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### Budget Makes Education Goals Harder to Achieve with Cuts to Per-Student Funding

Kentucky has set high goals and taken great strides in improving educational achievement and degree attainment rates. However, the 2013-2014 state budget will make progress difficult over the next two years given its cuts in per-student funding for both P-12 and higher education.

Kentucky's considerable challenges—and also gains—in education are well-documented. And the state has set very high goals for improvement: significantly increasing the percentage of high school students who are college and/or career ready by 2015 and raising college degree attainment rates to at least the national average by 2020.<sup>1</sup>

Adequate funding is needed in order to realize these goals, but the allocations for education in the 2013-2014 budget translate into additional cuts—particularly when enrollment growth is taken into account.

#### P-12

Inflation-adjusted per student state funding for P-12 education has declined seven percent from its level before the recession began (see Figure 1).

Figure 1

P-12 Education - State Per-Student Spending (Inflation-Adjusted) <sup>2</sup>					
2008	2009	2010	2011	2012	% Change 2008-2012
\$6,881	\$6,940	\$6,288	\$6,347	\$6,415	-7%

Sources: KCEP calculation using data from Office of the State Budget Director and Kentucky Department of Education.

The funding levels contained in the 2013-2014 budget combined with official attendance projections mean per-student funding will decrease further—to an estimated \$6,371 in 2013 and \$6,363 in 2014—before even taking inflation into account.<sup>3</sup> State funding was slightly lower than those levels in 2010 and 2011, but the state had over \$500 million in federal recovery act monies for education to spend during each of those years that are not available in 2013-2014.

The budget includes:

- No additional investment in early childhood education, which would be an important step toward reaching the state's long-term educational goals.<sup>4</sup>
- Reduced per student funding for SEEK, the main funding program for local schools. SEEK funding is flat-lined from 2012, but per-student SEEK funding will decline because the state is expecting over 3,000 new students a year over the next two years.<sup>5</sup>
- Additional cuts in 2013-2014 to Operations and Supports Services, which covers the technology needs of school districts (among other functions).
- New 4.5 percent cuts to the smaller Learning and Results Services programs—such as Professional Development and Dropout Prevention—and flat-lined funding for most of the larger programs (Family Resource and Youth Service Centers, Gifted and Talented, Extended School Services, and Community Education).<sup>6</sup>

## Higher Education

Inflation-adjusted per student funding for higher education has declined 23 percent from its level before the start of the recession (see Figure 2).

Figure 2

Higher Education - State Per-Student Spending (Inflation-Adjusted) <sup>7</sup>					
2008	2009	2010	2011	2012	% Change 2008-2012
\$6,746	\$6,495	\$5,653	\$5,431	\$5,225	-23%

KCEP calculation using data from Office of the State Budget Director and Kentucky Council on Postsecondary Education

And if enrollment in higher education continues to grow at the same rate it did over the past year, per student funding for higher education will decrease to an estimated \$4,940 in 2013 and \$4,909 in 2014, without adjusting for inflation.<sup>8</sup> That would mean per student 2014 funding levels are at least 27 percent below their 2008 levels.

These cuts mean:

- Tuition is expected to increase at Kentucky's universities and community colleges. Funding for these institutions was cut an additional 6.4% in the 2013-2014 budget. New tuition increases will be on top of increases of 130 to 200 percent (depending on the institution) over the past decade.<sup>9</sup> The University of Louisville's president has already announced that the university expects to raise tuition six percent for the 2012-2013 school year, and Eastern Kentucky University administrators reportedly plan to increase tuition five percent for in-state students.
- Financial aid options continue to be limited for students facing increased tuition costs. Funding for state financial aid programs is basically frozen in the 2013-2014 state budget. This means that the merit-based Kentucky Educational Excellence Scholarship (KEES) program is still fully funded (although the size of the scholarship has not grown), while the need-based College Access Program (CAP) continues to be substantially underfunded. In 2011, only one-third of students who qualified for CAP actually received assistance because of limited dollars.<sup>10</sup>
- General Fund appropriations for adult education in the new budget are 11.2 percent lower than 2012 levels.<sup>11</sup> Kentucky's adult education programs and services target adults who lack a high school credential or GED (many of whom will later transition to college). The Council on Postsecondary Education reported that the cuts will result in around 3,000 fewer adults in need of the programs and services being served.<sup>12</sup>

Investing in education is critical to Kentucky's future, and the state has high expectations for making gains in educational achievement and degree attainment. However, the 2013-2014 budget cuts for per student spending in both P-12 and higher education are not a sound strategy for meeting the state's goals.

*The Kentucky Center for Economic Policy is a non-profit, non-partisan initiative that conducts research, analysis and education on important policy issues facing the Commonwealth. Launched in 2011, the Center is a project of the Mountain Association for Community Economic Development (MACED). For more information, please visit KCEP's website at [www.kypolicy.org](http://www.kypolicy.org).*

<sup>1</sup> Kentucky Department of Education, "College and Career Readiness Delivery Plan," October 2011, <http://www.education.ky.gov/nr/rdonlyres/1535662e-cb4e-4b26-a9a3-408fe0105c7f/0/ccrdeliveryplantofaincluded.pdf>. Patrick J. Kelly, "Realizing Kentucky's Educational Attainment Goal: A Look in the Rear View Mirror and Down the Road Ahead," National Center for Higher Education and Management Systems, September 6, 2011, <http://cpe.ky.gov/NR/rdonlyres/81AB2E18-9122-4BAA-86C1-B6804D2CCE9A/0/NCHEMSRealizingKysCollegeAttainmentGoal.pdf>.

<sup>2</sup> Per student spending for P-12 education is calculated using average annual daily attendance (AADA) data as reported in the SEEK final data. 2012 AADA is the AADA plus growth estimate. Per student expenditures are adjusted to January 2012 dollars using the Consumer Price Index.

<sup>3</sup> These calculations are based on estimates of 2013 and 2014 average daily attendance provided in the 2012-2014 Executive Budget, <http://www.osbd.ky.gov/NR/rdonlyres/AB65D346-79EB-46A5-A751-530324D2BF44/0/1214ExecBudVolumel.pdf>.

<sup>4</sup> As noted in [a recent KCEP post](#), research has shown that those who participate in early childhood education programs are significantly more likely to graduate from high school and [2.5 times more likely](#) to continue on to higher education. Kentucky currently covers preschool costs for children with family incomes 150 percent of poverty, and the Governor's original budget proposal included \$15 million additional dollars in order to expand eligibility for state-funded preschool slots to children with family incomes 160 percent of poverty. Increasing funding for—and accessibility to—preschool would be a sound investment toward reaching Kentucky's long-term educational goals, but the state budget that was signed into law includes no increase in preschool funding.

<sup>5</sup> This calculation is based on estimates of 2013 and 2014 average daily attendance provided in the 2012-2014 Executive Budget, <http://www.osbd.ky.gov/NR/ronlyres/AB65D346-79EB-46A5-A751-530324D2BF44/0/1214ExecBudVolumel.pdf>.

<sup>6</sup> Kentucky Department of Education, "Budget Presentation," House Budget Review Subcommittee on Primary and Secondary Education, February 1, 2012.

<sup>7</sup> Higher education per student spending is calculated using Fall head count enrollment data as reported by the Council on Postsecondary Education, including the official estimate for fiscal year 2012. Per student expenditures are adjusted to January 2012 dollars using the Consumer Price Index.

<sup>8</sup> This estimate is made using the average percent change for head count enrollment for the past two years to predict head count enrollment in 2013 and 2014.

<sup>9</sup> Jason Bailey and Melissa Fry Konty, "The College Affordability Crunch in Kentucky," Kentucky Center for Economic Policy, November 2, 2011, <http://kypolicy.org/college-affordability-crunch-kentucky/>.

<sup>10</sup> Bailey and Konty, "The College Affordability Crunch."

<sup>11</sup> KCEP calculation using 2012 numbers as passed in the 2011 special session and 2013-2014 numbers as included in the budget.

<sup>12</sup> Kentucky Council on Higher Education, "Higher Education and CPE Budget Update," Presentation to the House Appropriations and Revenue Budget Review Subcommittee on Higher Education, January 26, 2012, <http://cpe.ky.gov/NR/ronlyres/846BF376-4B54-4200-A528-7C934C00BF53/0/01262012ARbudgetupdate.pdf>.