co.	8,727	1,927	21
Bell Co.	9,001	1,346	14	Fayette Co.	8,747	6,090	63	Barbourville Ind.	7,733	1,392	17	Hazard Ind.	7,991	2,107	24
Middlesboro Ind.	9,213	2,231	23	Fleming Co.	7,792	1,516	19	LaRue Co.	7,196	1,816	22	Pike Co.	8,451	2,640	30
Pineville Ind.	8,328	1,067	13	Floyd Co.	8,826	1,857	21	Laurel Co.	7,613	2,150	26	Pikeville Ind.	8,980	4,395	48
Boone Co.	6,836	4,972	61	Franklin Co.	7,384	3,742	45	East Bernstadt Ind.	7,838	879	11	Powell Co.	7,944	1,318	16
Walton Verona Ind.	7,732	4,702	50	Frankfort Ind.	9,236	3,742	35	Lawrence Co.	9,673	1,620	18	Pulaski Co.	7,969	2,369	28
Bourbon Co.	8,171	2,749	31	Fulton Co.	9,334	2,175	21	Lee Co.	9,062	1,384	15	Science Hill Ind.	7,399	1,514	19
Paris Ind.	8,572	2,723	31	Fulton Ind.	11,061	3,172	28	Leslie Co.	8,960	1,857	19	Somerset Ind.	8,244	3,298	39
Boyd Co.	8,862	2,796	30	Gallatin Co.	8,185	3,433	37	Letcher Co.	9,438	2,084	21	Robertson Co.	9,319	1,565	16
Ashland Ind.	8,135	2,296	28	Garrard Co.	7,801	2,555	29	Jenkins Ind.	8,713	1,555	16	Rockcastle Co.	8,228	1,302	16
Fairview Ind.	7,643	1,344	16	Grant Co.	7,303	2,407	28	Lewis Co.	8,092	1,311	15	Rowan Co.	8,097	2,289	27
Boyle Co.	7,831	2,564	31	Williamstown Ind.	8,259	2,274	25	Lincoln Co.	8,810	1,560	17	Russell Co.	8,835	2,396	26
Danville Ind.	9,960	4,459	43	Graves Co.	7,359	1,891	25	Livingston Co.	8,881	3,097	34	Scott Co.	7,522	4,071	47
Bracken Co.	7,005	1,564	19	Mayfield Ind.	8,882	2,150	23	Logan Co.	7,604	2,048	25	Shelby Co.	7,887	4,351	48
Augusta Ind.	9,598	2,066	20	Grayson Co.	7,308	1,812	23	Russellville Ind.	8,809	2,509	26	Simpson Co.	7,265	2,503	32
Breathitt Co.	10,113	1,461	14	Green Co.	7,694	1,605	20	Lyon Co.	7,612	3,792	45	Spencer Co.	7,224	2,883	35
Jackson Ind.	7,764	1,257	14	Greenup Co.	8,189	2,188	25	McCracken Co.	7,222	3,253	40	Taylor Co.	7,531	2,055	27
Breckinridge Co.	8,389	2,711	29	Raceland Ind.	7,876	1,627	20	Paducah Ind.	9,732	3,415	33	Campbellsville Ind.	9,745	2,544	25
Cloverport Ind.	9,182	1,206	12	Russell Ind.	7,086	2,735	36	McCreary Co.	9,160	1,079	12	Todd Co.	8,157	1,880	21
Bullitt Co.	6,794	2,800	35	Hancock Co.	7,936	3,311	37	McLean Co.	7,671	2,039	24	Trigg Co.	7,780	2,897	35
Butler Co.	8,282	1,521	17	Hardin Co.	7,599	2,618	31	Madison Co.	7,897	2,920	34	Trimble Co.	7,198	2,197	27
Caldwell Co.	8,124	1,941	22	Elizabethtown Ind.	7,538	2,830	33	Berea Ind.	8,435	2,576	26	Union Co.	8,564	2,746	29
Calloway Co.	7,693	2,908	34	West Point Ind.	9,498	2,403	23	Magoffin Co.	9,263	1,669	17	Warren Co.	6,847	3,264	41
Murray Ind.	7,391	3,368	35	Harlan Co.	8,440	1,483	17	Marion Co.	8,044	2,473	29	Bowling Green Ind.	8,670	3,353	35
Campbell Co.	8,383	4,583	52	Harlan Ind.	8,113	1,346	16	Marshall Co.	7,489	3,042	38	Washington Co.	8,004	2,387	26
Bellevue Ind.	8,193	3,055	35	Harrison Co.	7,203	1,974	26	Martin Co.	9,189	2,229	22	Wayne Co.	8,890	1,705	18
Dayton Ind.	9,071	1,750	19	Hart Co.	8,971	1,905	21	Mason Co.	7,806	2,783	32	Monticello Ind.	8,429	806	9
Fort Thomas Ind.	7,793	5,252	61	Henderson Co.	7,731	2,831	33	Meade Co.	7,108	1,996	25	Webster Co.	8,336	2,136	26
Newport Ind.	12,056	4,065	38	Henry Co.	7,950	2,506	30	Menifee Co.	8,900	1,204	13	Providence Ind.	11,654	1,689	14
Silver Grove Ind.	9,450	3,987	38	Eminence Ind.	7,712	2,036	24	Mercer Co.	8,017	2,705	32	Whitley Co.	8,924	1,252	13
Southgate Ind.	10,374	6,294	59	Hickman Co.	9,266	2,510	26	Burgin Ind.	6,967	2,824	37	Corbin Ind.	7,065	1,719	22
Carlisle Co.	8,375	1,938	22	Hopkins Co.	7,937	2,185	26	Harrodsburg Ind.				Williamsburg Ind.	8,617	1,568	18
Carroll Co.	9,478	4,448	44	Dawson Springs Ind.	8,493	1,265	15	Metcalfe Co.	8,003	1,849	21	Wolfe Co.	9,168	1,148	12
Carter Co.	8,035	1,320	15	Jackson Co.	9,213	1,122	12	Monroe Co.	8,741	1,805	19	Woodford Co.	6,914	3,782	49
Casey Co.	7,930	1,524	17	Jefferson Co.	9,817	5,974	55	Montgomery Co.	7,446	2,316	27				
Christian Co.	7,945	2,119	25	Anchorage Ind.	12,954	12,244	83	Morgan Co.	9,274	1,703	18				
Clark Co.	7,320	2,932	37	Jessamine Co.	7,890	3,796	42	Muhlenberg Co.	8,308	3,106	33				