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An exploratory comparison of Kentucky public school districts that primarily select the “Compensating Rate”

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An exploratory comparison of Kentucky public school districts that primarily select the

“Compensating Rate”

Andrew J. Wells

University of Kentucky

Author Note:

This capstone research was performed while also employed by a public school district in the
Commonwealth of Kentucky.

Executive Summary

Public school districts in the Commonwealth of Kentucky are primarily funded from federal, state, and local sources. While the proportion of each of these funding sources differs from district to district, the local property tax is one source that is within the control of locally-elected officials: the members of the local Board of Education. While some Boards of Education choose to increase local tax rates to increase local revenue, others do not. This research suggests that property value assessments and median incomes of districts that choose not to increase tax rates are similar. A majority of the counties studied are under the statewide average in these two measures. This suggests that these two measures are an indicator in a district's proclivity to increase property tax rates. However, these same districts did not show similarities when comparing unemployment rates and the General Fund Balance as a percentage of expenditures. These two measures are more heterogeneous in their distribution above and below the statewide average line. This suggests that while important financial and economic indicators, they do not appear to be characteristics that would lead to further understanding of Board of Education tax policy trends.

An exploratory comparison of Kentucky public school districts that primarily select the
“Compensating Rate”

Introduction

Public primary and secondary schools across the United States have two primary funding sources: state aid and local property taxes (Mintrom, M., 1993). Public school districts in the Commonwealth of Kentucky are no different. While the proportion of each of these funding sources differ from district to district, the local property tax is one source that is within the control of locally-elected officials: the members of the local Board of Education. Considering this, the relationship between a Commonwealth school district and the local property tax is an important topic. The property tax is one that encourages public involvement in local government and can, if utilized effectively, promote and protect the wealth of the district’s citizenry (Brunori, D., 2003). Members of local boards of education are accountable to their constituents similar to their state and federal government counterparts. However, unlike state and federal elected officials, a local board member’s constituents are also their family members, friends, and neighbors. Local members of Boards of Education, therefore, are more accessible to the voter. The local property tax and decisions made by local taxing bodies, therefore, may be more closely aligned with locally held opinions or demographic and socioeconomic trends.

In Kentucky, local school districts’ property tax levy decisions are governed by three statutes: KRS 160.470, KRS 157.440, and KRS 160.593. These statutes dictate to school boards and district administrators the regulations and limitations as to how the district levies local property taxes. The four rates available to school districts are the “compensating rate,” the subsection (1) rate, the 4 percent revenue increase rate, and the Tier I rate. Each of these rates provide at least the same amount of revenue received by the district in the previous tax year while some increase

year-over-year revenue to the point that requires a referendum (Seiler, M., Young, P., Alexander, A., & Ewalt, J., 2007). Each local board of education is required to pass a tax rate annually.

As state legislators struggle with pension and other post-employment benefit (OPEB) ever-increasing costs in the biennial budget process, local revenues have become more important in the annual district budgeting process. How districts choose between the four tax rates is important to understand. Public, financial, and budgetary policy as well as school board best practices could be impacted with the understanding of how boards of education decide upon a tax rate. In a volatile budgetary time at the state level that has seen decreasing appropriations, a local board of education choosing to forego revenue from local sources is a curious decision. It is possible this decision is based upon demographic or economic characteristics of the district, the financial condition of the district, or even political considerations.

Over the past eleven years, there have been eighteen public school districts that have consistently, at least eight or more times, chosen to forego collecting additional local tax revenue by utilizing the compensating tax rate allowable under KRS 160.470. These districts are Pike County, Lewis County, Jackson County, Floyd County, Estill County, Bracken County, Bell County, Raceland Independent, Nicholas County, Morgan County, Middlesboro Independent, McCreary County, Magoffin County, Knott County, Hazard Independent, Elliot County, Owsley County, and Jackson Independent school districts (KDE, 2019). To better understand district characteristics that may guide a Board of Education to forego local revenue allowable by state law, geographic, socioeconomic, and financial characteristics of each of the districts listed above will be compiled and compared to one another as well as to district averages statewide. This comparison will show whether there may be certain characteristics that deserve additional investigation in regard to correlation to local tax policy.

Literature Review

Local boards of education are empowered to raise local revenue as “tax levying authorities” for public schools (KRS 160.455). The tax levies permissible are real estate property, personal property, and motor vehicles. Additionally, under KRS 160.593, local boards of education are granted the authority to levy utility, occupational, and excise taxes (Seiler, M., Young, P., Alexander, A., & Ewalt, J., 2007). These funds culminate in the total local revenue entrusted to the local board of education and are a critical part of the total funding formula utilized by the Kentucky Department of Education (KDE) to calculate total state revenue appropriated to each local school district on an annual basis.

In 1989, the Kentucky Supreme Court issued a decision that, in part, said every child in the Commonwealth “must be provided with an equal opportunity to have an adequate education (Rose V. Council for Better Education, 1989).” This decision, the result of a lawsuit brought against the Kentucky legislature by the Council for Better Education, ultimately led to the Kentucky Education Reform Act (KERA) passed in 1990. This reform was designed, in part, to encourage local district to equalize by the “state’s redistribution of state funds from higher property wealth districts to the lower property wealth districts (Combs, A., Foster, J., & Toma, E., 2019).” According to research performed by Combs, Foster, and Toma., data suggests that KERA has achieved geographic parity when comparing Appalachian and non-Appalachian school districts. However, their research state that this is due more to increased state revenues rather than increased local revenues (2019).

Local property taxes, along with other local revenue sources, ultimately allow for local autonomy (Brunori, D., 2003). The local taxation system allows for local representatives to determine what services will be offered at the local level, presumably by interactions with

constituents, and then taxing an appropriate amount to provide for those services. Should the elected officials overstep the wishes of their constituencies, either in services offered or taxation levied, they may be voted out of office and replaced with members the voting public felt are more in tune with the will of the local community. However, the public-school system in Kentucky is governed not just by local Boards of Education, but also by the Commonwealth itself. While local boards of education are authorized to tax its residents in order to assist in the funding of the local school district each local Board of Education is only allowed to choose from four allowable tax levies options each fall. These allowable levies are the “compensating tax rate”, the “subsection (1) tax rate”, the “4 percent increase tax rate”, and the “Tier I property tax rate.”

Each of these rates require different actions from the local board of education in order to legally binding. For instance, the “4 percent increase tax rate,” which is calculated in order to increase local revenue by 4% over the previous tax year, requires a public hearing. Alternatively, the “subsection (I) tax rate,” which allows for a tax rate that produces no more than the previous tax year’s maximum rate, requires a public hearing as well as a public recall election. The other two rates allowable, the “compensating tax rate” and the “Tier I property tax rate,” require no public hearing nor do they require a public recall election (Seiler, M., Young, P., Alexander, A., & Ewalt, J., 2007). In particular, the “compensating tax rate” is one which will produce the same amount of local tax revenue as was produced the previous tax year all while utilizing the current year property valuation.

There is a mix of factors that elected officials may take into account when determining which of these tax rates is most appropriate for their district. Work by Mintrom explores the political. Trautman (2016) adds more specifically to the understanding of this variable in discussing “local politics” as a “vague” catchall term that is used to describe the self-interest of

elected officials, backdoor deals, and ‘you scratch my back and I will scratch yours’ often blamed for lack of good policy (2016).” Geographic, property valuation, and demographic data provide a base understand of who will be paying the tax and upon what share of the population will this burden fall that may not be able to afford it. District financial condition data may be utilized to determine that effects, positive or negative, a tax rate decision may have on the function of the district in the coming year or years. Finally, there may be political considerations that local board members must consider when deciding upon an annual tax rate. Each of these factors are important to the overall determination districts make and while school funding equalization reforms attempt to equalize the per-pupil revenue or expenditure amount, which suggests that “school districts with low property values have...to either tax their poor constituents at higher rates or devote fewer resources to education than rich districts (Mintrom, M., 1993).” Additionally, Barr and Dee found that elections can influence property tax levels, though the effects appear to be short-lived (2016). The political factors, while very relevant to the overall decision-making process, will not be considered in this analysis. In regards to the financial, economic, and geographic factors, it is hypothesized that those districts that consistently choose not to raise property taxes have similar characteristics.

Research Design

The purpose of this paper is to determine if there are any important characteristics shared by local school districts that consistently choose not to increase local revenue year-over-year. Data compiled from the United States Census Bureau along with publicly available financial data from the Kentucky Department of Education are combined to compare each of the above-targeted districts to each other as well as to the state averages in several demographic, geographic, and financial areas. These characteristics are listed below:

- The geographic location of the district,
- The total assessed value of property,
- General Fund Balance as a percentage of total expenditures,
- Total Median Income, and
- Unemployment Rate.

U.S. Census Bureau data was collected from the five-year estimate American Communities Survey for the years 2011 through 2017. Financial condition data was collected from publicly available data from KDE. Specifically, the department's audited fund balance report, the audited revenues and expenditures report for the years 2011 through 2017, as well as the "historical tax rates levied" and "assessment – by district" reports were compiled to provide financial resource and property wealth data to aid in the analysis. It is hypothesized that the districts in question will tend to be in the bottom half of all measures researched including property wealth, financial condition, and personal income amounts and unemployment rates.

Data Analysis

The geographic locations of the districts were plotted to show the relative location in the Commonwealth. This can be seen in Figure 1.

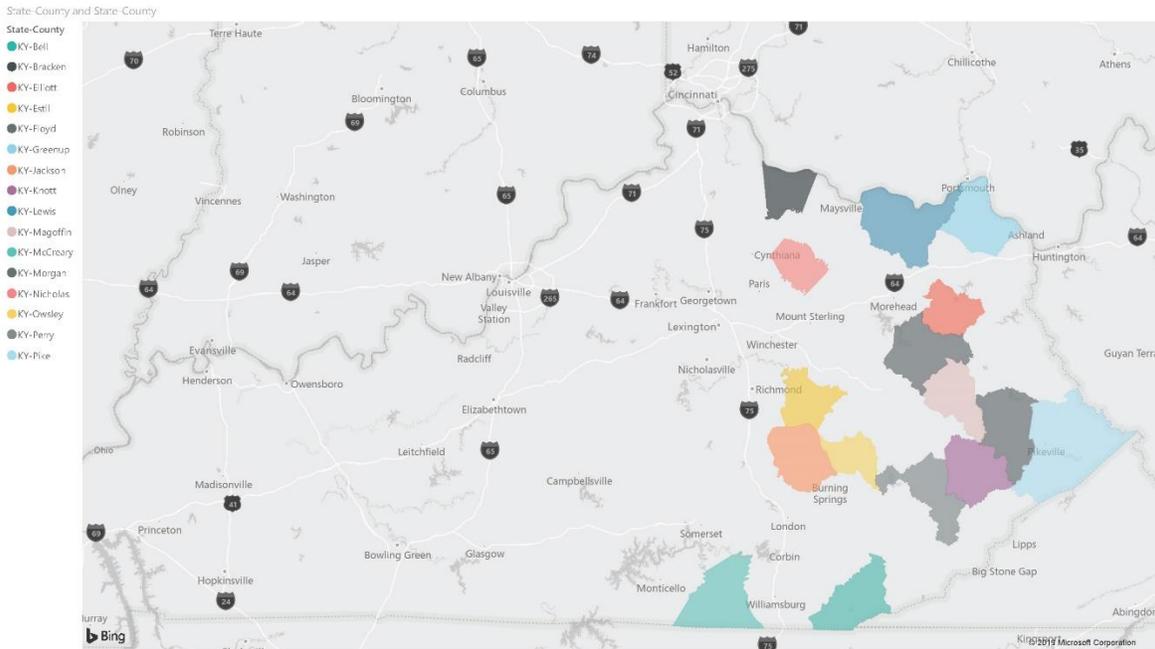


Figure 1: Distribution of Districts Geographically

It is immediately apparent that each of the eighteen counties to be analyzed are in the eastern, Appalachian half of the state. Table 1 contains property value assessment data for each of the counties as well as the statewide average.

District	2011	2012	2013	2014	2015	2016	2017
031 Bell County	\$617,645,533.63	\$643,765,838.00	\$631,750,873.00	\$600,897,728.00	\$606,397,858.00	\$571,987,824.00	\$544,693,115.00
055 Bracken County	\$319,562,024.75	\$327,128,966.00	\$333,985,055.00	\$347,472,606.00	\$399,780,562.00	\$490,187,403.00	\$495,391,033.00
155 Elliott County	\$188,313,103.00	\$196,705,409.00	\$198,608,815.00	\$204,866,439.00	\$208,869,729.00	\$208,525,333.00	\$205,023,544.00
161 Estill County	\$497,932,945.00	\$510,421,071.00	\$505,186,179.00	\$523,575,491.00	\$526,284,855.00	\$542,446,731.00	\$542,870,306.00
175 Floyd County	\$1,926,320,023.00	\$2,099,924,612.00	\$2,090,962,565.00	\$2,068,175,234.00	\$2,142,810,968.00	\$2,148,996,868.00	\$1,894,140,402.00
246 Hazard Independent	\$219,853,707.31	\$224,678,991.00	\$224,984,816.00	\$218,417,598.00	\$223,780,873.00	\$231,109,643.00	\$230,224,955.00
271 Jackson County	\$367,597,446.00	\$378,862,588.00	\$378,576,401.00	\$379,257,809.00	\$394,998,818.00	\$399,399,017.00	\$400,078,969.00
272 Jackson Independent	\$37,977,127.61	\$35,388,496.00	\$40,911,845.00	\$44,432,626.00	\$43,541,872.00	\$44,906,444.00	\$41,797,130.00
295 Knott County	\$1,064,612,013.00	\$1,095,970,577.00	\$1,046,818,390.00	\$982,444,565.00	\$950,521,450.00	\$1,041,092,244.00	\$645,962,652.00
335 Lewis County	\$521,492,000.68	\$528,208,526.00	\$551,808,837.00	\$560,043,381.00	\$580,904,401.00	\$587,097,867.00	\$592,137,204.00
371 Magoffin County	\$409,914,125.00	\$423,740,952.00	\$426,370,617.00	\$418,616,931.00	\$409,982,769.00	\$378,029,586.00	\$352,085,230.00
401 McCreary County	\$499,618,700.00	\$494,018,224.00	\$497,696,148.00	\$498,173,803.00	\$495,888,691.00	\$512,171,146.00	\$525,903,483.00
426 Middlesboro Independent	\$436,615,624.36	\$445,787,979.00	\$443,259,921.00	\$452,082,864.00	\$450,549,099.00	\$454,604,000.00	\$457,536,406.00
441 Morgan County	\$380,377,662.00	\$389,694,014.00	\$391,253,067.00	\$411,817,179.00	\$419,343,984.00	\$424,426,074.00	\$419,560,102.00
455 Nicholas County	\$282,797,702.00	\$285,173,335.00	\$286,715,568.00	\$286,726,244.00	\$297,565,839.00	\$305,197,330.00	\$314,286,594.00
475 Owsley County	\$117,225,688.00	\$122,417,702.00	\$122,089,838.00	\$124,991,153.00	\$128,592,106.00	\$128,812,483.00	\$127,868,291.00
491 Pike County	\$2,971,074,472.26	\$3,171,217,085.00	\$3,134,069,107.00	\$2,939,534,912.00	\$3,112,866,335.00	\$2,820,804,740.00	\$2,310,244,583.00
502 Raceland Independent	\$167,594,401.29	\$181,095,797.00	\$184,262,640.00	\$185,110,716.00	\$190,033,213.00	\$197,124,895.00	\$200,763,934.00
Statewide Average	\$1,648,367,431.06	\$1,681,454,628.68	\$1,700,954,529.75	\$1,726,991,052.44	\$1,775,509,402.92	\$1,833,757,047.56	\$1,885,967,149.72
Sample Average	\$612,584,683.27	\$641,900,009.00	\$638,295,037.89	\$624,813,182.17	\$643,484,079.00	\$638,162,201.56	\$572,253,774.06
Sample StDev	\$728,227,054.24	\$783,996,565.78	\$773,544,449.27	\$731,273,550.64	\$769,239,397.46	\$716,770,660.63	\$585,780,217.84

Table 1: District Property Value Assessment per Year

Table 1 indicates that three outlier districts have property value wealth exceeding \$1 billion with two of these three exceeding the statewide average of \$1.65 billion. Figure 2 (below) presents this data graphically showing these outliers. Additionally, the three outlier counties, which were Pike, Floyd, and Knott counties, each showed a steep decline in property value assessment in 2017. This may be due to the decline in the coal industry which has been prevalent in this area of the state. However, when these three outliers are removed from the sample, the standard deviations fall dramatically, and the average district valuation falls to between \$419,555,326 in 2011 to \$458,511,715.36 in 2017. This is a drop of nearly \$200,000,000 and \$130,000,000 in 2011 and 2017, respectively.

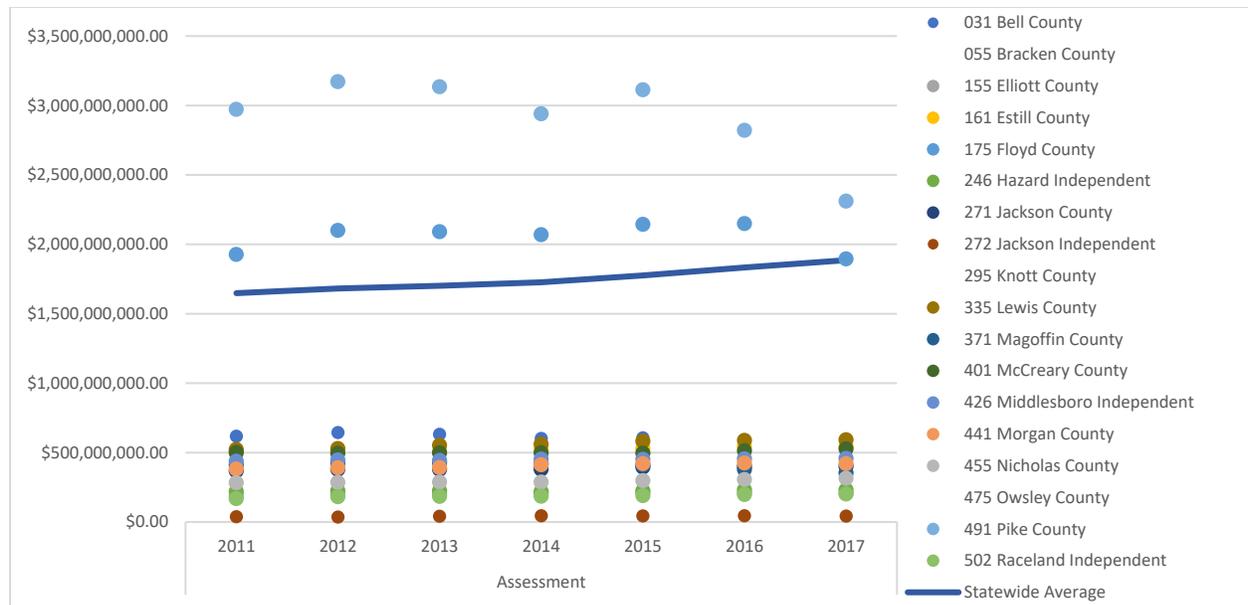


Figure 2: Distribution of District Property Value Assessments per Year

Table 2 shows the audited general fund balance, audited, as a percentage of total district expenditures. This provides a measure of the districts short-term financial stability and may provide an elected official important information regarding the ability of the district to handle the continuation of the same level of local revenues from year-to-year.

District	2011	2012	2013	2014	2015	2016	2017
031 Bell County	4.72	3.80	5.71	3.89	4.20	4.31	5.82
055 Bracken County	13.36	18.72	16.10	14.65	18.35	23.01	25.48
155 Elliott County	2.23	1.77	3.34	1.45	3.06	5.47	4.23
161 Estill County	14.12	22.32	22.59	19.36	15.71	15.14	14.05
175 Floyd County	11.12	14.18	13.75	14.38	15.50	18.35	9.00
246 Hazard Independent	23.61	30.40	37.48	36.91	43.42	41.34	40.94
271 Jackson County	5.62	12.80	16.19	18.18	24.14	22.24	22.80
272 Jackson Independent	2.12	-2.01	4.25	18.27	26.61	33.64	21.06
295 Knott County	17.70	18.63	12.53	9.88	18.84	23.71	21.78
335 Lewis County	2.16	7.84	5.66	6.22	6.68	1.49	6.30
371 Magoffin County	5.81	15.01	21.40	21.00	18.34	14.88	12.18
401 McCreary County	5.36	2.90	4.63	5.87	8.83	8.99	8.79
426 Middlesboro Independent	4.32	4.32	5.27	13.72	27.25	28.11	30.63
441 Morgan County	11.34	40.76	15.82	13.08	76.38	43.70	30.36
455 Nicholas County	18.21	28.35	32.55	30.55	27.18	26.28	22.64
475 Owsley County	9.94	13.85	12.19	10.84	11.48	9.00	11.40
491 Pike County	5.87	13.05	15.15	10.28	10.21	3.39	0.76
502 Raceland Independent	2.42	2.13	6.36	6.50	8.44	6.22	3.37

State Average	14.14	18.44	17.83	17.91	19.64	20.46	21.43
Sample Average	8.89	13.82	13.94	14.17	20.26	18.29	16.20
Sample StDev	6.41	11.41	9.74	9.06	17.28	12.93	11.24

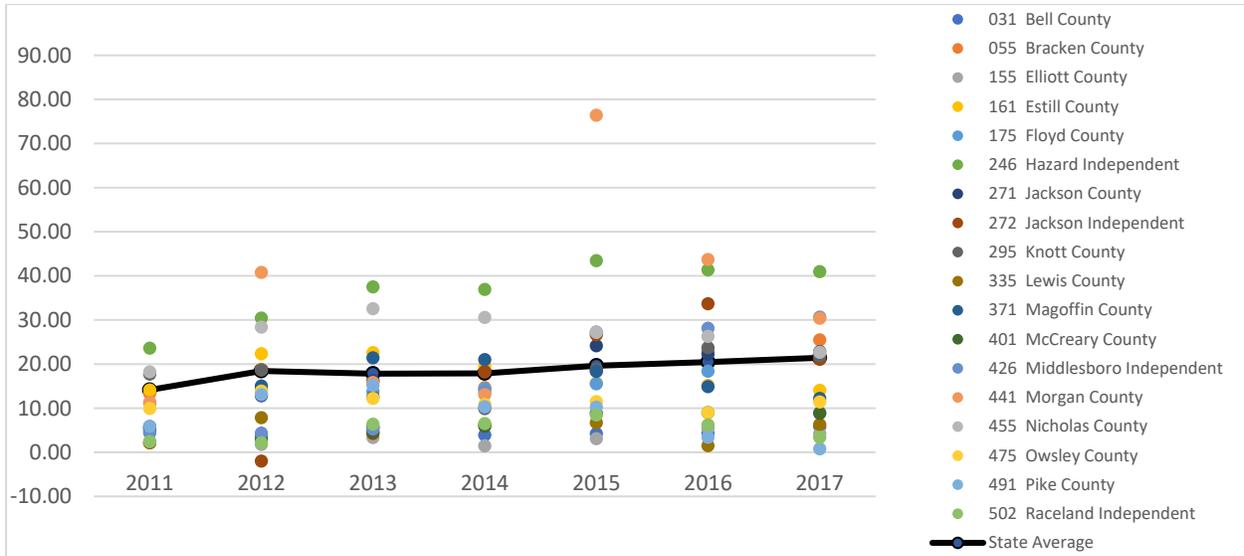


Figure 3: Distribution of General Fund Balances (audited) as a percentage of total district expenditures

Table 2: General Fund Balance (audited) as a percentage of total expenditures

As can be seen in

Table 2, the spread of fund balances as a percentage of total district expenditures is vast. This can be seen graphically in Figure 3. While general fund balance is an important indicator of the financial condition of a public-school district, it does not appear that this is a characteristic that shows similarly between districts that regularly take the compensating tax rate.

Table 3 provides total median income information for the eighteen counties. Across the seven years in the comparison, no year had greater than eight counties above the statewide average median income. Fiscal year 2012 saw the lowest number of counties above the statewide average with three above that mark. Figure 4 graphically displays this data.

District	2011	2012	2013	2014	2015	2016	2017
031 Bell County	\$21,057.00	\$22,486.00	\$21,975.00	\$22,863.00	\$21,047.00	\$20,675.00	\$20,372.00
055 Bracken County	\$26,841.00	\$29,927.00	\$31,050.00	\$33,178.00	\$32,717.00	\$31,111.00	\$31,931.00
155 Elliott County	\$18,500.00	\$17,815.00	\$19,739.00	\$19,990.00	\$21,549.00	\$21,984.00	\$23,604.00
161 Estill County	\$25,128.00	\$23,287.00	\$21,567.00	\$21,658.00	\$21,721.00	\$19,822.00	\$22,606.00
175 Floyd County	\$22,708.00	\$23,900.00	\$25,071.00	\$25,236.00	\$25,298.00	\$24,313.00	\$25,313.00
246 Hazard Independent	\$24,477.00	\$27,852.00	\$27,349.00	\$24,920.00	\$25,688.00	\$22,362.00	\$25,583.00
271 Jackson County	\$20,400.00	\$22,143.00	\$24,350.00	\$27,055.00	\$29,587.00	\$30,033.00	\$29,831.00
272 Jackson Independent	\$14,125.00	\$16,161.00	\$16,000.00	\$17,250.00	\$20,036.00	\$19,419.00	\$20,060.00
295 Knott County	\$24,219.00	\$24,879.00	\$25,884.00	\$25,659.00	\$24,703.00	\$23,672.00	\$21,986.00
335 Lewis County	\$20,461.00	\$21,833.00	\$22,478.00	\$22,412.00	\$23,023.00	\$24,709.00	\$26,083.00
371 Magoffin County	\$21,859.00	\$21,946.00	\$25,525.00	\$25,870.00	\$27,332.00	\$26,735.00	\$29,698.00
401 McCreary County	\$17,145.00	\$18,043.00	\$18,680.00	\$18,509.00	\$18,145.00	\$17,364.00	\$17,615.00
426 Middlesboro Independent	\$21,036.00	\$20,857.00	\$19,799.00	\$20,148.00	\$20,079.00	\$19,470.00	\$18,668.00
441 Morgan County	\$20,496.00	\$21,161.00	\$21,490.00	\$20,437.00	\$23,130.00	\$25,311.00	\$27,325.00
455 Nicholas County	\$22,459.00	\$25,267.00	\$26,572.00	\$27,369.00	\$26,841.00	\$26,639.00	\$27,530.00
475 Owsley County	\$18,118.00	\$20,630.00	\$21,311.00	\$22,146.00	\$23,490.00	\$25,147.00	\$25,276.00
491 Pike County	\$26,220.00	\$26,198.00	\$26,320.00	\$25,925.00	\$25,903.00	\$25,651.00	\$26,042.00
502 Raceland Independent	\$25,947.00	\$24,677.00	\$25,094.00	\$26,232.00	\$26,651.00	\$27,780.00	\$28,837.00
Statewide Average	\$24,384.20	\$24,893.18	\$25,013.97	\$25,337.99	\$25,550.85	\$26,076.98	\$26,818.46
Sample Average	\$21,733.11	\$22,725.67	\$23,347.44	\$23,714.28	\$24,274.44	\$24,010.94	\$24,908.89
Sample StDev	\$3,421.66	\$3,498.43	\$3,658.73	\$3,856.42	\$3,661.87	\$3,780.48	\$4,057.09

Table 3: Total Median Income per District by Year

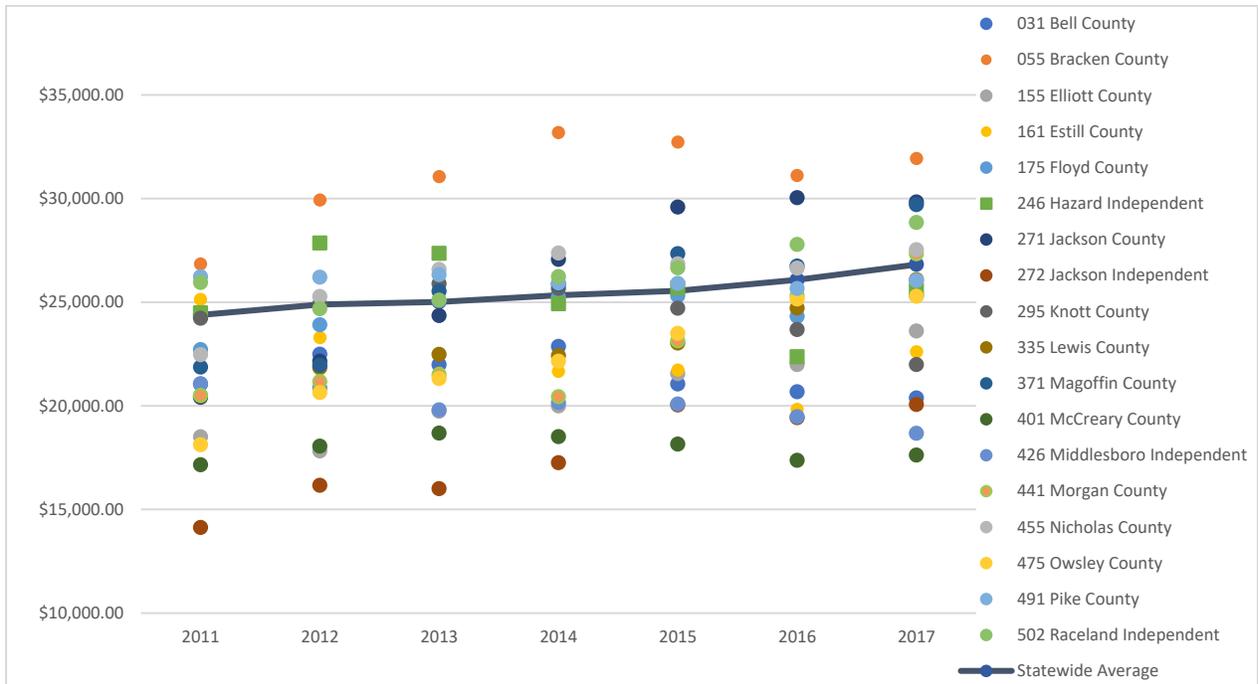


Figure 4: Distribution of District Median Incomes including Statewide Average

While this distribution does not show the distinct spread seen in the property assessment data, it does show that a majority of the districts in this study are under the statewide median income level. This trend seems to correlate with the original hypothesis. The last characteristic was the unemployment rates for each of the counties. The data is shown in Table 4 and shown graphically in Figure 5.

District	2011	2012	2013	2014	2015	2016	2017
031 Bell County	2.93%	4.21%	4.32%	4.30%	5.45%	5.40%	4.43%
055 Bracken County	2.06%	3.77%	4.01%	3.90%	4.44%	5.17%	4.39%
155 Elliott County	5.63%	5.66%	2.99%	3.34%	2.99%	3.19%	2.24%
161 Estill County	7.04%	8.28%	8.97%	6.53%	6.37%	6.19%	5.23%
175 Floyd County	4.19%	4.20%	4.36%	3.92%	4.53%	4.79%	5.01%
246 Hazard Independent	2.77%	3.40%	3.84%	5.22%	7.33%	7.44%	5.62%
271 Jackson County	7.25%	5.85%	4.34%	3.77%	4.96%	5.66%	3.67%
272 Jackson Independent	2.70%	3.03%	2.87%	2.14%	5.09%	9.40%	9.41%
295 Knott County	3.67%	3.28%	4.01%	6.14%	5.97%	6.23%	5.88%
335 Lewis County	5.95%	5.79%	6.12%	5.70%	4.78%	3.80%	3.94%
371 Magoffin County	5.10%	8.11%	7.81%	6.07%	6.33%	6.02%	4.70%
401 McCreary County	5.69%	6.05%	5.34%	6.88%	6.37%	6.10%	5.37%
426 Middlesboro Independent	5.68%	6.85%	5.79%	4.66%	5.15%	4.52%	3.89%
441 Morgan County	3.29%	4.17%	4.96%	4.23%	3.79%	3.23%	2.77%
455 Nicholas County	3.17%	4.59%	4.66%	4.20%	3.99%	3.71%	2.94%
475 Owsley County	8.49%	7.17%	5.92%	6.62%	3.06%	3.55%	5.70%
491 Pike County	4.00%	4.23%	5.00%	5.02%	4.86%	4.56%	4.72%
502 Raceland Independent	3.20%	6.99%	7.52%	7.13%	7.07%	7.65%	5.72%
Statewide Average	5.23%	5.50%	5.76%	5.51%	5.08%	4.58%	4.14%
Sample Average	4.60%	5.31%	5.16%	4.99%	5.14%	5.37%	4.76%
Sample StDev	1.83%	1.67%	1.64%	1.39%	1.26%	1.68%	1.58%

Table 4: District Unemployment Rates including Statewide Average

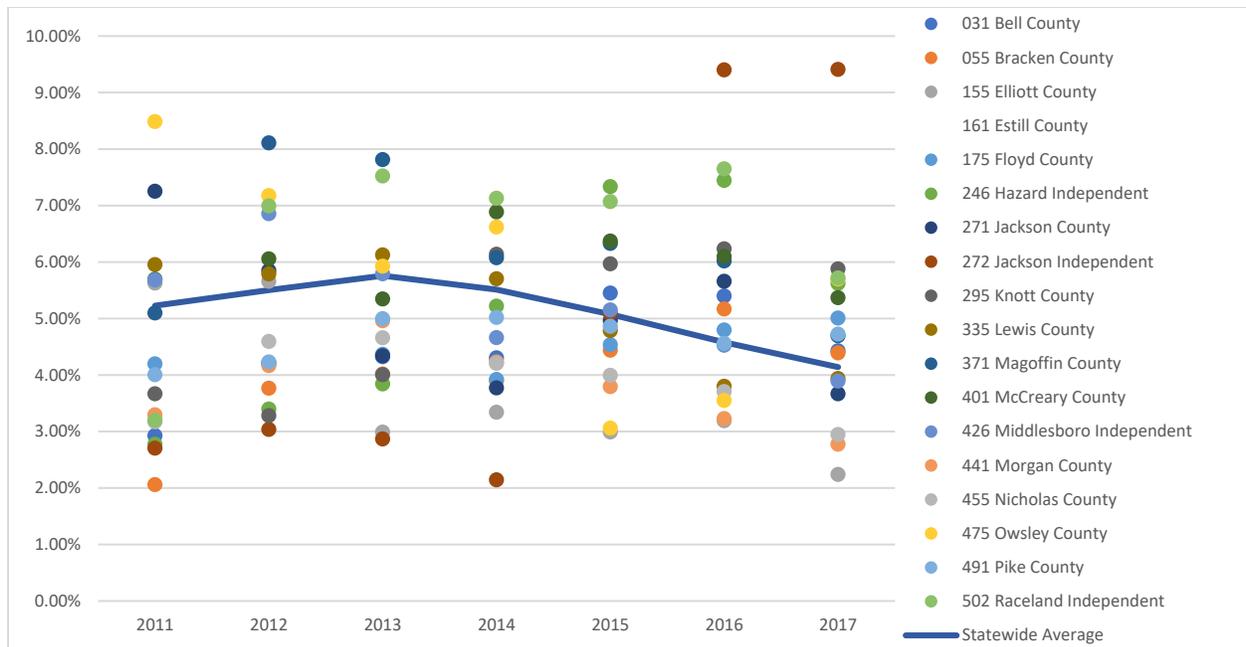


Figure 5: Distribution of District Unemployment Rates with Statewide Average

The distribution of unemployment rates did not show the trend found in the property value assessment data and in the median income data. This dataset shows a similar heterogeneous quality, as seen in the General Fund Balance data. This suggests that the unemployment rate, like the General Fund Balance, may not have as large of an impact on the tax rate decision as the property value assessments of the district.

Conclusion

Boards of Education across the state are required to pass tax rates annually. These tax rates are designed to bring in at least an equivalent amount of revenue in the current tax year as it did in the previous tax year while others allow for an increase in the tax rate to increase local tax revenue for the district in the current fiscal year. The “compensating tax rate” allows for a public school district to collect the same amount of tax revenue as it did in the previous year and, conversely, allows the district to forego additional revenue: effectively allowing the district to lose that revenue

forever. The purpose of this research was to begin to understand what characteristics districts that regularly chose this tax rate had in common.

Property value assessment data collected from KDE as well as median income data suggest that these counties are generally in the lower one-half to one-quarter of the state's districts in terms of property wealth and personal income levels. This data, while not entirely under the statewide average, tends to support the hypothesis. Similar trends were seen in the median income data collected from the United States Census Bureau. Again, a majority of the counties selected showed to be under the statewide average in these two measures.

On the other hand, some characteristics did not match the hypothesized results. The district unemployment rates and the district General Fund Balance as a percentage of expenditures are not below statewide averages. These two measures showed to be more heterogeneous in their distribution above and below the statewide average line. This suggests that, while important financial and economic indicators, they do not appear to be characteristics that would lead to further understanding of Board of Education tax policy trends.

The data collected suggest that factors that Boards of Education take into consideration when developing tax rate practice are factors that are outside of the District's control. Property value assessments are the result of numerous factors including industry and community structures as well as economic trends in the district. Likewise, median income numbers are dependent upon the economic fortunes of the businesses within the district's boundaries. The influence that outside governmental agencies as well as private sector organizations have upon the public school district is an important factor that could be explored in the future.

The focus of this research was the financial, economic, and demographic factors that may influence a local Board of Education's decision on whether to raise property tax rates. However,

as mentioned in the introduction, these are not the only factors a Board of Education may take into account when making this decision. While there are political factors at play, as mentioned, it is possible that additional factors are involved in this decision. The influence of KDE and the SEEK funding formula has been discussed by Combs, Foster, and Toma (2019). However, funding of capital construction projects and the department's rating program is rumored to encourage some districts to reduce the amount of local tax revenue support by refusing to pass "nickel" taxes. While these decisions, just as the annual property tax rate decisions, are not made in a vacuum, the factors taken into account by decisionmakers should be better understood in order to more appropriately develop tax policy.

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