



Steven L. Beshear
Governor

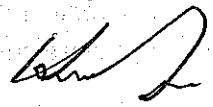
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Commissioner of Education

**EDUCATION AND WORKFORCE DEVELOPMENT CABINET
DEPARTMENT OF EDUCATION**

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MEMORANDUM

TO: Kentucky Board of Education (KBE) Members

FROM: Hiren Desai, Associate Commissioner 
Office of Administration and Support

DATE: May 16, 2012

RE: Update on Biennial Budget 2012-2014 (FY 13 and FY 14)

As you are aware, the Kentucky General Assembly passed a biennial budget for the next two (2) fiscal years in April 2012. At the April 4, 2012 Board meeting, I shared the overall impact of the biennial budget in progress and provided detailed information on the line-items. The Governor subsequently exercised his constitutional authority to veto certain language provisions in the biennial budget bill. I have attached a copy of the K-12 programs in the final enacted biennial budget for easy reference.

The vetoes specific to K-12 education were as follows:

- ✓ A requirement for the Kentucky Department of Education (KDE) to fund \$100,000 for a Statewide IT Academy out of existing funds;
- ✓ The legislative language requiring that any excess SEEK funds be transferred to the State Budget Reserve Trust Fund language;
- ✓ Legislative language restricting the ability of KDE to direct grant dollars towards state-level administrative purposes; and
- ✓ Legislative language restricting the scope of deployment of Assessment and Program Review language.

Several highlights of the final enacted budget are as follows:

1. The total amount of SEEK Funding remained the same. The actual SEEK per pupil amount decreased slightly from \$3,933 to the following:
 - a. FY13 - \$3,833.
 - b. FY14 - \$3,827.

2. Funding for the equalized facility funding nickel was increased to retroactively allow districts that levied a nickel after June 30, 2011 to be equalized at 25% in FY 13 and FY 14.
3. A hold harmless provision was added, emphasizing that every local school district would receive at least the same amount of Support Education Excellence in Kentucky (SEEK) state funding per pupil as was received in fiscal year 1991-1992.
4. The enacted budget directs that SEEK funding be provided for the Bluegrass Challenge Academy in Hardin County and the Appalachian Youth Challenge Academy in Harlan County through the SEEK Funding formula.
5. The enacted budget permits the use of up to 10 disaster days in FY 12 for tornado-related disasters, without an adverse impact on funding.
6. Most program areas and grants were cut approximately 4.5% from FY 12 levels, with the following exemptions:
 - a. Preschool, Extended School Services, Gifted and Talented, Family Resource and Youth Services Centers, and Community Education grants were exempt from reduction by the enacted budget and will continue at FY 12 levels.
 - b. KDE absorbed any reductions in the Read to Achieve (RTA) and Math Achievement (MA) grants at the department level in order to maintain funding for grants in FY 13 and FY 14 at current (FY 12) levels.
 - c. Save the Children grant funding was cut 4.5% or approximately \$22,000 in FY 13, but was increased by \$500,000 in FY 14.
 - d. KDE is directed to fund the Lexington Speech and Hearing Center, the Heuser Hearing Center, and Visually Impaired Preschool Services, at \$100,000 a year for each program, out of existing funding.
7. Many KDE operational areas were cut approximately 8.4%; however, Kentucky Educational Technology System (KETS) funding, which includes technology offers of assistance to districts, was cut approximately 2%.
8. Health insurance funding for school districts (\$614 million a year in FY 12) increased by \$13 million in FY 13 and \$25 million in FY 14.
9. No other requests for additional funding, including increases in pre-school funding and capital funding for KSB/KSD, were provided for in the enacted budget.

In summary, the net impact of the final enacted biennial budget is that total state funding for K-12 education went from approximately \$3.823 billion in FY 12 to \$3.827 billion in FY 13 and \$3.840 billion in FY 14.

I hope that this information is helpful and provides a concise update of the biennial budget for the next two (2) years. Please do not hesitate to contact either Mary Ann Miller or myself, if you have any additional questions or concerns.

Attachment

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KENTUCKY DEPARTMENT OF EDUCATION BUDGET

FY12-14

	Fiscal Year 2013	Fiscal Year 2014
	HB 265 Enacted	HB 265 Enacted
SEEK/SEEK RELATED (Per Pupil Guarantee)	\$3,833	\$3,827
Base Funding	2,028,446,900	2,032,403,500
Transportation	214,752,800	214,752,800
Tier I Equalization	168,152,900	165,470,700
Equalized Facilities (FSPK)	74,978,600	73,673,500
State Equalized Growth Nickel for Facilities	16,532,800	16,836,200
Equalization of Previously Ineligible Districts-	8,433,700	8,342,900
Districts Using General Fund for Debt Service	6,323,800	6,249,000
State-Run Vocational Schools Reimbursement	22,641,900	22,641,900
Vocational Education Transportation	2,416,900	2,416,900
Local District Teachers' Retirement Match	347,037,500	347,037,500
Nat'l Bd for Prof Teaching Standards Salary Supp	2,750,000	2,750,000
Equalization Funding for Category 5 Schools	5,498,500	5,416,000
BRAC Equalized Facility	1,874,500	1,849,900
SEEK SUBTOTAL	2,899,840,800	2,899,840,800
Operations & Support Services		
BOSS Personnel & Operating	10,489,577	10,600,757
Kentucky Educational Network	12,629,400	12,629,400
Technology (KETS)	16,399,500	16,399,500
Technology (DataSeam)	2,500,000	2,500,000
School Food Services Match	3,646,200	3,646,200
Blind/Deaf Residential Travel	525,100	525,100
Lyon County Debt Service	319,823	303,443
BOSS SUBTOTAL	46,509,600	46,604,400
Learning & Results Services		
Frankfort Personnel & Operations	11,866,000	11,982,000
School for the Blind/School for the Deaf	15,580,600	15,580,600
ACT & WorkKeys Testing	1,236,000	1,236,000
Appalachian Tutoring Program	72,300	72,300
Assessment (includes SB1 Assessment)	13,275,200	13,275,200
Collaborative Center For Literacy Development	1,225,600	1,225,600
Commonwealth School Improvement Fund	1,358,800	1,358,800
Community Education	1,936,400	1,936,400
Dropout Prevention	576,100	576,100
Educator Quality & Diversity (MERR) (Statewide Teacher Recruitment)	1,338,200	1,338,200
Elementary Grade Arts & Humanities Initiative	424,100	424,100
Everyone Reads	451,400	451,400
Family/Youth Services (FRYSCs)	52,148,300	52,148,300
Georgia Chaffee Teenage Parent Program	227,900	227,900

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KENTUCKY DEPARTMENT OF EDUCATION BUDGET

FY12-14

	Fiscal Year 2013	Fiscal Year 2014
	HB 265 Enacted	HB 265 Enacted
Gifted and Talented	6,622,300	6,622,300
Leadership & Mentoring Fund	328,800	328,800
Math Achievement	5,353,600	5,353,600
Middle School Academic Achievement Center	339,200	339,200
Read to Achieve	17,899,000	17,899,000
Save the Children (<i>Rural Literacy</i>)	441,400	941,400
State Agency Children	9,596,500	9,596,500
Teacher Academies	1,400,800	1,400,800
Teacher's Professional Growth	720,300	720,300
Virtual Learning	700,300	700,300
Vocational Schools, Local (Includes Energy	10,954,100	10,954,100
Writing Program	534,300	534,300
Extended School Services	12,301,200	12,301,200
Preschool	71,315,300	71,315,300
Professional/Staff Development	5,370,000	5,370,000
Safe Schools	4,157,400	4,157,400
Professional Development (Senate Bill 1)	1,834,300	1,834,300
Lexington Hearing & Speech Center	100,000	100,000
Heuser Hearing & Language Academy	100,000	100,000
Visually Impaired Preschool Services	100,000	100,000
Insurance: Health	627,068,000	639,568,000
Insurance: Life	1,483,700	1,483,700
LARS SUBTOTAL	880,437,400	893,553,400
DEPT OF EDUCATION TOTAL (General Fund)	3,826,787,800	3,839,998,600
ADDITIONAL APPROPRIATIONS:		
Restricted Funds (Allotment)	11,725,800	11,813,700
Federal Funds (Allotment-Not Actual Cash Award)	781,628,700	757,888,800
TOTAL - ALL FUNDS	4,620,142,300	4,609,701,100