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The Foundation Program for Kentucky's Public Schools

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FOREWORD

The Foundation Program Law passed by the Kentucky Legislature in 1954 was one of the most important pieces of school legislation ever passed by any Kentucky Legislature. It provides the vehicle for traveling forward in the training of Kentucky youth.

The Foundation Program is the people's program. It reflects the best thinking of thousands of Kentucky citizens. Leading citizens in various fields were consulted during the initial development of this program. As a result of these efforts Kentucky's Foundation Program for Education is considered one of the best.

Revisions of the Foundation Program are necessary from time to time. Citizens are constantly working to improve education through this vehicle. The purpose of this bulletin is to give professional and lay citizens a better understanding of the Foundation Program.

This bulletin sets forth in simple steps the Kentucky Foundation Program Law as it operates in the distribution of state funds to public schools.

Harry M. Sparks
Superintendent of Public Instruction

THE FOUNDATION PROGRAM FOR KENTUCKY'S PUBLIC SCHOOL

The Kentucky Foundation Program Law, enacted by the 1954 General Assembly and amended last in 1964, provides for the distribution of state funds to the common schools (public schools) on the basis of attendance rather than a census or per capita basis. This method of distribution was made possible by the repeal of section 186 of the Kentucky Constitution. As the name implies, the primary purpose of the Foundation Program is to provide a desirable **minimum** educational program in every school district in Kentucky.

NEED FOR A FOUNDATION PROGRAM

Since education is considered a state function, it becomes an obligation of the Kentucky General Assembly to provide schools for all the children of the Commonwealth. This simply means that while direct control of the education process has been delegated to the local boards of education, the state has the responsibility for providing every child an opportunity to receive an education. In order to carry out this responsibility, the state must set up a minimum program of education which shall be made available to everyone of school age within the Commonwealth.

FOUNDATION PROGRAM DOES NOT LIMIT EDUCATIONAL SERVICES

The General Assembly apparently intended to assure a minimum educational level to all youth of the Commonwealth through a foundation program, but not to limit nor prevent any school district from providing educational services and facilities above and beyond those assured by the minimum level provided for in the foundation program. As additional funds are made available, it is expected that such funds will be used to raise the minimum level of education for all Kentucky youth.

The purpose of this bulletin will be to set forth in simple steps the Kentucky Foundation Program Law as it operates in the distribution of state funds to the public schools of the Commonwealth.

THE CALCULATION FORMULA

The Kentucky Foundation Program was designed to be a joint program in which the state and the local district are expected to share in the financing. The basic formula for determining the share of each is as follows: STATE AID equals COST OF MINIMUM PROGRAM minus LOCAL SUPPORT.

The problem of determining the state aid to any local school district in Kentucky becomes one of calculating the amount of the minimum program cost and subtracting from this figure the amount of support required on the part of the local school system in accordance with the local district's ability to pay.

FOUR COST FACTORS

In determining the cost of the minimum program to the state and the local district, four cost factors are used. These are (1) cost of teachers' salaries, (2) cost of other current expenses, (3) cost of capital outlay, and (4) cost of pupil transportation.

The method for calculating each of these four factors is described in the following paragraphs:

1. TEACHERS' SALARIES

The first step in calculating teachers' salaries is to determine the number of classroom units which will be allowed in the minimum program.

A. The Classroom Unit Used to Measure Need

The classroom unit is the unit for measuring educational need for foundation program purposes. The classroom unit is based on attendance and services.

The types of classroom units provided for in the Foundation Program are (1) basic units, (2) vocational units, (3) special education units, (4) administrative and special instructional service units, (5) general supervisory units, (6) pupil personnel units, and (7) growth factor units.

(1) **Basic Classroom Units Allowed on Attendance**

Basic classroom units are allotted on the basis of average daily attendance and classification of schools. The classification of schools and attendance divisors used in determining basic classroom units are as follows:

(a) Each isolated one-teacher school with average daily attendance of twelve (12) or more—one (1) basic classroom unit.

(b) Each non-isolated one-teacher school with twenty-seven (27) or more in average attendance—one (1) basic classroom unit.

(c) Isolated schools with two (2) or more teachers and an average daily attendance of less than one hundred (100)—divide the total for this group by twenty-five (25).

(d) Non-isolated schools with two (2) or more teachers with an average daily attendance of less than one hundred (100)—divide by twenty-seven (27).

(e) Schools with more than one hundred (100) in average daily attendance, the divisor is twenty-seven (27).

(f) The average daily attendance of pupils attending Lincoln Ridge is divided by twenty-seven (27).

NOTE: The average daily attendance used in making the tentative calculation is the average daily attendance for the prior year with provisions for adjusting for loss of growth.

The divisor is applied to the total average daily attendance of each classification except the one-teacher schools. The one-teacher schools are calculated individually. The procedure for determining basic classroom units is illustrated in Table I.

TABLE I

CALCULATION OF BASIC CLASSROOM UNITS FOR DISTRICT "A"

Classification of Schools	Average Daily Attendance for Prior Year	Average Daily Attendance Totals	Divisor for Each Group	Basic Classroom Units
Isolated 1-Teacher School	8.0	8.0	12	0.7
Isolated 1-Teacher School	17.5	17.5	12	1.0
Non-Isolated 1-Teacher School	18.0	18.0	27	0.7
Isolated 2-or more Teacher School	54.7			
Isolated 2-or more Teacher School	45.4	100.1	25	4.0
School with more than 100 ADA	225.1			
School with more than 100 ADA	575.0			
School with more than 100 ADA	927.3	1,727.4	27	64.0
Pupils at Lincoln Ridge	7.6	7.6	27	0.3
TOTAL BASIC CLASSROOM UNITS				70.7

(2) **Vocational Classroom Units**

Units in vocational education are allotted on the basis of a program. The criteria for the program is the state plan adopted by the State Board of Education. There are voca-

tional units for agriculture, home economics, trades and industries, and distributive education. Since District "A" is a rural district, we may assume there would be at least one (1) unit in agriculture and one (1) unit in home economics for a total of two (2) vocational units.

(3) **Classroom Units in Special Education for Exceptional Children**

The classroom units for exceptional children are also calculated on the basis of a program and need. The criteria for such program is set out in regulations of the State Board of Education. District "A" has a program to support one (1) unit for exceptional children.

(4) **Classroom Units for Administrative and Special Instructional Services**

These administrative and special instructional service units are calculated on the basis of one (1) ASIS unit for each eight (8) basic, vocational, and special education unit:

(a)	Basic Classroom Units	70.7 for District "A"
(b)	Vocational Classroom Units	2.0 for District "A"
(c)	Units for Education of Exceptional Children	1.0 for District "A"
	TOTAL	73.7 for District "A"

$73.7 \div 8 = 9.2$ ASIS Units

(5) **Classroom Units for Supervision**

Classroom units for supervision are allotted on the basis of the number of basic, vocational, and special education units. The regulation adopted by the State Board of Education for determining the number of units for supervision is as follows:

(a) 25-49 basic, vocational, and special education units .....0.5 unit

(b) 50-149 basic, vocational, and special education units .....1.0 unit

(c) 150-249 basic, vocational, and special education units .....2.0 units

NOTE: One unit is added for each one hundred (100) additional units or major fraction thereof.

Our example, District "A", falls in the second grouping with a total of 73.7 basic, vocational, and special education units and would, therefore, be allotted One (1) classroom unit for supervision.

(6) **Classroom Units for Director of Pupil Personnel**

The classroom units for pupil personnel workers are calculated on the basis of basic classroom units as follows:

(a) 36-166 basic units .....1.0 unit

(b) 167-432 basic units .....2.0 units

(c) 433-698 basic units .....3.0 units

NOTE: One unit is added for each 266 additional basic units or fraction thereof. For districts having fewer than 36 basic units, proportionate fraction of a classroom unit will be allotted.

Since our District "A" has 70.7 basic units, we allot one (1) classroom unit for director of pupil personnel.

TABLE II

CLASSROOM UNIT WORKSHEET FOR DISTRICT "A"

	Allotted	Staffed
BASIC CLASSROOM UNITS:		
Basic Units Based on Prior Year's ADA	70.4	72.5
Lincoln Institute Units Based on Prior Year's ADA	0.3	0.3
VOCATIONAL UNITS:		
Agriculture	1.0	1.0
Home Economics	1.0	1.0
EXCEPTIONAL CHILDREN UNITS	1.0	1.0
SUB-TOTAL	73.7	75.8
ASIS UNITS	9.2	9.5
SUPERVISOR UNITS	1.0	1.0
DIRECTOR OF PUPIL PERSONNEL UNITS	1.0	1.0
TOTAL CLASSROOM UNITS	84.9	87.3

(7) **Classroom Units for Growth Factor**

Suppose, for purposes of illustration, District "A" shows a growth in average daily attendance of 2.5% for the first two months of the current year over the first two months of the preceding year. We would then apply the "growth factor" to our calculation of District "A".

TABLE III
CALCULATION OF "GROWTH FACTOR" FOR DISTRICT "A"

1. Total classroom units allotted on prior year's ADA (See Table II) ..... 84.9 Units
2. Per cent gain in average daily attendance for the first two months of current year over the first two months of previous year 2.5%
3. Entitlement for growth (2.5% of 84.9) ..... 2.1 Units
4. Growth units staffed (87.3—84.9) ..... 2.4 Units
5. Unit allotment for growth (may not be more than entitlement or staffed) ..... 2.1 Units
6. TOTAL ALLOTMENT OF UNITS INCLUDING GROWTH (84.9 + 2.1) ..... 87.0 Units

"Teacher" means any regular or special teacher, principal, supervisor, superintendent, assistant superintendent, librarian, director of pupil personnel, or other member of the teaching or professional staff engaged in the service of the public elementary and secondary school for whom certification is required as a condition of employment. See KRS 157.350 (14)

The number of classroom units allotted a district cannot exceed the number of teachers employed by the district.

After calculating the number of classroom units allowed in accordance with Table III, the next step is the grouping of all teachers employed in the system by rank according to certification and training. At this point, we would rely upon the salary schedule which has been adopted by the local board and approved by the State Board of Education. The following table will show the number of persons on the official salary schedule, the ranks of persons on the salary schedule, and the per cent of persons in each rank:

TABLE IV
DISTRICT "A" NUMBER OF TEACHERS AND PER CENT IN EACH RANK

Rank	Number in Each Rank	Per Cent in Each Rank
I	3.0	3.4%
II	16.3	18.7%
III	50.0	57.3%
IV	15.0	17.2%
V	3.0	3.4%
VI	----	-----
VII	----	-----
TOTAL	87.3	100.0%

B. **Cost of Salaries Under Foundation Program**

The minimum salaries to be paid for each rank for a school term of 9.25 months are as follows:

TABLE V
MINIMUM SALARIES

Rank		Minimum Salary for Each Rank		
		1963-64	1964-65	1965-66
I	Master's Degree plus 30 semester hours	$4600	$4900	$5100
II	Master's Degree	4300	4600	4800
III	Bachelor's Degree	4000	4300	4500
IV	96 to 128 semester hours	2900	2900	2900
V	64 to 95 semester hours	2600	2600	2600
VI	32 to 63 semester hours	2200	2200	.....
VII	Less than 32 semester hours	1900	.....	.....

NOTE: Effective July 1, 1964, no teacher in Rank VII shall be included in calculating the amount to be included in the foundation program of a district for teacher's salaries. Also, effective July 1, 1965, no teacher in Rank VI shall be included in the calculation of the foundation program. See KRS 157.390.

C. Extended Employment

Some administrative and special instructional personnel may be employed more than the minimum school term of 9.25 months. This is often referred to as extended employment. Vocational personnel may also be given extended employment under the foundation program. The following table will show the personnel for which extended employment may be approved:

TABLE VI

EXTENDED EMPLOYMENT

Positions	Maximum Months Approved	Months Allotted Rank I	II	III	IV	V	VI	Total
Superintendent	2.75		2.75					2.75
Assistant Superintendent	2.75							.....
Finance Officer	2.75							.....
Librarians	1.00		2.00	1.00				3.00
Principals	1.00	1.00	2.00					3.00
Vocational Agriculture	2.75			2.75				2.75
Trades & Industries and Distributive Education	2.75							.....
Home Economics	2.75			1.00				1.00
Supervisor of Instruction	1.00		1.00					1.00
Director of Pupil Personnel	2.75		1.00					1.00
TOTAL MONTHS	1.00		8.75	4.75				14.50

NOTE: Tables IV, V, and VI will be used extensively in calculating the cost of salaries under the provision of the Foundation Program formula.

D. Calculation of Foundation Program Salaries

We are now ready to use the information of Table I through VI in a calculation of cost for salaries for

D. Calculation of Foundation Program Salaries

We are now ready to use the information of Table I through VI in a calculation of cost for salaries for foundation program purposes for District "A" (Table VII).

TABLE VII

CALCULATION OF INSTRUCTIONAL SALARIES FOR DISTRICT "A"

Based on Total Allotment of 87.0 Units (See Table III)

Rank	(1) Per Cent in Each Rank	(2) Number in Each Rank	(3) Allotment Schedule for 9¼ Months Employment	(4) Amount Required for 9¼ Months Employment (2 x 3)	(5) Months Extended Employment	(6) Allotment Schedule Per Month for Each Rank	(7) Amount Required for Extended Employment (5 x 6)	(8) Total Cost Instructional Salaries (4 + 7)
I	3.4%	3.0	$4600	$ 13,800.00	1.00	$497.30	$ 497.30	$ 14,297.30
II	18.7	16.3	4300	70,090.00	8.75	464.86	4,067.53	74,157.53
III	57.3	49.8	4000	199,200.00	4.75	432.43	2,054.04	201,254.04
IV	17.2	15.0	2900	43,500.00	–0–	313.51	–0–	43,500.00
V	3.4	2.9	2600	7,540.00	–0–	281.08	–0–	7,540.00
VI	–0–	–0–	2200	–0–	–0–	237.84	–0–	–0–
VII	–0–	–0–	1900	–0–	–0–	205.41	–0–	–0–
TOTAL	100.0%	87.0		$334,130.00	14.50		$6,618.87	$340,748.87

Total for instructional salaries 9¼ months	$334,130.00
Total for extended employment	6,618.87
Total cost of instructional salaries	$340,748.87

It is well to keep in mind that this is a joint program—the state and local district will share in this total salary figure. We will also keep in mind that this is a minimum cost for salaries. If District "A" wishes and has the resources it can pay as high salaries as its resources will permit.

2. OTHER CURRENT EXPENSES A COST FACTOR

Other current expenses is being calculated here as the second cost factor of the foundation program. The sum of $900 per classroom unit allotted is the amount provided by KRS 157.390 (3) to be used for calculating the cost of the foundation program to any district. Thus, District A's cost of other current expenses, for calculation purposes, is determined by multiplying eighty-seven (87), the number of all classroom units allotted District "A", by $900. (Example: 87 x $900 = $78,300, the amount to be included in our calculation for other current expenses under the provisions of the minimum program supported by the Foundation Program Act.)

3. CAPITAL OUTLAY A COST FACTOR

The sum of $600 per classroom unit is to be included in the calculation for cost of capital outlay under the foundation program. This is provided for in provisions of the Foundation Program Act, KRS 157.390 (4). Having determined the number of classroom units to which District "A" is entitled, we multiply the number 87 times $600 to obtain the amount needed in our calculation for capital outlay under the provisions of the minimum program. (Example: 87 x $600 = $52,200 for capital outlay)

4. TRANSPORTATION A COST FACTOR

The fourth factor used in arriving at the cost of the minimum program is pupil transportation. The amount to be used as a cost factor here is determined by the average daily attendance of transported pupils, area in square miles served, and cost per pupil per day transported.

The actual calculation of the minimum cost of transportation under the foundation program formula progresses through the following steps: (1) number of pupils transported at public expense, (2) number of square miles served, (3) pupil density, (4) basic cost of transportation, (5) cost per pupil per day, and (6) the actual graphing of the pupil density and cost per pupil per day.

Step 1 **Number of Pupils Transported**

The average daily attendance of transported pupils is determined by taking the number of pupils in average daily attendance who are transported on District A's buses. Here we are concerned with the average daily attendance of pupils transported to District A's schools, the average

daily attendance of pupils transported to another district at District A's expense, and average daily attendance of pupils transported by District "A" to private and parochial schools, and the average daily attendance of pupils transported to District "A" at the expense of another district.

GROSS ADA OF TRANSPORTED PUPILS

Total ADA transported to this district's schools	1,734.2
ADA transported to another district at this district's expense	87.3
ADA transported to private and parochial schools	1.8
ADA transported to this district at other district's expense	.0
Gross ADA transported on this district's buses	1,823.3

The net average daily attendance can be determined by eliminating from the gross average daily attendance of 1,823.3 certain classifications of pupils which District "A" cannot be given credit for transporting. At this point, we subtract from the gross average daily attendance the average daily attendance of pupils living less than one mile from school (physically handicapped may be counted). These are shown as T-2's in the Teacher's Register of Daily Attendance. From the gross average daily attendance we also subtract the average daily attendance of pupils transported to private and parochial schools, the average daily attendance of adult pupils (21 years of age and older), and the average daily attendance of pupils transported by District "A" from another district for which District "A" has failed to secure an agreement to transport.

The following illustration will show how these various groups of pupils are eliminated from the gross average daily attendance of transported pupils in order to arrive at the net figure to allow District "A" for foundation program purposes:

NET AVERAGE DAILY ATTENDANCE FOR TRANSPORTATION PURPOSES

Gross ADA transported on this district's buses	1,823.3
ADA transported to this district's schools living less than one mile	–36.9
ADA transported by District "A" to another district living less than one mile	–48.6
ADA transported to private and parochial schools	–1.8

ADA of adults transported to this district's schools	.0
ADA non-contract pupils transported to this district's schools	-1.9
NET ADA	1,734.1

Step 2 **Number of Square Miles Served**

In calculating the cost of pupil transportation to District "A", it becomes necessary to determine the square miles that are primarily served by pupil transportation. This is done by subtracting from the gross area of the district those areas not served. This is to be done as specified in State Board of Education Regulation 24.500 (3) which states:

> "The number of square miles in the primarily served area of the district shall be determined by deducting from the total square mile area of the county, the square mile area of any independent districts located within the county, and by deducting the square mile area of any portions of the district located more than one mile from one of the district's pupil transportation vehicle routes."

NET SQUARE MILES SERVED

Gross Total Square Mile Area this District	204.0
Square Miles of this District not Primarily Served	4.0
Net Square Miles of this District Primarily Served	200.0

Step 3 **Pupil Density**

When the net ADA figure is ascertained, as in Step 1, it is then divided by the Net Square Miles as is shown in Step 2. This gives the district's pupil density per square mile. Example:

PUPIL DENSITY PER SQUARE MILE

1734.10 ÷ 200.0 = 8.67 rounded to 8.7—pupil density per square mile

This density figure is used to form one of the co-ordinates which makes up the graph that is to be plotted in the final step of the transportation calculation.

Step 4 **Basic Cost of Transportation**

The information used to determine the cost of transportation is taken from the Annual Financial Report of the previous year. We arrive at the net cost of pupil transportation in District "A" by taking from her Annual Financial Report the reported cost of transportation for the prior year less the amount spent for bus replacements. Example:

NET COST OF PUPIL TRANSPORTATION

District's Reported Expenditures for Transportation	$63,199.49
Amount District Spent for Bus Replacement	–18,808.96
Net Cost of Pupil Transportation	$44,390.53

State Board of Education Regulation 24.520 provides that vehicle depreciation shall be calculated on an eight year basis and the depreciation shall be determined by "multiplying the number of district owned vehicles of twelve or more capacity that are operated daily by one-eighth of the average basic cost of a Kentucky Pupil Transportation Vehicle of twelve capacity or more." This regulation then provides for compensation on depreciation of buses which necessitates subtracting the replacement of vehicles cost to prevent double payment by the state for the buses. To compensate the district for this vehicle depreciation, a figure is calculated according to SBE 24.520 above which places the amount per bus per year at $475.00. Therefore, if a district has 21 operating buses they will receive a depreciation allowance for 21 x $475.00 or $9,975.00. By adding this figure to the net cost of pupil transportation, we get the district's total basic cost for pupil transportation. This is illustrated as follows:

DISTRICT'S TOTAL BASIC COST FOR PUPIL TRANSPORTATION

Net Cost of Pupil Transportation System	$44,390.53
21 buses x $475.00 =	9,975.00
District's Total Basic Cost for Pupil Transportation	$54,365.53

Step 5 **Transportation Cost Per Pupil Per Day**

The Basic Transportation Cost in Step 4 is then divided by the Gross ADA transportation figure found in Step 2. This

gives the calculated cost per pupil per year for transportation. This figure is then divided by the number of days in this school district's session which is a minimum of 175 days.

To arrive at the per pupil cost per day for transportation in District "A", we use the following illustration:

COST PER PUPIL PER DAY

1. $54,365.53 Basic Cost for Transportation divided by 1,823.3
2. Gross ADA Transported equals $29.82 ($54,365.53 ÷ 1,823.3 = $29.82 Annual Cost Per Pupil)
3. $29.82 Cost Per Pupil Per Year divided by 175 days in session equals $.170 Cost Per Pupil Per Day ($29.82 ÷ 175 = $.170)

Step 6 **Graphing the Pupil Density and the Pupil Cost**

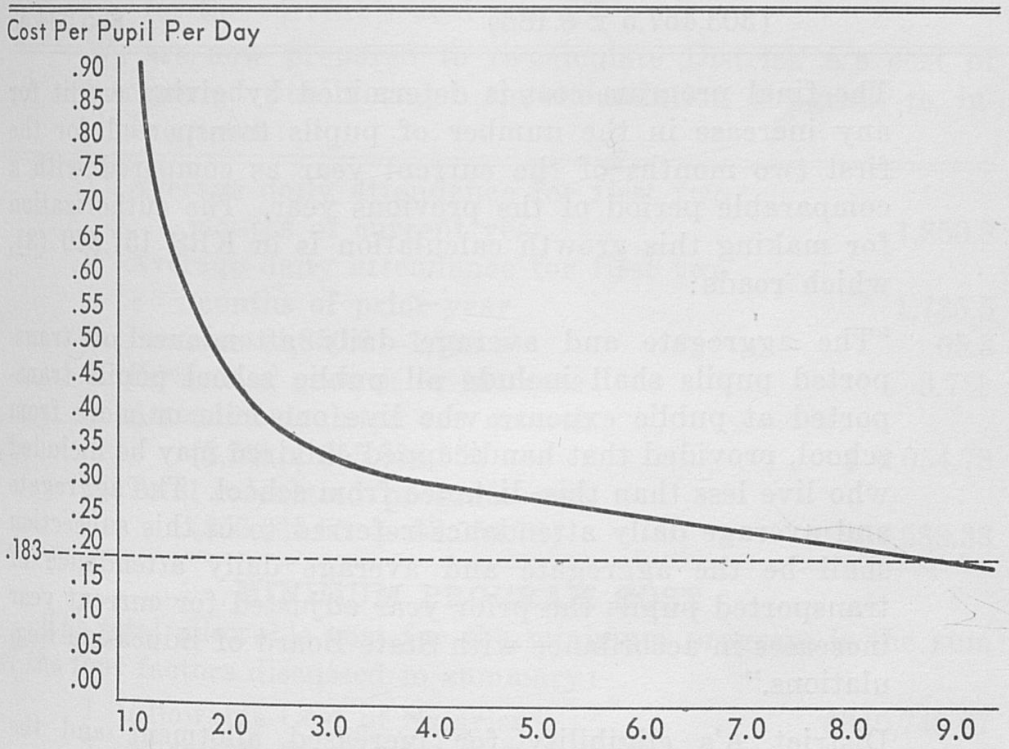
The cost per pupil per day ($.170 in Step 5) is then plotted as the second co-ordinate on the graph which gives the adjusted cost per pupil per day as is set up in KRS 157.370 (6) and in SBE 24.530 (1).

KRS 157.370 (6) states in part:

"The Superintendent of Public Instruction shall determine the average cost per pupil per day of transporting pupils in districts having a similar density by constructing a smoothed graph of cost for all density groups as provided in subsection (1). This graph shall be used to construct a scale showing the average costs of transportation for districts having a similar density of transported pupils."

All of the State's school districts, that have transportation, are divided into nine or more density groups and then plotted on a graph using average cost per pupil per day as one axis and density per square mile as the other axis. A smooth descending curve is then drawn which as nearly as possible touches the points plotted. With this curve completed, the densities will be in ascending order. The graph adjusted cost for each individual district may be found by applying each district's transported pupil density to the graph. The point, where the district's density intersects the descending curve, determines the graph adjusted cost to be used in the final steps of the calculation.

Graph Adjusted Cost Per Pupil Per Day



If District "A" had 8.7 pupil density per square mile this would be found on the graph to have a corresponding cost per pupil per day of $.183. This figure would be the **graph adjusted** cost per pupil per day for District "A". After obtaining the graph adjusted cost per pupil this number is then multiplied by the aggregate days transported. The product of this gives the district's adjusted cost for pupil transportation. In other words when the cost per pupil per day is determined from the graph this is then multiplied by the total number of days that all the legally transported students attended school.

The following is the calculation of the cost for pupil transportation for District "A" under the Foundation Program:

1. Net ADA of transported pupils for prior year	1,734.1
2. Basic number of days in school term	175
3. Aggregate days attendance for transported pupils (175 x 1,734.1)	303,467.5

4. Graph adjusted cost per pupil per day	$.183
5. Adjusted cost of transported pupils (303,467.5 x $.183)	$55,534.55

The final program cost is determined by giving credit for any increase in the number of pupils transported for the first two months of the current year as compared with a comparable period of the previous year. The authorization for making this growth calculation is in KRS 157.370 (3), which reads:

"The aggregate and average daily attendance of transported pupils shall include all public school pupils transported at public expense who live one mile or more from school, provided that handicapped children may be included who live less than this distance from school. The aggregate and average daily attendance referred to in this subsection shall be the aggregate and average daily attendance of transported pupils the prior year adjusted for current year increases in accordance with State Board of Education Regulations."

District A's eligibility for increased allotment and the steps used to calculate same are set out in State Board of Education Regulation 24.400 which reads as follows:

"(1) When the Net Average Daily Attendance of Foundation Transported Pupils in any district for the first two months of the current school year is greater than it was for the first two months of the previous school year, the district is eligible to apply for an adjustment for the current year increase.

(2) Application for an adjustment increase or a report on the absence of an increase shall be made by each district board prior to December 1 each year.

(3) The Net Average Daily Attendance of the District's Foundation Transported Pupils computed for the first two months of the previous school year shall be compared with the same two months period of the current school year and the percent of growth determined.

(4) The district's Tentative Formula Adjusted Cost for Pupil Transportation shall then be multiplied by the percent of growth to determine the additional cost to be added as a current year increase.

(5) The calculated amount for current year increase shall then be added to the District's Tentative Pupil Trans-

portation Cost Calculation to make up the District's Final Formula Adjusted Cost for Pupil Transportation for the current school year."

We are now prepared to re-calculate District A's cost of transported pupils under the Foundation Program to include growth:

1. Average daily attendance for first two months of current year	1,850.8
2. Average daily attendance for first two months of prior year	1,785.5
3. Increase (1,850.8—1,785.5)	65.3
4. Percent of growth or increase	3.7%
5. Amount calculated for growth (3.7% x $55,534.55)	$ 2,054.78
6. Total calculated program cost ($55,534.55 + $2,054.78)	$57,589.33

MINIMUM PROGRAM COST

The total allowable cost for the minimum program is the sum of the four factors discussed in summary:

1. Allowable Cost of Salaries	$340,748.87
2. Allowable Cost of Other Current Expenses	78,300.00
3. Allowable Cost of Capital Outlay	52,200.00
4. Allowable Cost of Transportation	57,589.33
Total Allowable Cost of the Program	$528,838.20

This concludes the first step in the basic formula. The second step is the determination of that portion of the total cost which shall be borne by the local district. This is often referred to as the required local effort.

CALCULATING REQUIRED LOCAL EFFORT

In calculating local effort, an attempt is made to charge back to the local district, toward the support of the program, an amount of money in proportion to its ability to pay. Consequently, there arises the problem of trying to measure the ability of each district to support its program.

Under the Kentucky Foundation Program Law, it is assumed that there is a certain amount of wealth in the entire state. The problem is measuring this wealth and determining the proportionate amount for each of the 204 local school districts.

The first measure used in determining the ability of a district is the assessed value of property as it relates to the equalized value. With this step completed we have two very valuable and necessary data: the estimated equalized value and the assessed value of all

properties subject to school tax. By taking the total equalized value of all districts in the state, we find it easy enough to determine the percentage of the total wealth found in each local school district.

Let's apply this data to District "A" and try to determine what part of the total cost of her educational program should be borne locally.

District "A" has .1716% of the state's $12,295,235,000 total equalized wealth or $21,098,000 as her share. The state also has an assessed value of $4,168,911,677. If we calculate the local effort of all districts, by applying the $1.10 rate to the state's total assessment, we have $45,858,028.45 required of all districts to participate. District A's share of the total requirement can be determined by finding .1716% of $45,858,028.45 or $78,692.38.

NOTE: See KRS 157.380 for method to be used in calculating the local required tax effort.

TABLE VIII
REQUIRED LOCAL TAX EFFORT FOR SCHOOL DISTRICT "A"

The following information is furnished to the Superintendent of Public Instruction by the State Department of Revenue in accordance with KRS 157.380:

Item	Class of Property	Assessment	Estimated Equalized Value
A	Total Real Estate	$5,653,764	$16,138,000
B	Tangible Personalty	779,275	2,153,000
C	Public Service Companies (estimated)	1,126,000	2,746,000
D	Distilled Spirits	None	.....
E	Total at Full Local Rates (A+B+C+D)	7,559,039	21,037,000
F	Bank Shares	227,500	*61,000
G	Total Equalized Value of District (E+F)		$ 21,098,000
H	Total Equalized Value of All Districts in State		12,295,235,000
I	Percentage of Equalized Value in District "A"		.1716%
J	Total Assessed Value of All Districts *(Weighted for Special Rates)		*4,168,911,677

Department of Education
Commonwealth of Kentucky

K	Total Required Local Tax Effort for all Districts (J x $1.10 per $100)	$45,858,028.45
L	Total Required Local Tax Effort for District "A" (K x I)	78,692.38
M	Tax Rate Necessary to produce Required Local Tax Effort for District "A" (L ÷ E + 4/15 F)	1.03

STATE AID UNDER THE FOUNDATION PROGRAM
BASIC FORMULA

Earlier we had stated the basic formula to be used in determining the amount of state aid to any school district in the Commonwealth under the provisions of the Foundation Program Law. We now have the two necessary quantities in this formula used to determine the third quantity. We have determined the cost of the minimum program to be $528,838.20 and local support or the required local effort to be $78,692.38.

In the case of District "A", substituting in the basic formula:

STATE AID = COST OF MINIMUM PROGRAM — REQUIRED LOCAL EFFORT

STATE AID = $528,838.20 — $78,692.38

STATE AID = $450,145.82

STATE AID UNDER THE GUARANTEE PROVISIONS OF THE FOUNDATION PROGRAM

Prior to the Foundation Program Law, state funds for support of the common schools were distributed on a census pupil basis or often referred to as a per capita distribution. With the beginning of the Foundation Program, some districts, if the formula was adhered to strictly, would receive less state aid than they had received under the per capita distribution. To prevent any district from receiving less state aid, two guarantee provisions were written into the original Foundation Program Law of Kentucky. These provisions were: (1) the money distributed to a local school district from the foundation program fund must equal $80 per pupil in average daily attendance, or (2) the money distributed to any district from the foundation program funds must equal the per capital apportionment to that district in 1955-56 when the per capita method was in use or whichever was greater of these two.

The two guarantee provisions stated above were amended by the 1960 General Assembly of Kentucky to provide one hundred twenty dollars for the first year of the 1960-62 biennium and one hundred twenty-five dollars for the second year of the biennium for each child in average daily attendance. The per capita guarantee was also changed at this time to provide the 1959-60 allotment plus thirty-five dollars per child in average daily attendance or whichever of the guarantee provisions was greater.

Beginning with the 1964-65 school year, the $125 guarantee will be increased to $136 per pupil in average daily attendance and

for the 1965-66 school year this guarantee will be increased to $143 per pupil in average daily attendance.

The second guarantee provision which provides for the 1959-60 allotment plus $35 per pupil in average daily attendance has also been amended by the 1964 General Assembly. All districts are guaranteed as much in state funds per pupil in average daily attendance as was received for the 1963-64 school year.

Under each of the guarantee provisions of the program, a district is expected to staff all its potential classroom units or have deductions made from its allotment for failure to staff these units.

All districts receiving funds under either guarantee provision are expected to staff as many units in vocational education and education for exceptional children as were staffed in the 1955-56 school year which was the base year or first year for fully financing the program. Conversely, if a district receives state funds under either guarantee and is staffing more units in vocational education and education for exceptional children than were staffed in 1955-56, funds are increased to take care of the additional units at the program cost per unit.

CALCULATION OF ALLOTMENT

Three calculations are done on each district to determine whether the district will receive its state allotment, (1) under the basic formula calculation, (2) under the $125 guarantee for each pupil in average daily attendance or (3) under the 1959-60 allotment plus $35 per pupil in average daily attendance. The district will be given the greatest of the three calculations.

Since we have determined the amount of state funds due District "A" under the foundation program formula, we will find it necessary to compare the amount of state funds allotted under this calculation with each of the two allotment calculations required under the guarantee provisions.

Adjusted Average Daily Attendance For Guarantee Purposes

At this point it becomes necessary to adjust the average daily attendance for guarantee purposes. The following is an illustration of how the average daily attendance is adjusted for guarantee purposes to include the growth of the first two months of the current year over the prior year:

TABLE IX
FOUNDATION PROGRAM
AVERAGE DAILY ATTENDANCE

1. Prior Year Adjusted ADA (including Lincoln Institute and Exceptional Children)		1,878.6 ADA
2. Pupil Unit Ratio (1,878.6 ADA ÷ 84.9 total classroom units)	22.1 pupils	
3. ADA Allotment for Growth (22.1 pupils x 2.1 unit allotment for growth)	46.4 ADA	
4. Total Foundation Program ADA Used to Calculate Guarantee Allotments (1,878.6 ADA + 46.4 ADA)		1,925.0 ADA

TABLE X
FOUNDATION PROGRAM FUND ALLOTMENT

CALCULATION NO. 1

BASIC FORMULA

1. Total cost of Basic Program to district and state	$528,838.20	
2. Required Local Tax Effort	$ 78,692.38	
3. Allotment under Basic Program		$450,145.82

CALCULATION NO. 2

$125 GUARANTEE PROVISION

4. Possible Allotment under $125 provision (1,925.0 ADA x $125)		$240,625.00
5. Deductions For Potential Classroom Units Not Staffed:		
Basic:_____CRU x $5500 FPCCU	=$ NONE	
ASIS:_____CRU x $5500	=$ NONE	
Supv:_____CRU x $6286	=$ NONE	
DPP:_____CRU x $6589 ($5867)	=$ NONE	
TOTAL DEDUCTIONS FOR UNITS NOT STAFFED	$ NONE	
6. Increase or Decrease over 1955-56 allotment in Vocational and Exceptional Children Units. (1.0 CRU x $5,500.00 FPCCU)	=$5,500.00	
7. Adjusted allotment under $125 Guarantee Provision (Line 4 minus Line 5, plus or minus Line 6)		$246,125.00

CALCULATION NO. 3

$35 GUARANTEE PROVISION

8. 1959-60 Final Foundation Program Allotment	$187,780.14	
9. Plus $35 per ADA (1,925.0 ADA x $35)	$ 67,375.00	
10. Possible Allotment under $35 Provision	$255,155.14	
11. Adjusted Allotment under $35 Guarantee Provision (Line 10 minus Line 5, plus or minus Line 6)		$260,655.14
12. Applicable Allotment (largest of items 3, 7 or 11)	$450,145.82	
13. Percent Anticipated Receipts are of Local Tax Effort:	100%	
14. Penalty for Failure to meet Required Local Effort	$ NONE	
15. FOUNDATION PROGRAM FUND ALLOTMENT		$450,145.82

NOTE: The foundation program unit cost (FPCCU) of $5,500 is found by taking $4,000 cost of salary for rank 3, $900 cost for current expenses and $600 cost of capital outlay.

We are ready to determine by comparison of the three costs under the three preceding calculations to which group District "A" belongs. We are to remember that District "A" is entitled to whichever is the greatest:

Calculation 1 under Basic Formula
Calculation 2 under $125 guarantee
Calculation 3 under 1959-60 allotment plus
$35 per pupil in average daily attendance

In conclusion we can readily see that calculation 1 under the basic formula is greater than either of the other two calculations. Therefore, District "A" will receive $450,145.82 from the foundation program fund under the provisions of the Foundation Program Law enacted in 1954 and amended several times.

The illustrations in this bulletin are based upon the provisions of the Foundation Program Law of Kentucky and Kentucky's State Board of Education Regulations.