



House Budget Review Subcommittee
June 28, 2018

P-12 EDUCATION

Fiscal Environment of the Commonwealth

- ▶ FY2017 Kentucky revenue shortfall of \$138.5M
 - P-12 Education Budget reduced \$6.7M, and restricted fund \$491,700
- ▶ FY2018 Kentucky revenue shortfall of \$158M
 - P-12 Education Budget reduced \$20.5M
 - FY2019 projected revenue growth 2.7%
 - FY2020 projected revenue growth 2.8%



KBE Budget Request Priorities 2018-2020



Recommended Budget Priorities	FY 2018 Revised	FY2019	FY2020	Additional Funded
SEEK Transportation	\$225,529,500	\$133,034,000	\$133,034,000	\$0
Senate Bill 1 (2017):				
• College Admissions Testing	\$0	\$2,000,000	\$2,000,000	\$0
• Test Item Development	\$0	\$2,844,000	\$2,494,000	\$0
• Independent Alignment Study	\$0	\$425,000	\$75,000	\$0
• Industry Certifications	\$0	\$6,000,000	\$6,000,000	\$0
• AP/IB	\$0	\$5,000,000	\$5,000,000	\$1,000,000
Full-day Kindergarten	\$0	\$171,900,000	\$171,900,000	\$0
(*Half-day Kindergarten funding is included in SEEK approx. \$172M)				

P-12 Education

General Fund Budget Appropriation



	REVISED	REQUESTED	HB 200 VO
FY2018	\$4,113,199,100		
FY2019		\$4,564,134,600	\$4,118,808,700
FY2020		\$4,569,276,500	\$4,124,254,500

Support Education Excellence in Kentucky (SEEK)

\$4,000 per pupil each year

	REVISED	REQUESTED	HB 200 VO
FY2018	\$3,035,552,800		
FY2019		\$3,343,804,300	\$3,056,500,800
FY2020		\$3,334,815,000	\$3,047,480,900

- ▶ The SEEK formula is the foundational funding formula for K-12 education and includes funding for special needs students as well as pupil transportation to and from school.
- ▶ HB 200 provides that not less than \$12,953,600 of unexpended SEEK funds in FY2017-18 shall lapse to the General Fund. Any unexpended SEEK funds in FY2018-19 and FY2019-20 and shall lapse to SEEK Transportation.
- ▶ Unmined Coal – 31 districts 7.0M



Other P-12 Education Budget Impacts

- ▶ BOSS and LARS Reduction \$54M:
 - Frankfort Based Operations, KETS, and KEN (BOSS): 6.25% cut (\$3.1M).
 - Grant line items (LARS): 6.25% cut (\$50.9M).

- ▶ Capital Fund Maintenance Pool reduced by \$1.5M.

- ▶ KFICS \$600,000 in each year;
- ▶ AP/IB \$1.0M in each year;
- ▶ School Technology in Coal Counties \$1.75M in each year;
- ▶ Safe Schools receives an additional \$2.6M in each fiscal year;
- ▶ Fully funded District Health Insurance.



Program Elimination

▶ Instructional Resources	\$16,700,000
▶ Professional Development	\$11,927,700
▶ Commonwealth School Improvement Fund	\$ 1,358,800
▶ Leadership and Mentor Fund	\$ 328,800
▶ Middle School Academic Achievement	\$ 339,200
▶ Teacher's Professional Growth Fund	\$ 720,300
▶ Teacher Academies	\$ 1,400,800
▶ Writing Program	\$ 534,300
▶ Virtual Learning	\$ 700,300
▶ Georgia Chaffee	\$ 227,900
▶ Appalachian Tutoring	<u>\$ 72,300</u>
Total Reduction	\$34,310,400



6.25% Program Reductions

<u>Program</u>	<u>FY18 Revised</u>	<u>Reduction</u>
▶ Extended School Services	\$ 25,510,700	\$ 1,594,400
▶ Preschool	\$ 90,113,200	\$ 5,632,100
▶ Elementary Arts	\$ 424,100	\$ 26,500
▶ FRYSCs*	\$ 48,065,100	\$ 3,259,300
▶ Gifted and Talented	\$ 6,622,300	\$ 413,900
▶ Math Achievement	\$ 5,353,600	\$ 334,600
▶ Read to Achieve	\$ 16,999,000	\$ 1,062,400
▶ State Agency Children	\$ 10,049,800	\$ 631,000
▶ VIPS	\$ 91,300	\$ 6,200
▶ Blind/Deaf Travel	\$ 525,100	\$ 32,800
Total	\$203,754,200	\$12,993,200

* - Additional funding provided in the CHFS budget.



Other Program Changes

▶ Advanced Placement/IB	\$ 1,000,000 NEW	
▶ Dataseam	\$ 1,750,000 NEW	
▶ KFICS	\$ 600,000	
▶ CCLD	\$ 1,200,000 reduced	\$25,600
▶ Community Education	\$ 1,850,000 reduced	\$86,400
▶ Teacher Recruitment and Retention	\$ 1,000,000 reduced	\$38,200
▶ Save the Children	\$ 1,300,000 increased	\$358,600
▶ Safe Schools	\$13,000,000 increased	\$2,621,700
▶ Advanced KY	\$ 1,700,000 increased	\$500,000
▶ Lexington Speech and Hearing	\$ 100,000	no change
▶ Heuser Hearing	\$ 100,000	no change
▶ Teach for America	\$ 250,000	no change



Nickels, Flexibility and Publication Requirements

- ▶ Full equalization for recallable nickels that were equalized at 25% in the previous budget. Provides 25% equalization for new nickels levied between January 1, 2016 and January 1, 2018.
- ▶ Additional flexibility for Capital Outlay Funds to be used for general operating costs. Allows districts to request the use of capital funds not to exceed 25% of available capital funds in 2018-2019.
- ▶ Program flexibility for the use of Extended School Services and Safe Schools funds for general operating expenses.
- ▶ Alternative publication of school district annual financial statements and school report card. (HB 366 VO)



District Administrative Expenditures

- ▶ Local school districts shall reduce administrative costs to the extent feasible in order to provide quality instruction for all students in the Commonwealth.
- ▶ Each local district shall submit a report to the LRC and KDE by December 1 of each fiscal year, which includes:
 - All expenses charged to the MUNIS codes for Instruction (1XXX), Student Support Services (21XX), Instructional Staff Support Services (22XX), District Administrative Support Services (23XX), School Administrative Services (24XX), and Business Support Services (25XX) for the previous fiscal year;
 - A comparison of the previous fiscal year's expenses, as detailed above, with the same expenses in the preceding fiscal year;
 - A detailed explanation of steps taken to reduce administrative expenditures; and
 - A copy of the district's policy for maintaining a reserve fund balance in compliance with appropriate accounting standards.
- ▶ KDE Shall submit a report to LRC by December 31 annually that verifies the fiscal information.



KDE Operational Reductions

- ▶ 54M reduction
- ▶ 25 KDE Positions
 - Eliminate 25 unfilled positions
 - Reduce operating budget
 - Reduce travel
 - All KDE offices impacted to varying degrees

24 MOA Positions

- Not renew 24 MOA positions
 - ✓ Content
 - ✓ Network instructional specialists
 - ✓ Novice reduction coaches
 - ▶ Federal Funding Approved for 7 Received on June 20, 2018



Questions

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