

# SUMMARY OF FUNDING SOURCES FOR SCHOOL FACILITIES

At the present time in Kentucky, there are possibilities of nine funding sources for construction purposes within the public school system.

## Four Resources used by all Districts

### Local Resources

1. Local Nickel

### State Resources

1. Capital Outlay
2. Facilities Support Program of Kentucky (FSPK) state equalization of original Nickel *(must be eligible)*
3. School Facilities Construction Commission (SFCC)

## Optional/Conditional Resources Available to Various

### Districts

### Local Resources

1. Growth Nickels
2. Equalized Facility Nickel
3. Category 5 Nickel
4. Recallable (Retroactive Nickel) (All Districts)
5. General Fund (All Districts)

### State Resources

1. First Growth Nickel is equalized if a second growth nickel was levied
2. Equalized Facility nickel equalized in 2005 –additional one prohibited by statute
3. Category 5 nickel equalized for a few selected districts in 2010
4. All recallable nickels levied to this point have been equalized with Retroactive Equalization

## Method of Computing Bonding Potential

### FORMULA IS: Revenue available from

Local Nickel + 80% Capital Outlay + FSPK (Equalization) + SFCC + Growth Nickels (if any) + Equalized Facility Nickel (if any)  
 + Category 5 Nickel (if any) + Recallable Nickel (if any) + Additional Local General Fund (if any) + Additional FSPK (Equalization) (if any)  
- Current Payments = Annual Funds Available to Bond New Project

# SUMMARY OF FUNDING SOURCES FOR SCHOOL FACILITIES

## Detailed

At the present time in Kentucky, there are eight sources of funding for construction purposes within the public school system. Four are local. Four are state.

### Local Resources

1. Facilities Support Program of Kentucky (FSPK) local five cent (5¢) equivalent tax (KRS 157.440)
2. An additional district levy of five or ten cents (5¢ or 10¢) equivalent tax for facilities made prior to April 24, 2008 and authorized through KRS 157.621. A Category 5 nickel from 2010.
3. Any district may levy five cents (5¢) equivalent tax for facilities that is subject to recall (KRS 160.470)
4. General funds restricted for building purpose (KRS 160.476)

### State Resources

1. Capital Outlay from Support Education Excellence in Kentucky (SEEK) (KRS 157.420) PER CAPITA
2. Facilities Support Program of Kentucky (FSPK) state equalization of the first five cents (5¢) equivalent tax levied for facilities (KRS 157.440 (1)(b)) LOCAL DISTRICT WEALTH RELATED
3. State equalization of various additional nickels levied by districts made prior to April 28, 2008 is provided KRS 157.621 and HB 1 Special Session May 2010, as well as the Recallable Nickel. SPECIAL CIRCUMSTANCE LOCAL WEALTH RELATED i.e. GROWTH
4. School Facilities Construction Commission (SFCC) FACILITY NEED RELATED

## Method of Computing Bonding Potential

There are four (4) to eight (8) restricted funds available to a school district to pay for financing of building improvements.

### Common Sources For Most Districts

Local Nickel Building Fund- this fund represents \$0.05 of a district's taxing effort.

Capital Outlay Fund- included in SEEK formula and is calculated at \$100 per a district's Average Daily Attendance (ADA). Only 80% can be used for bond payments.

Facilities Support Program of Kentucky (FSPK) - included in SEEK formula and equalizes funding for districts with low property assessments as a percentage of ADA (2<sup>nd</sup> FSPK available for certain growth districts, recallable nickel districts and equalized facility funding nickel districts).

School Facilities Construction Commission - separate state agency that provides funding to districts based on needs identified in its Local Facilities Plan. Funding is provided by the General Assembly every two (2) years. The SFCC also administers the Urgent Need Trust Fund program. School Bonds are issued for a 20 year period. To determine a district's bond potential, you add the restricted funds and subtract its current bond payments. The remaining annual balance is available to finance a new construction project.

#### Optional Sources That Vary by District

Growth Nickel - Certain districts which met established criteria of growth in assessments and ADA, were allowed to increase their taxing effort by \$0.05 - \$0.10 to be used for building purposes.

Recallable Nickel - A district may elect to levy an additional \$0.05 which is subject to voter recall.

Equalized Facility Funding Nickel - Certain districts which restricted additional funding to the building fund received formal credit to receive additional equalization.

Category 5 Nickel - Certain districts with buildings listed as Category 5 by KDE on May 18, 2010 may elect to levy an additional \$0.05 which is NOT subject to voter recall.

#### FORMULA IS

Local Nickel

- + Additional Local, i.e. General Fund (if any)
- + Growth Nickels (if any)
- + Recallable Nickel (if any)
- + Equalized Facility Nickel (if any)
- + Category 5 Nickel (if any)
- + FSPK (Equalization)
- + 80% Capital Outlay
- + Additional FSPK (if any)
- + SFCC
- *Current Payments*

= Annual Funds Available to Bond New Project