

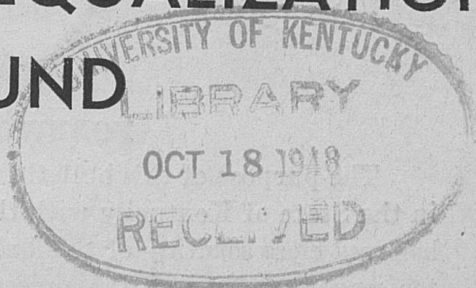
● Commonwealth of Kentucky ●  
**EDUCATIONAL BULLETIN**

---

---

---

**THE STATE EQUALIZATION  
FUND**



Published by  
**DEPARTMENT OF EDUCATION**  
**BOSWELL B. HODGKIN**  
Superintendent of Public Instruction

---

---

---

ISSUED MONTHLY

Entered as second-class matter March 21, 1933, at the post office at Frankfort, Kentucky, under the Act of August 24, 1912.

**Vol. XVI      OCTOBER, 1948      No. 8**

### FOREWORD

The purpose of this bulletin is to acquaint every citizen in the State of Kentucky with the Equalization Law. It is believed close scrutiny of this bulletin will bring about better understanding of the present law, its statutory provisions, the practical application of the law to specific school districts, the factors that determine the eligibility of the districts to participate and the method of determining the equalization allotment of participating districts. The known weaknesses are admitted and listed and a method of eliminating some of these weaknesses is suggested.

This bulletin was prepared by William D. Chilton, Head, Bureau of Finance.

BOSWELL B. HODGKIN  
*Superintendent Public Instruction*

October, 1948

## **THE STATE EQUALIZATION FUND**

Prior to November, 1941, the Constitution of Kentucky provided that all of the Common School Fund be distributed to each school district on a census pupil basis. In November, 1941, the Constitution was amended to permit the General Assembly to distribute 10% of the Common School Fund upon some basis other than a census pupil basis. The 1942 General Assembly enacted an Equalization Law whereby poor school districts were made eligible to receive an appropriation from the Equalization Fund in addition to their allotment from the Per Capita Fund.

The first Equalization Fund was for the school year 1942-43 and amounted to \$400,000 which was distributed to 33 county and 6 independent school districts. Near the close of the 1942-43 school term \$126,806.16 was transferred from the Governor's Emergency Fund to the Equalization Fund and this amount was distributed to the same districts. In 1943-44 the amount of the Equalization Fund was \$400,000 and was distributed to 32 county and 5 independent districts. In 1944-45 the Equalization Fund appropriation was \$1,500,000 which was distributed to 60 county and 18 independent school districts. In 1945-46 the appropriation to this fund was \$1,500,000 and was distributed to 57 county and 12 independent school districts. In 1946-47 the \$1,850,000 appropriation to this fund was distributed to 51 county and 39 independent school districts. The 1947-48 appropriation of \$1,850,000 was supplemented by \$100,125 due to the escalator clause in the budget, making a total of \$1,950,125 which was distributed to 56 county and 40 independent school districts. The 1948 General Assembly appropriated \$2,150,000 to the Equalization Fund and this is being distributed to 56 county and 38 independent school districts (2 school districts, Johnson and Washington Counties, would have participated in the distribution of this fund but were excluded because their assessed valuation of property was not equal to the average ratio throughout the state, and thus were not certified by the Kentucky Tax Commission).

## **PRESENT EQUALIZATION LAW**

Familiarity with the statutory provisions of the Equalization Law, enacted by the 1946 General Assembly, is essential to a better

understanding of the distribution of the Equalization Fund to the local school districts. For this reason, the law in its entirety is quoted below:

**157.051 Definitions for KRS 157.052 to 157.055. As used in KRS 157.052 to 157.055:**

(1) "Equalization fund" means a special fund of ten percent of the total appropriation for common school fund, appropriated by the General Assembly for the specific purpose of equalizing education service in the less able school districts of Kentucky.

(2) "Adjusted recurring revenue" means all recurring revenue other than that produced by a subdistrict tax and that received by a school district from the equalization fund; provided that in a county school district only the amount of ad valorem revenue is included that was accrued at the tax rate of seventy-five cents per one hundred dollars of assessed valuation of property subject to local taxation, and that in an independent school district only the amount of ad valorem revenue is included that was accrued at the tax rate of one hundred cents per hundred dollars of assessed valuation of property subject to local taxation.

(3) "Arithmetic mean index" means the quotient obtained when the sum of the average daily membership and the average daily attendance in a school district is divided by two.

(4) "Net-ability index" means the quotient obtained when the total adjusted recurring revenue of a school district is divided by the arithmetic mean index.

**157.052 School equalization fund distribution, who to make.**

The equalization fund shall be distributed and administered under the direction of the Superintendent of Public Instruction, with the approval of the State Board of Education, as provided in KRS 157.053 to 157.055.

**157.053 Eligibility for aid from equalization fund; how determined; annual study; ranking of district; basis of distribution.**

(1) Any board of education that has had its budget and salary schedule for the ensuing school year approved by the State Board of Education, whose ratio of assessed valuation of property to fair cash value is equal to the average ratio throughout the state, as certified to the State Board of Education by the Kentucky Tax Commission, and has levied for school purposes a tax of at least seventy-five cents on each one hundred dollars of property subject to local taxation and not less than the ad valorem tax levy made

for the previous school year, shall have the privilege of applying for aid from the equalization fund.

(2) The Superintendent of Public Instruction shall make a careful study to determine annually the amount of adjusted recurring revenue that is available for the education of each pupil based on average daily membership and average daily attendance in the public schools in each school district in Kentucky. This study which shall be used as a basis for the distribution of moneys from the equalization fund, shall be based upon records and reports for the school year ending June 30 immediately preceding such study. After all school districts in the state have been arranged in a rank order from high to low according to their net-ability indices, the Superintendent of Public Instruction, with the approval of the State Board of Education, shall distribute the equalization fund to districts qualifying under KRS 157.051 to 157.055 so that, when the total adjusted recurring revenue of all participating districts plus the total equalization appropriation is divided by the total arithmetic mean indices of all participating districts, it will give the same amount of money per pupil per year represented in the arithmetic mean index in each participating school district.

**157.054 Time of allotment and distribution of equalization fund.**

The special fund shall be allotted to the local boards of education which meet the provisions of KRS 157.052 to 157.055 by the Superintendent of Public Instruction with the approval of the State Board of Education on or before April 1, prior to the beginning of each school year except in 1942, when such allotment shall be made on or before June 1. The funds so allotted shall be distributed to the local boards of education regularly as a supplement to the state per capita funds provided for such districts.

**157.055 Administration and expenditure of equalization fund; rules for; liability for.**

The Superintendent of Public Instruction with the approval of the State Board of Education shall prescribe rules and regulations governing the administration and expenditure of any moneys allotted to local school districts from this special fund. The money allotted to any local board of education under the terms of KRS 157.052 to 157.055 shall be received and held and expended by it under the same liability and responsibility as provided by law for other funds which come into the hands of such board.

### **157.060 Reports of funds received and spent by school districts.**

The officials of each educational institution and each school district supported in whole or in part from taxation shall make a report to the State Board of Education at the close of each scholastic year, showing in detail all funds received from the state and from all other sources during the year, and a detailed statement of all expenditures for the year.

### **SOME FACTORS DETERMINING THE DISTRIBUTION OF THE EQUALIZATION FUND**

Paragraph two of 157.051 gives the Department of Education some discretion in the interpretation of the term "adjusted recurring revenue". The interpretation of this term has varied from time to time to a limited extent. This variation has not materially affected the amount of equalization distributed to any local district. For the purpose of distributing the 1948-49 Equalization Fund revenue from the Per Capita Fund, local property tax, bank shares, franchise tax, tuition received and miscellaneous recurring receipts such as U. S. Forestry grants, other grants in lieu of taxes and other similar receipts which are likely to recur from year to year, were considered as recurring revenue.

The second factor of considerable importance is the "arithmetic mean index". This factor is found by dividing the sum of Average Daily Membership and Average Daily Attendance by two.

A third factor is the "net ability index". This is found by dividing the total net ability of a district (total recurring revenue minus tuition transferred to other districts) by the "arithmetic mean index".

A fourth factor and one of special significance in the distribution of the 1948-49 Equalization, is the assessment certification made by the Kentucky Tax Commission. Before a local district may participate in the Equalization Fund the Kentucky Tax Commission must certify that the ratio of assessed valuation of property to fair cash value is equal to the average ratio throughout the state. Two districts in Kentucky failed to qualify for Equalization in 1948-49 because the assessments in these districts were not certified by the Kentucky Tax Commission.

A fifth factor is the requirement that a local district must levy a tax rate of at least 75c on each \$100 in order to be eligible to participate in the Equalization Fund. (Note.—This qualifying clause was changed by the 1948 General Assembly to provide that each

district must levy the maximum tax rate in order to qualify for Equalization in 1949-50.) Also, the levy in any one year may not be less than the levy for the previous school year.

### **DETERMINING THE EQUALIZATION ALLOTMENT FOR LOCAL DISTRICTS**

The most difficult problem of the Department of Education in calculating the amount of Equalization a school district is to receive, is that of obtaining accurate information on the recurring revenue of a school district. In order to avoid any possibility of an error in determining the Equalization allotment for each school district for 1948-49, a data sheet (Figure 1) was mailed to each district asking that an itemized report be made of the 1946-47 receipts. This form was received and checked against the field supervisor's audit and the Annual Financial Report for the same year. Figure 1 is a copy of the data sheet returned by Green County.

Figure II is the financial data sheet used for calculating the 1948-49 equalization need of Green County. You will note that not all of the receipts of Green County were considered recurring revenue. The per capita fund was not adjusted in any district but the actual amount received was used as adjusted revenue. The general property tax for Green County for 1946-47 was \$33,848.28, obtained at a tax rate of \$1. As the Equalization Law states in Paragraph two of Section 157.051 that property tax shall be adjusted on the basis of the amount that would have been collected at a tax rate of 75c in a county school district, three-fourths of the \$33,848.28 or \$25,386.21 was considered as adjusted property tax receipts. Likewise \$4,963.49 collected from franchise tax was adjusted in a similar manner to obtain \$3,722.62. The amount of \$182.80 was coded as adjusted recurring revenue. The "omitted taxes" item previously reported on the Annual Financial Report under another heading was adjusted on the basis of a 75c levy. The receipts from poll taxes, fines, refunds on chairs, sale of tobacco, and equalization were not calculated as adjusted recurring revenue, because there is no assurance that these receipts would recur regularly.

The total adjusted revenue in the case of Green County amounted to \$87,759.95 and from this was subtracted \$13,983.38 which the Green County Board of Education paid to other districts in the form of tuition for high school pupils. This gave a total

adjusted net ability of \$73,776.57. The sum of Average Daily Membership and Average Daily Attendance divided by two gave 1518. This membership and this attendance figure did not include high school pupils from Green County attending other school districts. For this reason, Green County was permitted to subtract \$13,983.38 referred to above. By dividing 1518 into \$73,776.57, the net ability index of \$48.60 per child was obtained for Green County.

The same process was used in determining the net ability index per child for each district in the State of Kentucky. After the net ability index for each district in Kentucky was determined, the districts were arranged in an order from the one having the lowest net ability to the one having the highest net ability. (See Column 3, Table I.) Columns 1, 2, 3, 4 and 5 were completed from the Figure I data sheets of each district. It must be remembered that the net ability index as shown by Table I does not represent the actual number of dollars behind each child during 1946-47, but it does represent the number of dollars that would have been behind each child had each independent school district levied a tax rate of \$1 and each county school district levied a tax rate of 75c. In many cases the district levied a higher tax than the formula levy and others levied a lesser tax than the formula levy.

It was found by a statistical method that each district having a net ability index of less than \$56.98899902 would participate in the Equalization Fund. It was also found that by bringing each child in the districts with a net ability index of less than \$56.98899902 up to \$56.98899902 that the \$2,150,000 Equalization Fund would be entirely distributed. The determination of this "critical revenue ratio" of \$56.98899902 is of little consequence and adds nothing of importance to the explanation of the distribution of the Equalization Fund. Column 6 in Table I was made by multiplying the arithmetic mean index in each district by \$56.98899902. Column 5 was subtracted from Column 6, thus giving the apportionment in Column 7 for each participating district.

It can be seen from Table I that if a lesser amount than \$56.98899902 had been used as the "revenue ratio" all of the \$2,150,000 equalization money would not have been distributed. Further, it may be found that if a higher "revenue ratio" had been used, it would have required more than the \$2,150,000. In simple terms, it may be stated that the Equalization Fund has been so distributed that each of the 94 participating districts will have \$56.98899902 behind each "arithmetic mean" child when it has been



allotted the amount found in Column 7. Also, it may be stated that all other districts (with the exception of Johnson and Washington Counties) will have more than \$56.98899902 behind each arithmetic child as shown by Column 3.

**DATA TO BE USED AS BASIS FOR DISTRIBUTING 1948-49  
EQUALIZATION FUND**

(Please Return)

School District **Green County, County Green.**

Receipts, 1946-47:

State Per Capita .....	\$ 58,413.60
Equalization .....	11,679.72
State Aid for Agr., H. Ec., T&I, and Distributive .....	
Reimbursement Veterans Training .....	
Reimbursement School Lunch Program .....	
Property Tax .....	33,848.28
Bank Shares .....	
Franchise .....	4,963.49
Poll Tax .....	2,510.40
Subdistrict Tax .....	
Tuition Received .....	182.80
Interest on Investments .....	
Whiskey Withdrawal .....	
Other Receipts (Itemize):	
<b>Omitted Taxes</b> .....	72.96
<b>Fine</b> .....	6.00
<b>Refund on Chairs</b> .....	20.00
<b>Sale of Tobacco</b> .....	27.00
Grand Total All Receipts 1946-47 .....	\$111,724.25
ADM (1946-47 <b>1646 ADA (1946-47) 1390</b> .....	
Tuition Paid to Other Districts .....	\$13,983.38

Did your district pay all or any part of the salaries of teachers working in another district in lieu of tuition? **No. Reference to contract on file.**

Were any teachers of your district paid all or any part of their salaries by another district in lieu of tuition? **No.**

(Signed): **C. W. Burress**, Treasurer  
**Lucile Guthrie**, Superintendent

**FINANCIAL DATA TO BE USED AS BASIS FOR DISTRIBUTING  
1948-49 EQUALIZATION FUND**

1. School District <b>Green County, County Green.</b>			
2. State and Local Recurring Receipts, 1946-47;	<b>Adjusted Revenue</b>		
(a) Per Capita .....	Code 1000		\$58,413.60
(b) Property Tax .....		\$33,848.28	Code 1100 25,386.21
(c) Bank Shares .....	Code 1110		.....
(d) Franchises .....		\$ 4,963.49	Code 1120 3,722.62
(e) Tuition Received .....	Code 1200		182.80
(f) Other Recurring Receipts:			
(1) <b>Omitted Taxes (\$72.96)</b> .....			54.72
(2) .....			
(3) .....			
3. Total Recurring Revenue .....			<u>\$87,759.95</u>
4. Transferred Tuition to Other Districts .....			<u>13,983.38</u>
5. Total Net Ability for Calculation .....			<u><u>\$73,776.57</u></u>
6. ADM (1946) <b>1646</b> + ADA (1946-47) <b>1390</b> ÷ 2 = <b>1518</b> (Arith. Mean Index 1948-49)			
7. Net Ability Index 1948-49 <b>\$48.60</b> (Item 5 divided by Item 6)			
8. Tax Levy Data:	1946-47	1947-48	1948-49
General			
(Including Bldg. Fund) .....	\$ 1.00	\$ 1.00	\$ 1.00
Sinking Fund .....			
Bank Shares .....			
9. Net Ability Indices Rank 1945-46 <b>\$32.60</b>	1946-47 <b>\$45.69</b>	1947-48 <b>\$52.63</b>	
10. ADM (1945-46) <b>1682</b> + ADA (1945-46) <b>1139</b> ÷ 2 = <b>1411</b> (Arith. Mean Index 1947-48)			

Approved: **William D. Chilton**

Remarks: Meets Tax Levy Requirements.  
**Certified by Ky. Tax Commission.**

TING

Table I

**FINAL CALCULATIONS FOR THE DISTRIBUTION OF STATE  
EQUALIZATION FUND FOR 1948-49 \$2,150,000.00 (Critical  
Rev. Ratio = \$56.98899902)**

(Calculated on data obtained from annual reports 1946-47)

1	2	3	4	5	6	7
Rank Order High- Low	Name of School District	Net Ability Index (5 ÷ 4)	A. Mean Index ADM+ADA 2	Adjusted Recurring Revenue	Adj. Recur. Revenue Equalization (4 × Rev. Ratio)	Equal Apportion- ment (6-5)
246	Woodford	\$382.09	822	\$ 314,078.95	\$	\$
245	Ft. Thomas	238.27	953	227,067.14		
244	Beechwood	211.90	286	60,604.23		
243	Bardstown	208.18	433	90,143.82		
242	Louisville	173.41	34488	5,980,640.80		
241	Bellevue	164.55	694	114,200.06		
240	Anchorage	160.80	424	68,179.31		
239	Cold Spring	158.44	108	17,111.74		
238	Southgate	152.24	128	19,486.96		
237	Burgin	152.14	302	45,945.57		
236	Covington	151.70	5669	860,013.71		
235	Hikes	151.70	273	41,413.69		
234	Lexington	143.97	6057	872,054.85		
233	Newport	141.47	2925	413,808.52		
232	Uniontown	139.88	285	39,867.03		
231	Franklin	136.92	2114	289,458.99		
230	Jefferson	129.41	10607	1,372,624.37		
229	Ludlow	125.94	621	78,211.56		
228	Midway	121.64	393	47,804.89		
227	Scott	120.96	1535	185,670.87		
226	Springfield	117.61	375	44,102.97		
225	Fayette	116.77	4510	526,613.27		
224	Clark	114.00	1723	196,421.29		
223	Bourbon	112.59	1937	218,088.95		
222	Maysville	111.30	945	105,181.07		
221	Cynthiana	109.18	617	67,365.66		
220	Daviess	107.78	2897	312,247.69		
219	Harrison	104.78	1529	160,203.06		
218	Kenton	103.57	2430	251,666.11		
217	Paducah	102.45	4414	452,225.33		
216	Shelbyville	99.42	912	90,675.37		
215	Williamstown	99.25	270	26,798.62		
214	Frankfort	98.57	1386	136,612.17		
213	Dayton	97.34	1045	101,722.48		
212	Richmond	96.99	1044	101,260.07		
211	Walton-Verona	96.90	351	34,012.78		
210	Raceland	94.64	586	55,459.16		
209	Campbell	93.85	1282	120,315.98		
208	Winchester	92.87	1238	114,971.08		
207	Russell	92.39	1148	106,067.99		
206	Erlanger	92.25	777	71,682.44		
205	Mason	91.23	1935	176,529.29		
204	Silver Grove	90.92	176	16,002.61		
203	Versailles	90.73	860	78,024.30		
202	Nicholas	90.00	867	78,033.93		
201	Owensboro	89.64	3921	351,480.90		
200	Bracken	89.54	1087	97,326.64		
199	Jessamine	89.37	1852	165,508.34		
198	Danville	88.69	1380	122,391.48		

Revenue  
58,413.60  
25,386.21

3,722.62  
182.80

54.72

37,759.95  
3,983.38

3,776.57

n. Mean

1948-49

\$ 1.00

3 \$52.63

n. Mean

ements.  
mission.

Table I—Continued

1	2	3	4	5	6	7
Rank Order High- Low	Name of School District	Net Ability Index (5 ÷ 4)	A. Mean Index ADM+ADA 2	Adjusted Recurring Revenue	Adj. Recur. Revenue Equalization (4 × Rev. Ratio)	Equal Apportion- ment (6-5)
197	Bullitt .....	88.61	1568	138,946.80	.....	.....
196	Shelby .....	88.14	2306	203,254.53	.....	.....
195	Augusta .....	87.58	262	22,947.60	.....	.....
194	Lebanon .....	86.84	710	61,656.06	.....	.....
193	Nelson .....	86.65	2269	196,613.46	.....	.....
192	Bowling Green .....	86.50	2222	192,194.31	.....	.....
191	Boone .....	85.13	1551	132,030.76	.....	.....
190	Montgomery .....	83.90	1337	112,179.80	.....	.....
189	Carrollton .....	83.31	641	53,402.24	.....	.....
188	Oldham .....	82.24	1378	113,329.99	.....	.....
187	Anderson .....	81.17	1067	86,612.89	.....	.....
186	Paris .....	81.10	1176	95,369.80	.....	.....
185	West Point .....	81.04	192	15,558.93	.....	.....
184	Pendleton .....	80.69	1230	99,251.09	.....	.....
183	Henderson .....	79.19	2357	186,640.95	.....	.....
182	Garrard .....	78.84	1424	112,270.23	.....	.....
181	Georgetown .....	78.81	722	56,899.58	.....	.....
180	Union .....	78.76	2092	164,757.82	.....	.....
179	Carlisle .....	78.31	411	32,185.26	.....	.....
178	Henderson .....	77.14	2363	182,287.71	.....	.....
177	Lone Jack .....	76.74	343	26,320.68	.....	.....
176	Eminence .....	76.54	304	23,268.72	.....	.....
175	Boyle .....	76.36	1657	126,533.31	.....	.....
174	Elizabethtown .....	76.34	885	67,564.49	.....	.....
173	Trenton .....	76.31	329	25,104.99	.....	.....
172	Ashland .....	75.97	5304	402,927.87	.....	.....
171	Madison .....	75.92	3063	232,535.60	.....	.....
170	Falmouth .....	75.78	350	26,522.46	.....	.....
169	Mercer .....	75.60	1529	115,596.59	.....	.....
168	Mt. Sterling .....	75.45	860	64,891.14	.....	.....
167	Gallatin .....	75.35	638	48,075.69	.....	.....
166	Lancaster .....	75.18	603	45,332.63	.....	.....
165	Lawrenceburg .....	74.96	455	34,106.70	.....	.....
164	Owen .....	74.77	1172	87,631.01	.....	.....
163	Fulton .....	74.72	995	74,345.34	.....	.....
162	Mayfield .....	74.62	1391	103,801.80	.....	.....
161	Robertson .....	73.74	450	33,184.17	.....	.....
160	Carroll .....	73.73	753	55,517.78	.....	.....
159	Grant .....	72.80	1476	107,450.56	.....	.....
158	Ravenna .....	72.64	189	13,728.16	.....	.....
157	Fulton .....	72.54	701	50,852.33	.....	.....
156	Sharpsburg .....	72.08	294	21,191.06	.....	.....
155	Marion .....	71.39	2350	167,777.27	.....	.....
154	Ferguson .....	70.57	280	19,760.39	.....	.....
153	Greenup .....	70.37	327	23,011.53	.....	.....
152	Pikeville .....	70.15	1355	95,057.51	.....	.....
151	Henry .....	70.06	1757	123,100.97	.....	.....
150	Scottsville .....	69.81	462	32,251.96	.....	.....
149	Hopkinsville .....	69.35	2066	143,279.01	.....	.....
148	Spencer .....	68.90	981	67,586.12	.....	.....
147	Horse Cave .....	68.73	452	31,067.60	.....	.....
146	Harrodsburg .....	68.38	877	59,971.89	.....	.....
145	Greensburg .....	68.22	486	33,155.50	.....	.....
144	Hart .....	68.06	1795	122,169.00	.....	.....

7	1	2	3	4	5	6	7
Equal Apportionment (6-5)	Rank Order High-Low	Name of School District	Net Ability Index (5 ÷ 4)	A. Mean Index ADM+ADA 2	Adjusted Recurring Revenue	Adj. Recur. Revenue Equalization (4 × Rev. Ratio)	Equal Apportionment (6-5)
	143	Lebanon Junction	67.98	291	19,781.53		
	142	Pineville	67.96	738	50,158.69		
	141	Bath	67.90	1797	122,014.39		
	140	Caldwell	67.37	1083	72,963.34		
	139	Lewis	67.36	2487	167,529.38		
	138	Fleming	67.25	2078	139,744.14		
	137	Larue	66.52	1245	82,824.22		
	136	Prestonsburg	66.16	825	54,578.29		
	135	Boyd	65.65	1818	119,357.40		
	134	South Portsmouth	64.66	224	14,485.90		
	133	Paintsville	64.66	876	56,644.30		
	132	Ballard	63.71	1582	100,803.38		
	131	Hodgenville	63.66	456	29,031.64		
	130	Hickman	63.54	1348	85,660.06		
	129	Warren	63.42	3591	227,764.61		
	128	Central City	62.57	806	50,436.77		
	127	Stanford	62.31	528	32,902.48		
	126	Clay	62.25	283	17,618.62		
	125	Brodhead	62.08	366	22,724.77		
	124	Van Lear	61.98	321	19,896.81		
	123	Cave City	61.96	339	21,005.28		
	122	Lynch	61.92	1335	82,666.26		
	121	Rowan	61.84	2316	143,231.92		
	120	Russellville	61.57	828	50,987.51		
	119	Simpson	61.54	1921	118,222.95		
	118	Murray	61.34	805	49,383.34		
	117	Christian	61.06	3109	189,854.45		
	116	McCracken	60.90	2571	156,590.50		
	115	Livingston	60.69	198	12,017.42		
	114	Todd	60.41	1978	119,500.73		
	113	Berea	60.37	420	25,356.84		
	112	Somerset	60.15	1644	98,891.34		
	111	Monticello	60.06	463	27,810.74		
	110	Leitchfield	59.93	444	26,612.53		
	109	Glasgow	59.84	1318	78,880.25		
	108	Logan	59.80	2924	174,867.65		
	107	Barbourville	59.66	630	37,591.79		
	106	Hardin	59.17	3699	218,876.29		
	105	Hancock	59.03	1088	64,226.94		
	104	Webster	58.99	1566	92,393.02		
	103	Owenton	58.92	355	20,915.67		
	102	Taylor	58.76	1616	94,957.55		
	101	Cloverport	58.39	289	16,875.98		
	100	Trimble	58.22	975	56,766.71		
	99	Carlisle	57.85	1113	64,386.04		
	98	Lawrence	57.75	3133	180,916.02		
	97	Hopkins	57.20	3670	209,916.12		
						(not qualifying)	
	96	Trigg	56.07	1804	101,157.65	\$ 102,808.15	\$ 1,650.50
	95	Washington	56.03	1891	105,961.57		
	94	London	55.77	763	42,555.79	43,482.61	926.82
	93	Lee	55.52	2016	111,927.26	114,889.82	2,962.56
	92	Lincoln	55.46	3733	207,069.27	212,739.93	5,670.66
	91	Hickman	55.19	779	42,994.41	44,394.43	1,400.02

1	2	3	4	5	6	7
Rank Order High- Low	Name of School District	Net Ability Index (5 ÷ 4)	A. Mean Index $\frac{ADM+ADA}{2}$	Adjusted Recurring Revenue	Adj. Recur. Revenue Equalization (4 × Rev. Ratio)	Equal Apportion- ment (6-5)
90	Breckinridge	55.14	2373	130,846.62	135,234.89	4,388.27
89	Marion	54.95	598	32,857.15	34,079.42	1,222.27
88	Science Hill	54.84	222	12,174.53	12,651.56	477.03
87	Hazard	54.83	2060	112,946.37	117,397.34	4,450.97
86	Vanceburg	54.69	323	17,663.53	18,407.45	743.92
85	Allen	54.60	1789	97,685.43	101,953.32	4,267.89
84	Barren	54.58	3211	175,242.23	182,991.68	7,749.45
83	Meade	54.43	1669	90,846.65	95,114.64	4,267.99
82	Stearns	54.12	493	26,681.62	28,095.58	1,413.96
81	Martin	54.11	2499	135,211.30	142,415.51	7,204.21
80	McLean	54.08	1646	89,016.85	93,803.89	4,787.04
79	Earlington	53.93	583	31,440.23	33,224.59	1,784.36
78	Princeton	53.88	1259	67,835.87	71,749.15	3,913.23
77	Harlan (Ind.)	53.77	1661	89,319.80	94,658.73	5,333.93
76	Madisonville	53.69	1743	93,575.88	99,331.83	5,755.95
75	Munfordville	53.58	353	18,913.14	20,117.12	1,203.98
74	Campbellsville	53.41	865	46,202.58	49,295.48	3,092.90
73	Lyon	53.10	1151	61,115.96	65,594.34	4,478.33
72	Middlesboro	52.96	2632	139,387.69	149,995.05	10,607.36
71	Catlettsburg	52.82	1038	54,828.66	59,154.58	4,325.92
70	Crittenden	52.65	1426	75,084.66	81,266.31	6,181.65
69	Mt. Vernon	52.62	586	30,835.66	33,395.55	2,559.89
68	Metcalfe	52.49	1757	92,225.85	100,129.67	7,903.82
67	Cumberland	52.39	1483	77,693.77	84,514.69	6,820.92
66	Livermore	52.15	351	18,303.92	20,003.14	1,699.22
65	Columbia	52.12	689	35,909.92	39,265.42	3,355.50
64	Marshall	52.06	1888	98,295.24	107,595.23	9,299.99
63	Rockcastle	52.06	2183	113,637.52	124,406.98	10,769.46
62	Floyd	52.06	10892	567,020.02	620,724.18	53,704.16
61	Johnson	51.94	3824	198,599.47	-----	-----
60	Graves	51.74	3941	203,918.41	224,593.64	20,675.23
59	Estill	51.65	2186	112,904.83	124,577.95	11,673.12
58	Burnside	51.49	227	11,687.16	12,936.50	1,249.34
57	Corbin	51.19	1409	72,126.89	80,297.50	8,170.61
56	Sebree	50.84	257	13,065.28	14,646.17	1,580.89
55	Calloway	50.57	1932	97,695.28	110,102.75	12,407.47
54	Williamsburg	50.49	728	36,760.06	41,487.99	4,727.93
53	Irvine	50.46	800	40,366.19	45,591.20	5,225.01
52	Pike	50.38	15884	800,238.75	905,213.26	104,974.51
51	Ohio	50.27	4072	204,680.03	232,059.20	27,379.17
50	Burkesville	50.22	365	18,328.59	20,800.98	2,472.39
49	Benton	50.02	589	29,460.26	33,566.52	4,106.26
48	Menifee	49.79	1107	55,119.71	63,086.82	7,967.11
47	Edmonson	49.79	1912	95,207.84	108,962.97	13,755.13
46	Pembroke	49.78	397	19,760.76	22,624.63	2,863.87
45	Greenup	49.35	2942	145,191.00	167,661.64	22,470.64
44	Artemus	49.21	237	11,663.40	13,506.39	1,842.99
43	Jackson (Ind.)	49.00	448	21,952.12	25,531.07	3,578.95
42	East Bernstadt	48.84	271	13,236.16	15,444.02	2,207.86
41	Green	48.60	1518	73,776.57	86,509.30	12,732.73
40	Gatliff	48.39	204	9,870.77	11,625.76	1,754.99
39	Bevier-Cleaton	48.01	237	11,377.80	13,506.39	2,128.59
38	Livingston	47.65	1520	72,427.98	86,623.28	14,195.30
37	Powell	47.56	1355	64,440.57	77,220.09	12,779.52

7	1	2	3	4	5	6	7
Equal Apportionment (6-5)	Rank Order High-Low	Name of School District	Net Ability Index (5 ÷ 4)	A. Mean Index ADM+ADA 2	Adjusted Recurring Revenue	Adj. Recur. Revenue Equalization (4 × Rev. Ratio)	Equal Apportionment (6-5)
4,388.27	36	Greenville	47.44	794	37,666.07	45,249.27	7,583.20
1,222.27	35	Morgan	47.43	3075	145,859.93	175,241.17	29,381.24
477.03	34	Carter	46.80	5328	249,341.88	303,637.39	54,295.51
4,450.97	33	Grayson	46.57	2587	120,472.56	147,430.54	26,957.98
743.92	32	McCreary	46.54	3498	162,798.43	199,347.52	36,549.09
4,267.89	31	Dawson Springs	46.43	513	23,817.02	29,235.36	5,418.34
7,749.45	30	Knott	46.09	4667	215,085.11	265,967.66	50,882.55
4,267.99	29	Fairview	46.02	806	37,095.07	45,933.13	8,838.06
1,413.96	28	Jenkins	45.82	2042	93,574.57	116,371.54	22,796.97
7,204.21	27	Perry	45.66	3463	336,387.60	432,297.90	95,910.30
4,787.04	26	Monroe	45.50	2795	127,167.55	159,234.25	32,116.70
1,784.36	25	Harlan	45.33	13310	603,372.41	758,523.58	155,151.17
3,913.23	24	Whitley	45.29	4758	215,488.05	271,153.66	55,665.61
5,333.93	23	Albany	45.19	568	25,665.14	32,369.75	6,704.61
5,755.95	22	Letcher	45.09	7312	329,685.57	416,703.56	87,017.99
1,203.93	21	Clay	44.74	4948	221,387.75	281,981.57	60,593.82
3,092.90	20	Bell	44.67	6214	277,580.45	354,129.64	76,549.19
4,478.33	19	Providence	44.45	355	38,005.60	48,725.59	10,719.99
10,607.36	18	Liberty	44.28	454	20,103.43	25,873.01	5,769.58
4,325.92	17	Pulaski	44.20	5756	254,396.84	328,028.68	73,631.84
6,181.65	16	Muhlenburg	44.11	4971	219,260.82	283,232.31	64,031.49
2,559.89	15	Butler	44.09	2455	108,234.38	139,907.99	31,673.61
7,903.82	14	Elliott	44.06	1964	86,536.35	111,926.39	25,390.04
6,820.92	13	Adair	43.72	2697	117,904.11	153,699.33	35,795.22
1,699.22	12	Laurel	43.62	4515	196,937.50	257,305.33	60,367.83
3,355.50	11	Casey	43.50	3312	144,085.16	188,747.56	44,662.40
9,299.99	10	Knox	43.10	5405	232,934.05	308,025.54	75,091.49
10,769.46	9	Breathitt	42.87	4254	182,380.96	242,431.20	60,050.24
53,704.16	8	Owsley	41.99	1744	73,232.31	99,388.81	26,156.50
20,675.23	7	Magoffin	41.84	3359	140,533.21	191,426.05	50,892.84
11,673.12	6	Jackson	41.43	2932	121,470.87	167,091.75	45,620.88
1,249.34	5	Wayne	41.10	3204	131,685.47	182,592.75	50,907.28
8,170.61	4	Leslie	40.68	3163	128,664.06	180,256.20	51,592.14
1,580.89	3	Wolfe	39.54	2130	84,219.33	121,386.57	37,167.24
12,407.47	2	Russell	38.94	2952	114,940.06	168,231.53	53,291.47
4,727.93	1	Clinton	36.68	1747	64,083.03	99,559.78	35,476.75
5,225.01		*TOTALS		232,603	\$11,105,812.14	\$13,255,812.14	\$2,150,000.00

\*These totals do not include Johnson and Washington counties due to the fact that the Kentucky Tax Commission would not certify them under provisions of section 157.053 KRS.

104,974.51  
27,379.17  
2,472.39  
4,106.26  
7,967.11  
13,755.13  
2,863.87  
22,470.64  
1,842.99  
3,578.95  
2,207.86  
12,732.73  
1,754.99  
2,128.59  
14,195.30  
12,779.52

### **KNOWN WEAKNESSES OF THE PRESENT EQUALIZATION LAW AND SUGGESTED METHODS OF ELIMINATING THESE WEAKNESSES**

The criticism of the present Equalization Law is not limited to those districts not participating in the Equalization Fund. Many school administrators, teachers and other citizens have not been entirely satisfied with it. The administration of the law has not been criticized by people who have a thorough knowledge of the statutory provisions of this law, because the statutes are clear and specific. The amount any district may be allotted is determined by the method outlined in the preceding discussion rather than by administrative interpretations.

One of the principal criticisms of the law by thinking people has been that of using data for the distribution of the Equalization Fund for any one year which is out of date by a period of two years. That is, the 1948-49 Equalization Fund was distributed on the basis of the data obtained from the 1946-47 financial program of the school districts. This use of old data is necessary because when calculations are made, financial reports are not available for a later year. It has been suggested that this weakness be eliminated by calculating equalization on the basis of potential adjusted recurring revenue for any one year using as a factor the certified assessment rather than upon the basis of the actual tax collections which were received two years previously.

A second weakness is that of using actual adjusted recurring revenue rather than the potential revenue. This weakness in the law tends to encourage excessive exoneration and results in poor tax collection. A school district collecting a high percentage of its taxes is penalized under the present law for efficiency. This weakness may easily be remedied by adjusting the receipts of all districts upon a common basis by applying a common tax rate to the same percentage of adjusted assessments.

A third weakness which has drawn much criticism is the practice of using "the arithmetic mean index" as submitted by the local school district. It has been stated that many of the school districts in the State of Kentucky are not keeping the same type of records on pupil personnel accounting. This weakness can be eliminated only through better understanding of pupil personnel accounting and by a strict observance by all teachers and administrators of pupil personnel accounting rules and regulations outlined by the State Director of Attendance and Census.



Another weakness is the lack of uniform assessment throughout the state. An effort to eliminate this shortcoming is now being made by the Kentucky Tax Commission. Thorough schooling of tax commissioners and expert assistance in certain types of assessment are contemplated by the Tax Commission. A solution of this problem will not only eliminate this weakness in the Equalization Law but will add much needed local revenue. Improved assessments must be on a state-wide basis and must be applied to all districts alike. Otherwise, greater effort in only a few districts would cause these districts to receive less equalization because of the improved local assessment.

There are other glaring defects in the present Equalization Law, such as lack of consideration for the length of school term, the qualifications of the teaching personnel, the pupil teacher ratio, transportation needs, etc. Perhaps elimination of these latter weaknesses must wait until the distribution of a greater percentage of the Common School Fund by the equalization method becomes a reality. Regardless of the shortcomings of our present Equalization Law, it must be amended and continued in effect. Thousands of boys and girls in our state would be denied even their present meager educational facilities should all state school funds be distributed by the pupil census method.

### WHY EQUALIZATION

For the past twenty years the school people of our state and other citizens interested in education in Kentucky have been fighting a battle for federal aid to education. The statement has been made again and again that Kentucky cannot hope to have a sound program of education which will compare favorably with that of other states until the federal government subsidizes general education. There are good and sufficient reasons for this contention. The militant fight must go on for federal aid for general education. Disappointments must not cause a relaxation of effort upon the part of any citizen.

The argument that federal aid for education is the only way to equalize educational opportunities between states of the nation can likewise be made for equalization between counties within the same state. No person can consistently be for federal aid for education who is not an active supporter for an increased percentage of common school funds going for equalization.

Need for increased funds for equalization may be fully realized

by citing one specific equalization district as a hypothetical example. The 1948-49 Working Budget of the Menifee County School District provides for estimated expenditures of \$85,981.80. The anticipated revenues to support these expenditures includes \$7,967.11 from the Equalization Fund. The budget and the accompanying salary schedule provides for expenditures of \$64,003.08 for teachers' salaries and \$9,000 for transportation. Only \$12,878.72 remain in the budget to be expended for all other phases of education in that school district. Administration and general control, educational supplies, library and supplementary books, operation of school plant, maintenance of school plant, fixed charges, auxiliary services, capital outlay and debt service must be financed by the expenditure of only \$12,878.72.

The average salary of principals and teachers in Menifee County in 1948-49 will be less than \$1200. The teachers in this county are certainly receiving a high percentage of the total expenditure for education; yet their annual salary is not high enough to attract well qualified teachers into the teaching profession. For the past year there has been no school in an isolated district in Menifee County because the salary was not large enough to attract a teacher who was willing to make the sacrifice of working in a remote section at a small salary. One can well imagine what will happen to the supply of teachers in this county if more money is not distributed to it through the equalization method.

This example is not an exceptional one nor are the inequalities in the counties in Kentucky limited to salaries alone. The need for buildings, improved transportation, additional outlay for educational supplies, clerical assistance, etc., are among the major needs of these poor school districts. Superintendents of schools in some districts are working for the minimum salary of \$1200 per year. Only a deep devotion to the boys and girls of their districts and to education as a whole has kept these school administrators on the job.

There seems to be two possible solutions to the inequalities of educational opportunities within the state. The first method is that of making all the schools an obligation of the state. In this event, the state should levy the same school tax on all its citizens. A stereotyped regimented program would result with control centralized on the state level. Thinking people believe that this is not the solution because in a democracy local control, local initiative and local effort are to be encouraged.

The other solution seems to be for a greater percentage of the

Common School Fund to be distributed on an equalization basis. This would give each local district an opportunity to plan its own program and to use its financial resources as thought best by the citizens of that community. This solution will become a reality only when the citizens of the more favored districts join those living in the poor districts by voting to amend the State Constitution.

Many boys and girls who are educated in one community migrate to other communities to work and to contribute toward the welfare of all the agencies of that community. More than fifty per cent of the children who are educated in one impoverished school district move to a more wealthy district after the completion of their formal education. They either become assets or liabilities to the community in which they live and rear their families.

Honorable Earle C. Clements, Governor of the State of Kentucky, has taken a definite stand on the distribution of a larger part of the Common School Fund to those districts where the need is greatest.

On June 22, 1948, in a speech at Lexington, Kentucky, he stated, "I believe more money for education should be distributed on the basis of need. I look forward to the general election in November of 1949 when as one citizen I will exercise my privilege in voting for the constitutional amendment raising the ceiling on money distributed on a need basis from ten per cent to twenty-five per cent of that appropriated to the Common School Fund".

May the citizens of Kentucky join the Governor and the educational leaders of this state in an effort to provide a better school system for all our citizens.

PERRY PUBLISHING COMPANY  
FRANKFORT, KENTUCKY  
PRINTERS TO THE COMMONWEALTH OF KENTUCKY