

**Fayette County Board of Education**  
**2022-23 Local Revenue Options**  
**Frequently Asked Questions**

***Can you break the choices down into language that everyone can understand?***

The board's financial advisor has outlined two options for the board. The first is to set a property tax rate that would generate 4 percent more local revenue than last year, which is best practice in the state of Kentucky. Since the local property tax base has grown so much in the past year, the board could select a rate that both generates more money and lowers the tax rate. The second option is to set a property tax rate that includes a dedicated investment in facilities. Since the local property tax base has grown so much in the past year, the board has an opportunity to make a significant investment in construction and renovation while not seeking a significant increase in the tax rate.

***What does state equalization mean, in layman's terms?***

If a local school board chooses to levy a "state equalized nickel," the state calculates how much money that investment should generate per pupil. Once the money is collected, if the local dollars are less than the state calculated that it should be, then the state will provide additional funds to make up the difference.

***What is the difference between the two options for our constituents?***

For the owner of a \$100,000 home, Option #1 would cost \$785. Option #2 would cost \$833. According to the Fayette County Property Valuation Administrator, the median home value in Lexington is \$197,500, so option #1 would cost the average homeowner \$1,550.38 and option #2 would cost the average homeowner \$1,645.18.

***How do these two options compare to what property owners paid last year?***

For the owner of a \$100,000 home, you are talking about a savings of \$23 versus an increase of \$25. For the average Fayette County homeowner, it is a savings of 87 cents a week or a cost of 95 cents a week. Another way to think of it is that most people have their property taxes escrowed into part of their mortgage, so Option #1 would lower their mortgage payment by \$3.79 a month and Option #2 would raise their mortgage payment by \$4.12.

***Were excessive property assessments (and potential declines in value) factored into long-term estimates?***

In accordance with state law, the property tax rates adopted annually by local school boards are based on the total value of all property in the community. The Kentucky Department of Education calculates those annual rates to ensure consistent revenue collections regardless of whether property assessments increase or decrease. A review of property tax assessments in Fayette County going back through 1995 shows that there has never been a decline in the total value of the local property tax base.

***Who determines the value of property in Fayette County?***

The Fayette County Property Valuation Administrator is responsible for assessing “fair market value” of property in the county. The PVA reassesses roughly one-fourth of local property each year.

***Can this money be used to increase staff pay?***

If the board chooses Option #2, the additional revenue would be restricted and can only be used for facilities.

***Why was a third option of keeping the rates the same not considered?***

Keeping the property tax rate the same is allowable under state law, but since it is higher than the rate that allows for a 4 percent increase in revenue, it would still be subject to recall. Additionally, it would not provide enough revenue to be dedicated as a “facilities nickel,”

***How do the two options impact the amount of money the district can borrow to address facility needs?***

Under Option #1, FCPS could borrow \$188.5 million for facilities right now, and another \$48.5 million over the next five years, but then the district could not borrow any more money for facility projects until 2037. Under Option #2, FCPS could borrow \$540 million for facilities right now.

***How do the two options impact the board's ability to address existing facility needs?***

Under Option #1, the board would determine which construction projects to complete with \$188.5 million available immediately. That is enough for about three projects, depending on the ones selected. Under Option 2, the board would determine which construction projects to complete with \$540 million available immediately. That is enough for roughly 12 projects, depending on the ones selected.

***How would the facilities projects be decided or determined? Will the public have input on this?***

The 2021 District Facilities Plan, which was developed by a committee of stakeholders and approved by the school board, lists the district’s construction and renovation needs. The development of the facilities plan is an open process that provides multiple opportunities for public input, including public hearings. The order that projects are completed is at the discretion of the school board. Since school board members are accountable to the citizens who elect them, the public does have input in these decisions.

***If the board chooses Option #1, is there another way we can borrow money for facilities?***

The short answer is yes, but it is not advisable. School finances in Kentucky are very complicated and school districts can only use certain funds for certain purposes. Facilities expenses have to be paid from a restricted revenue stream, so in order to use general fund dollars for bonding, you have to take steps that then cause you to lose solvency. That in turn, would lower the district’s bond rating, which affects the ability to borrow money. Therefore, it becomes a cycle that leads to negative financial implications for the district.

***Can the board take money from the contingency fund for facilities?***

It is allowable to take money out of the contingency fund for one-time expenses, but it cannot be used to bond facilities projects. The board might be able to pay for a single project with money from contingency, depending on how much it cost. It is important to remember that one of the reasons Fayette County Public Schools has such an excellent bond rating is that previous boards made a concerted effort to establish a healthy contingency fund. Board policy requires that the board have at least a 6 percent contingency fund and 10 percent fund balance.

School districts are required by state law to set aside money for unexpected emergency expenses, just like families have savings accounts. The existing contingency fund for Fayette County would cover less than six weeks of expenses.

***Could the board repurpose or reallocate the money from the Comprehensive Safety Investment Plan?***

The Comprehensive Safety Investment Plan was intentionally designed so that one-time costs like the construction of the secure vestibules would decrease as staffing in the areas of law enforcement, mental health, security ambassadors, and nurses would increase. That has worked as planned, and the district needs to continue to earmark that money to cover the salaries and benefits of those 211 additional employees who are providing direct services to students.

***Can the board use ESSER/ARP money to address facility needs?***

The ESSER dollars were allocated for a reason and have already been committed to those expenses, following significant public input and board approval. FCPS has students who struggled during the pandemic and the district has invested in services to help accelerate their learning. The goal was to establish the supports they need now so there are no long-term repercussions on their success.

- Specific Allocations:
  - ESSER I: \$11.1 million
    - Mitigation, VLA, food and resources to families, laptops and hot spots, contact tracing
  - ESSER II: \$45.3 million
    - Summer Ignite, VLA, online learning software, school allocation for direct service to students
  - ESSER ARP: \$97.6 million
    - Reopening costs \$5.7 million (mitigation, contact tracing, vaccine incentive, COVID leave, transportation staffing)
    - \$18 million to schools, \$15.5 to Summer Ignite, \$3.5 million to technology
    - \$10 million to expand dual credit and early college options for students
    - Early childhood program: \$15 million
    - Family engagement: \$2.5 million
    - Professional development and workforce development: \$9.5 million
    - BeWell mental health programs \$1.8 million

***If the board chooses Option #2, what processes are in place to ensure transparency, oversight, and accountability of these excess funds?***

The additional money generated by Option #2 is restricted and can only be used for facilities. The usage of the money will be very apparent in the construction and renovation projects that result from the investment, just like the 2007 facilities nickel has been.

***What happened to the 2007 facilities nickel?***

The investment made by the community in 2007 has allowed the district to not only build new schools to keep up with enrollment increases, but also to invest in modernization and replacement of existing schools. The total investment has been \$557.2 million, which would be \$1.5 billion in today's dollars.

In the past 15 years:

- FCPS enrollment has grown by more than 7,900 students (33,317 P-12 in August of 2007; 41,223 P-12 today)
- 34 of the district's 64 school buildings are either new or have been brought up to 21 century learning standards
- The district has opened seven new elementary schools, three new high schools, Locust Trace, STEAM Academy, Success Academy and the Preschool Center (13 buildings total)
- 21 schools have been modernized and transformed
- Three new support facilities have been opened – Miles Point bus garage, the warehouse on Russell Cave Road and the John D. Price Administration building
- Land was purchased for a new middle school and a new elementary school.

***What if the board doesn't do the facilities investment?***

We will be on solid footing and be able to address the needs of our students, but once the board determines how to spend the existing \$188.5 million in facility bonding, we won't be able to address facility needs for the next 15 years.

***The first property tax for facilities was 15 years ago and Option #2 would take us through the next 15 years. Is this an every 15 year thing?***

As the bonds from 15 years ago are retired, it should free up that money for additional bond sales, so the district would have funding available on a 15-year cycle.

***How does the recall work?***

If the board selects Option #2, the community has 50 days to collect enough signatures to request an election to possibly recall the property tax rate.

***Why not just put the facilities investment on the ballot for our community to decide?***

There is no provision in state law that allows the school board to put this question to a vote of the community. The only way to do that is to first adopt the rate and then have a recall election.

***Can you explain more about the District Facilities Plan process?***

The District Facilities Plan is reevaluated and updated every 4 years by a committee that includes community members, parents, teachers, principals, district staff and board representation. Projects are listed in two-year increments called bienniums. Projects are categorized by new construction (to open new schools), new construction (to replace existing schools), and major renovations. The order that projects are completed is at the discretion of the school board.

### ***What are the facility needs in Fayette County Public Schools?***

The current FCPS plan has \$1.2 billion in unmet need. Thirty of the district's 64 schools have not been touched in at least 15 years and the average time since their last renovation or construction is 25 years.

The current FCPS plan includes:

- New:
  - Girls STEM School
  - Elementary School in Hamburg
  - Carter G. Woodson Preparatory Academy
- New and Expanded SCAPA
- Modernize or Replace: (bring up to 22<sup>nd</sup> century standards of learning)
  - Dunbar
  - Henry Clay
  - Lafayette
  - Beaumont Middle
  - Southern Middle
  - Winburn Middle
  - Booker T. Washington
  - Northern Elementary
  - MLK Academy
  - Harrison Elementary
- Eliminate 96 portable classrooms – currently holding 2,450 students at 17 schools