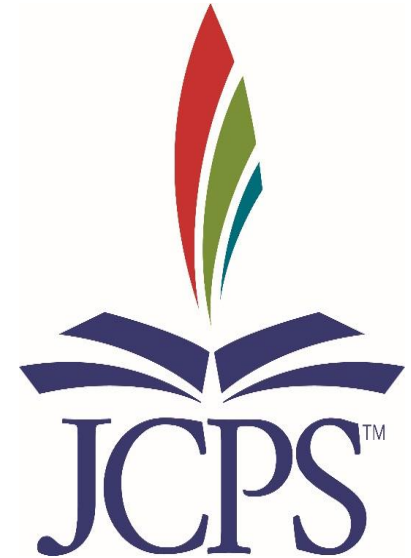


JEFFERSON COUNTY PUBLIC SCHOOLS

Revenue Advisory Task Force Update

December 10, 2019



Local Taxes – Board Authority KRS 160.455

Property Taxes – KRS 160.470

Real Estate & Personal Property:

All districts levy a property tax

4 Percent Increase of Revenue* - rate produces 4% revenue growth above last year revenue

Recallable Additional Tax Rate – generates revenue above the 4% revenue rate

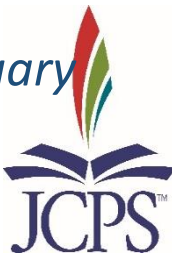
Nickel Tax

*107 out of 173 districts have at least one additional nickel
(67 have the “Recallable” Nickel)
Restricted to capital construction*

Motor Vehicle* – KRS 132.487 - JCPS 58.5 cents per \$100 value

All districts levy a motor vehicle tax, rate varies based on levy as of January 1983

***JCPS currently levies**



Local Taxes – Board Authority KRS 160.455

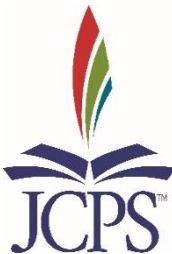
Permissive Taxes – KRS 160.593

Occupational Taxes* - JCPS 0.75% – KRS 160.605, KRS 160.607 *8 districts levy an occupational tax*

KRS 160.605 - Occupational license tax for schools on salaries, wages, commissions, and other compensation of individuals for work done and services performed or rendered in a county and on the net profits of all businesses, professions, or occupations from activities conducted in a county. No public service company which pays an ad valorem tax is required to pay an occupational license tax for schools. No occupational license tax for schools shall be imposed upon or collected from any insurance company, bank, trust company, combined bank and trust company, combined trust, banking and title business in this state, any savings and loan association whether state or federally chartered, or upon income received by members of the Kentucky National Guard for active duty training, unit training assemblies, and annual field training, or upon income received by precinct workers for election training or work at election booths in state, county, and local primary, regular, or special election.

KRS 160.607 - Rate is not to exceed 0.75% for counties with 300,000 or more residents

***JCPS currently levies**



Local Taxes – Board Authority KRS 160.455

Permissive Taxes – KRS 160.593

Utility Gross Receipts (3% maximum) – KRS 160.613

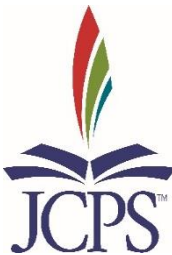
159 out of 173 districts levy the Utility tax, General Fund with no restriction

KRS 160.613 - Utility gross receipts license tax for schools not to exceed three percent (3%) of the gross receipts derived from the furnishing, within the district, of utility services,...

Excise (Income) Tax – KRS 160.621

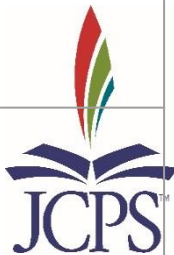
No district currently levies the excise tax

KRS 160.621 - Excise tax for schools not to exceed twenty percent (20%) on a county resident's state individual income tax liability as computed under KRS Chapter 141. The tax year, for purposes of this school tax, shall be the same as the individual's tax year for state income tax purposes.



Potential Future Plans for Consideration

Cost of living increases	Every 1% costs - \$3.7 million for all employees; so a 2% COLA would cost \$7.4 million; 3% would cost \$11.1 million, etc.
Facilities needs	Long Range Facility plan \$1.2 billion, Bonding capacity currently \$235 million
Technology for students	Students need ease of access to instructional devices for online testing, Backpack of Success Skills, & blended learning opportunities. One-to-One student devices annual cost \$5.4 million
Transportation infrastructure	Average school bus costs \$78,000. Replacement cycle of 14 years requires \$8.5 million annually
5 days of PD-similar to AIS	Each teacher day costs - \$2.3 million 5 days for all teachers would cost \$11.5 million (including AIS)
Additional mental health	Providing a Mental Health Practitioner for every school - Average cost of a Mental Health Practitioner \$52,920, an additional 36 will cost of \$1.9 million, total cost of \$8.2 million
Nurses in every AIS school	Average cost of a Nurse is approximately \$45,000, for all 36 AIS - \$1.6 million
School safety	Restorative Practice, Positive Behavioral Intervention Supports, Cultural Training, and other school security supports; costs dependent upcoming decisions



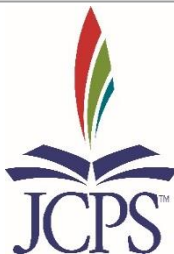
Surrounding Counties Levied Taxes for 2018-19

District	Total Real Estate Tax 2018-19	Occupational	Utility	Excise	Motor Vehicle
Anchorage Independent	98.2	0.75	-	-	110.0
Franklin Independent	96.5	-	3.0	-	47.4
Fayette County	81.0	0.50	3.0	-	59.2
Oldham County	78.8	-	3.0	-	64.3
Nelson County	77.2	-	3.0	-	54.8
Henry County	74.3	-	3.0	-	55.3
Bullitt County	73.2	-	3.0	-	47.7
Shelby County	73.1	-	3.0	-	46.5
Jefferson County	72.5	0.75	-	-	58.5
Franklin County	71.5	-	3.0	-	51.0



TIMELINE & REQUIREMENTS FOR POSSIBLE TAX LEVY

May 2, 2020	1st advertisement for May 12th tax levy
May 3, 2020	2nd advertisement
May 12, 2020	Board meeting and tax hearing, levy proposed 4%, nickel, utility, additional %, and/or excise tax for 2020-21
May 12, 2020	50 day petition on property tax begins (need 35,615 signatures)
May 16, 2020	3rd advertisement to include the proposed nickel, utility, additional %, and/or excise (income tax)
July 1, 2020	50 day petition for property tax ends
July 2, 2020	30 day validation period for property tax petition begins



TIMELINE & REQUIREMENTS FOR POSSIBLE TAX LEVY (Continued)

August 2, 2020	30 day validation for property tax petition ends
August 11, 2020	County Clerk notified of recall vote on November General Election if petitions are validated
August 22, 2020	1st advertisement for 4% levy for fiscal year 2020-21 would include proposed utility, nickel, additional %, and/or excise
August 23, 2020	2nd advertisement for 4% levy for fiscal year 2020-21 would include proposed utility, nickel, additional %, and/or excise
September 1, 2020	Board meeting and hearing for 4% rate and levy from May 2020 (if petition not validated)
September 5, 2020	3rd advertisement to include proposed 4%, additional %, nickel, utility, and/or excise
November 3, 2020	Election and possible recall vote if petition is validated





Education

K-12 Funding

www.KyPolicy.org

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Rose v. Council for Better Education (1989)

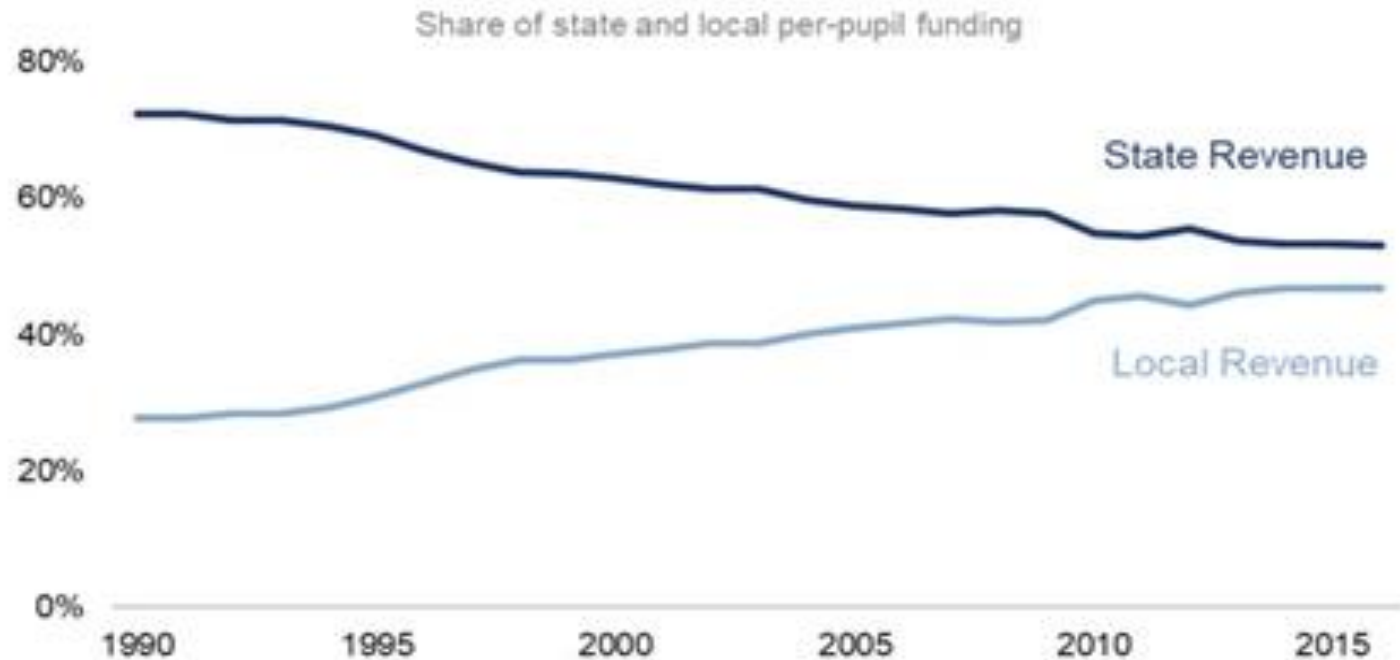
"It is crystal clear that the General Assembly has fallen short in its duty. . . The system of common schools must be adequately funded to achieve its goals. . . [and] must be substantially uniform throughout the state. Each child, every child, in this Commonwealth must be provided with an equal opportunity to have an adequate education."



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State Contributing a Shrinking Share While Local Districts' Share is Growing



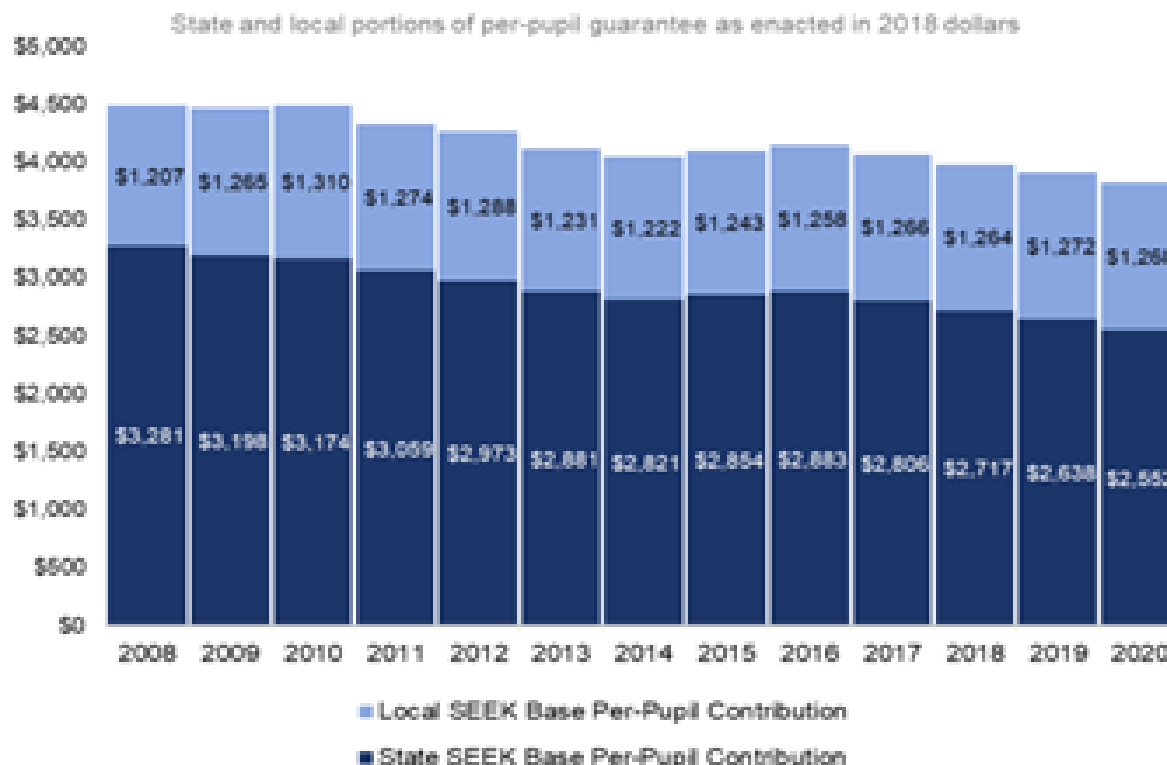
Source: KCEP analysis of KDE data.

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State SEEK Funding is Not at a Record High

SEEK Per-Pupil Guarantee Declining in Real Dollars



Source: KCEP analysis of Office of the State Budget Director data as enacted.

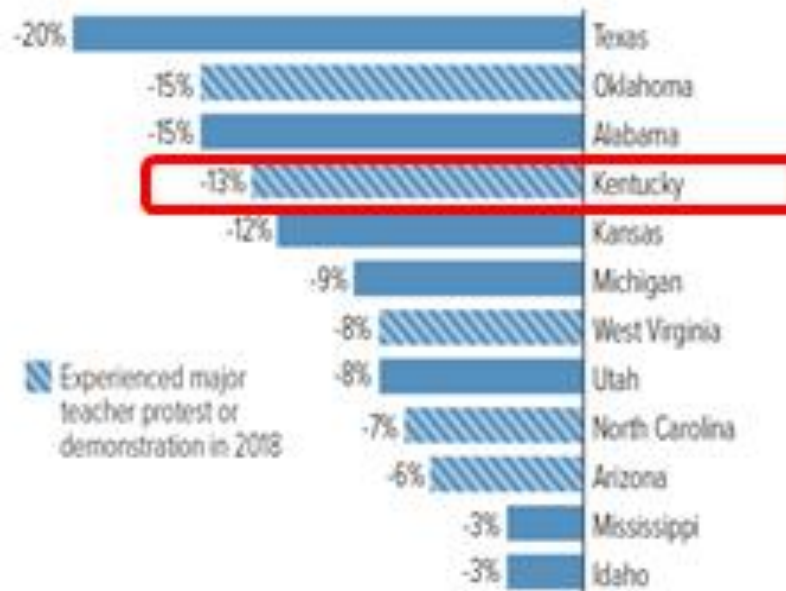
Note: This analysis assumes the share of funding contributed by the state versus local sources to the per-pupil guarantee each year is their share of all base SEEK funding including SEEK add-ons as well as the per-pupil guarantee. Add-ons include additional funds for students eligible for free lunches and for students with disabilities.



SEEK Funding is Not at a Record High

Despite 2018 Funding Boosts, Some States Remain Far Below Pre-Recession Funding Levels

Percent change in state formula funding* per student, inflation adjusted, fiscal years 2008-2019



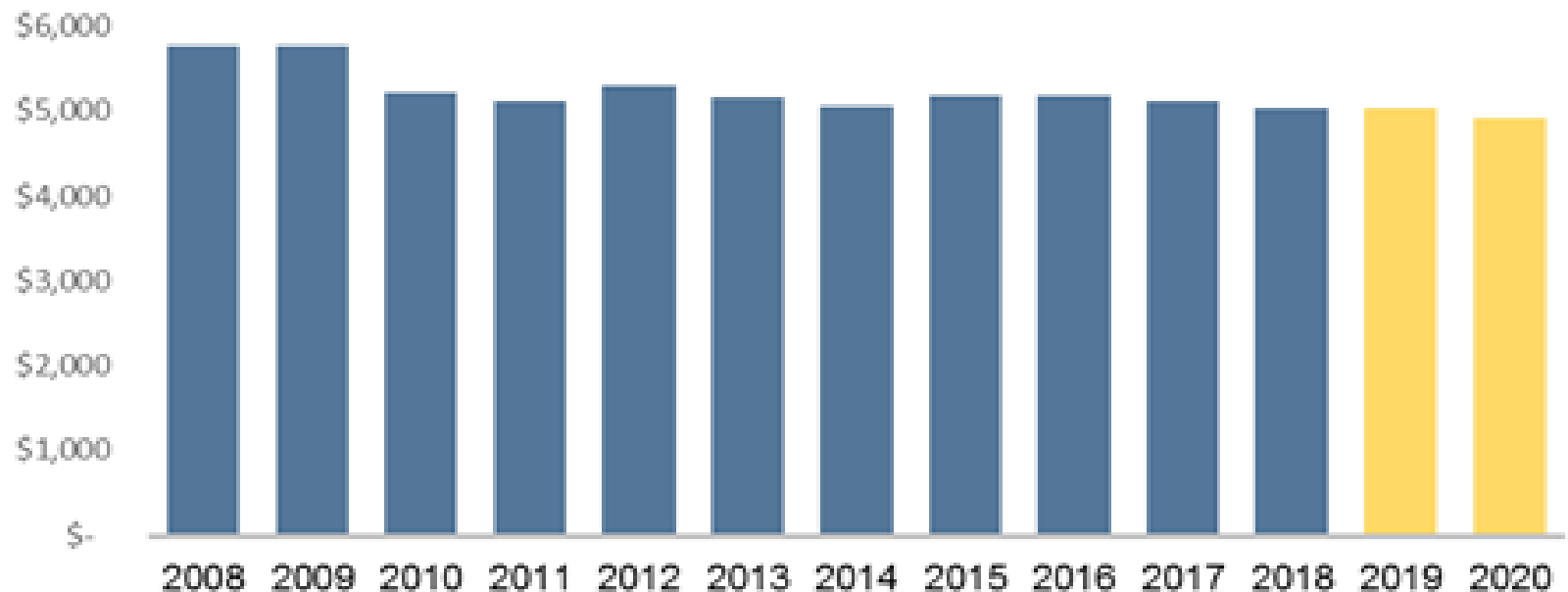
**4th worst
cut
among
states**

*General or formula funding is the primary form of state K-12 funding. States also typically provide revenue for other, more specific purposes, such as bus transportation and contributions to school employee pension plans.

Source: CBPP budget and enrollment analysis

Final Budget Cuts SEEK Per-Pupil Funding 16 Percent from 2008

SEEK per-student funding in 2018 dollars



Source: KCEP analysis of OSBD data and FCCR on House Bill 200.

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Other Key K-12 Programs Cut



- \$0 for textbooks
- \$0 for teacher professional development
- Extended school services cut by 6.25%
- Preschool cut by 6.25%
- Money added to FRYSCs (though still below 2008 level)

Funding for Primary and Secondary Education Programs Since 2008

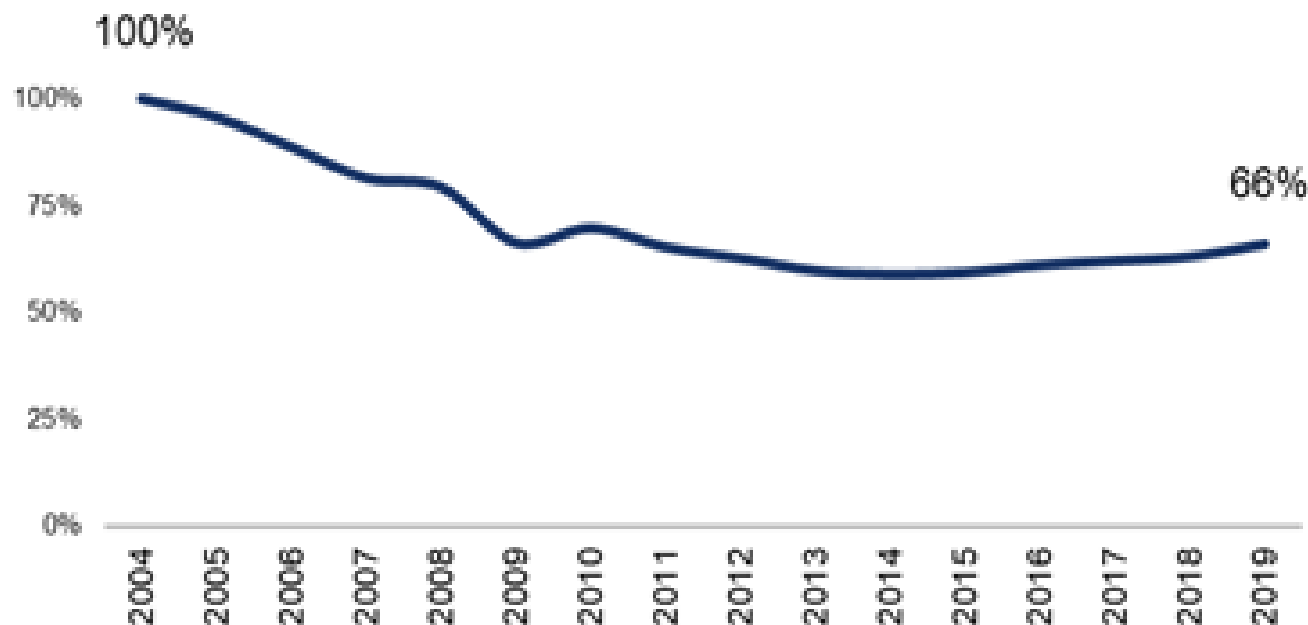
	FY 2008 (originally enacted)	FY 2020	Percent Change	Inflation- Adjusted Percent Change
Instructional Resources/Textbooks	\$21,700,000	\$0	-100%	-100%
Professional Development	\$15,034,700	\$0	-100%	-100%
Extended School Services	\$31,859,500	\$23,916,300	-25%	-39%
Family Resource and Youth Services Centers (FRYSCs)	\$57,268,900	\$58,680,700	2%	-16%

Source: KCEP analysis of Office of State Budget Director data. Note the FRYSCs numbers include both Department of Education and Cabinet for Health and Family Services funding. Adjusted for 2018 dollars.

Transportation Funding Remains Below Statutory Requirement

State Continues Trend of Underfunding Transportation

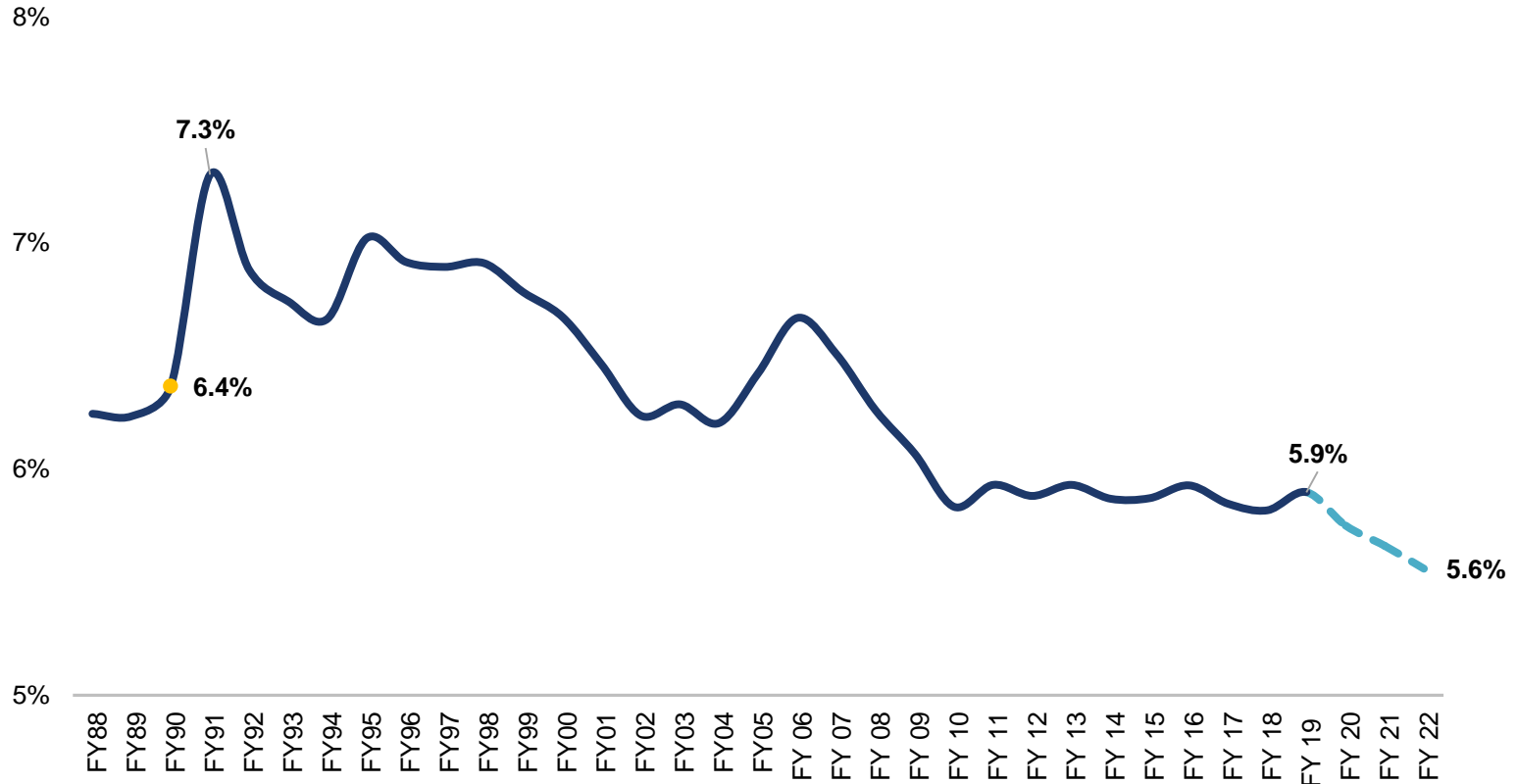
Percent of state funding compared to share required under SEEK formula.



Source: Kentucky Department of Education. Calculation of state funding compared to share required under SEEK formula.

Forecast Shows Continued Erosion in the State General Fund

Total General Fund Revenue as a share of Kentucky Personal Income, historical and projected



Source: KCEP analysis of data from the Office of the State Budget Director, Bureau of Economic Analysis.

State Revenue To Be Generated by 2018 Tax Bills

Millions of dollars

	2019	2020
Tobacco taxes	\$129	\$110
Sales and use tax	\$208	\$278
Individual income tax	-\$118	-\$118
Corporate income tax	-\$28	-\$72
Total	\$192	\$198

Source: Office of State Budget Director

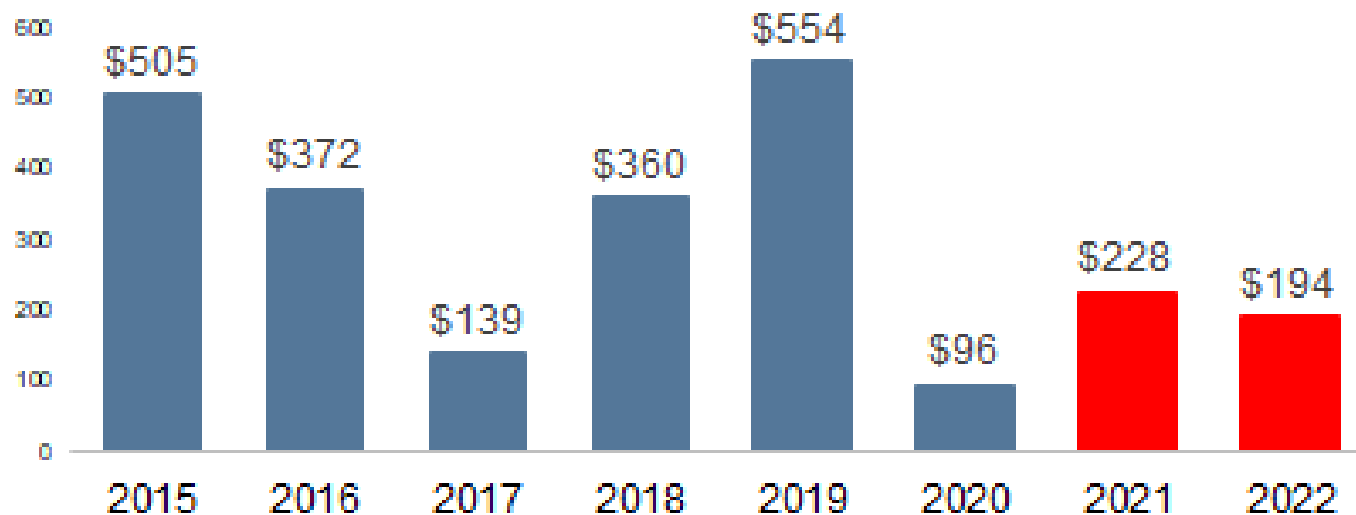
State 2019 Tax Bills Lost Revenue

HB 354 and HB 458 will cost
\$110M a year increasing to
\$159M by 2024

- Repeal bank franchise tax, switch banks to corporate income tax
- Loosened rules to allow use of corporate tax havens, other tax avoidance
- Deferred tax relief for large multistate corporations
- Reduced property taxes for heavy equipment leasing companies
- Increase in property that can be immediately expensed in corporate tax
- Exempted nonprofit admissions from sales tax
- Breaks for house flipping, large gambling losses, fishing tournaments, boat docking, others

State Revenue Forecast Is Weak for Next Biennium

Preliminary Forecast General Fund (Millions of Dollars)



Source: Consensus Forecasting Group.

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Questions and Feedback

