



KENTUCKY DEPARTMENT OF EDUCATION

DRAFT BUDGET AND POLICY PRIORITIES FOR THE 2018 REGULAR SESSION

The vision of the Kentucky Board of Education is to ensure that each and every student is empowered and equipped with the knowledge, skills and dispositions to pursue a successful future. The board's vision is informed by a changing economy that requires elementary and secondary schools to prepare students for a more complex and competitive workplace.

Kentucky has led the way in educational reform starting with the Kentucky Education Reform Act (KERA). KERA made many fundamental changes in our collective thinking about what public education should provide as well as how it should be implemented – from establishing a funding mechanism that provides equity across the state to requiring rigorous standards to ensuring local control and the required input of parents through the School-Based Decision Making (SBDM) process.

All of these components were key to successfully charting a course in education for our children. Importantly, KERA created a governance structure for public education with a the Kentucky Board of Education that is responsible for hiring a commissioner, who, in turn, oversees the daily operations of a state department of education dedicated to serving the districts that educate our children. Together, the KBE, the Commissioner and KDE are responsible for setting state standards for student, program, and operational performance while respecting the local autonomy of each school district.

The **Kentucky Board of Education (KBE)** develops and adopts the regulations that govern Kentucky's public school districts and the actions of the Kentucky Department of Education. The members of the Board are appointed by the Governor and confirmed by the Kentucky Senate. The Board also oversees the management of the Kentucky School for the Blind, the Kentucky School for the Deaf, interscholastic athletics, and 53 state operated Area Technology Centers (ATCs). The board reviews the department's budget requests and recommends funding priorities to the governor and legislature.

The **Commissioner of Education** oversees the daily operations of the Kentucky Department of Education and recommends and implements Kentucky Board of Education policies. The Commissioner acts as superintendent of the Kentucky School for the Blind, the Kentucky School for the Deaf, and the ATCs.

The **Kentucky Department of Education (KDE)** provides support to locally-operated public school districts focused on educating children in a variety of educational settings in elementary, middle and high schools throughout the Commonwealth. KDE assists districts with finance and administration, assessment and accountability, career and technical education, exceptional children, federal programs and requirements, school improvement, standards and content areas, and professional development. KDE works with parents and their students, local school boards, education groups, researchers, federal and state agencies, and elected officials at all levels of government to ensure that our children have access to the best possible educational opportunities.

Kentucky has extensive provisions for ensuring that local control of public education is vested in **Local Boards of Education**. Locally elected, non-partisan boards represent a community's beliefs and values, providing citizen governance for the needs and wants of a community. Local boards oversee the school system and are accountable to the local tax payers. Parents are members of every **School Based Decision Making Councils** which make decisions on curriculum and staffing.

The budget request, policy priorities and legislative initiatives reflect the strategic goals for moving Kentucky's students forward.



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Biennial Budget Priorities

Budget and policy priorities are tied to the strategic goals developed by the board and the department. The 2018 Regular Session of the General Assembly will craft the 2018-2020 biennial budget for the Commonwealth. KDE's primary focus in the upcoming session is to maintain funding levels that have not been impacted by budget reductions and to restore funding levels for several critical programs, including SEEK Transportation, additional expenditures required by Senate Bill 1 (2017), career and technical education, and charter schools.

Recommended Budget Priorities	FY 2019*	FY 2020*	Total*
SEEK Transportation	\$133,034,000	\$133,034,000	\$266,068,000
Senate Bill 1 (2017)			
College Admissions Examination	\$2,000,000	\$2,000,000	\$4,000,000
Independent Alignment Study	\$425,000	\$75,000	\$500,000
Release and Development of Test Items/Field Study	\$2,844,000	\$2,494,000	\$5,338,000
Standards Revision	\$662,000	\$295,000	\$957,000
Industry Certifications	\$6,000,000	\$6,000,000	\$12,000,000
School Improvement	\$500,000	\$500,000	\$1,000,000
School Report Card/IT System	\$700,000	\$650,000	\$1,350,000
Charter Schools – KDE Support Staff	\$419,200	\$439,200	\$858,400
Career and Technical Education (CTE)			
Career Development Specialist Positions	\$3,853,100	\$3,853,100	\$7,706,200
New Skills for Youth	\$1,000,000	\$1,000,000	\$2,000,000
AP/IB Testing	\$5,000,000	\$5,000,000	\$10,000,000
KY School for the Blind New Positions	\$650,000	\$650,000	\$1,300,000
Kentucky Education Technology Systems (KETS)	\$5,000,000	\$5,000,000	\$10,000,000
Preschool Expansion	\$78,500,000	\$78,500,000	\$157,000,000
Full-day Kindergarten	\$171,900,000	\$171,900,000	\$343,800,000
Defined Calculations	TBD	TBD	TBD
Total Funding Requests	\$412,487,300	\$411,390,300	\$823,877,600

*All dollar amounts are estimates and may be revised prior to the final KDE budget submission in November, 2017.



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SEEK Transportation

Local district pupil transportation costs continue to increase annually, largely due to higher personnel and operating costs. The state provides an average reimbursement of approximately 59 percent of these costs to districts, placing a high burden on districts to pay for the balance out of local funds in order to continue providing safe transportation for students. The proposed increase in state funding would allow for full reimbursement of eligible local district pupil transportation costs by the state.

FY19 – \$133,034,000

FY20 – \$133,034,000

Senate Bill 1 (2017)

Senate Bill 1 (2017) was omnibus legislation that made significant changes to Kentucky's education system – from accountability and assessment to professional growth and effectiveness to interventions in priority schools. Several measures included require additional budget requests.

Additional college admissions examination at grade 10

Senate Bill 1 requires KDE to fund an additional administration of a college admissions exam.

FY19 – \$2,000,000

FY20 – \$2,000,000

Independent Alignment Study

Senate Bill 1 requires all new assessments to align with all new academic standards.

FY19 – \$425,000

FY20 – \$75,000

Release and Development of Test Items / Field Study

Senate Bill 1 requires an operational subset of testing items be released annually. This requirement makes it necessary for new items to be developed as replacements annually for grades 3-8, high school end-of-course, and writing. Newly developed test items must also be field tested and analysis conducted on the results to determine whether or not the items are viable as operational items.

FY19 – \$2,844,000

FY20 – \$2,494,000

Standards Revision

Senate Bill 1 requires academic standards by content area to be revised on a six-year cycle.

FY19 – \$662,000

FY20 – \$295,000

Industry Certifications

Senate Bill 1 requires KDE to pay for secondary students earning a valid industry certification.

FY19 – \$6,000,000

FY20 – \$6,000,000

School Improvement Funds

Senate Bill 1 requires KDE to reimburse school districts selecting a vendor other than KDE to perform diagnostic reviews for districts and schools in both Comprehensive and Targeted School Improvement status.

FY19 – \$500,000

FY20 – \$500,000



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School Report Cards / IT System Enhancements

Funds to support the redesigned report card (dashboard) and new data collection requirements through MUNIS, Infinite Campus, and other technology systems.

FY19 – \$700,000

FY20 – \$650,000

Charter School Funding

Funds to support personnel and operating costs for the Division of Charter Schools.

FY19 – \$419,200

FY20 – \$439,200

Career and Technical Education

Career Development Specialist Positions

Funds to support specialist positions connected to the 95 career and technical centers throughout the state. These positions would provide career and postsecondary advising to middle and high school students.

FY19 – \$3,853,100

FY20 – \$3,853,100

New Skills for Youth

Funds to support expanding pilots and creating a support structure for transforming state and locally operated centers to regional career academies driven by labor market data.

FY19 – \$1,000,000

FY20 – \$1,000,000

Advanced Placement (AP) and International Baccalaureate (IB) Test Fees

Funds to support AP test fees per KRS 160.348.

FY19 – \$5,000,000

FY20 – \$5,000,000

Kentucky School for the Blind

Funds for additional support staff: four classroom teachers, four dormitory staff, two housekeeping staff, and one maintenance staff.

FY19 – \$650,000

FY20 – \$650,000

Kentucky Education Technology Systems (KETS) Funding

Funds to support the increased Internet consumption by students and teachers in the classroom. In the 2016-2017 school year there was a 70% increase in K-12 Internet usage. Also, funds to support state technology shared services to school districts through KETS Offers of Assistance. KETS unmet need is approximately \$173 M.

FY19 – \$5,000,000

FY20 – \$5,000,000

Preschool Expansion

Funds to support the number of four-year-olds served from 160% to 200% of the federal poverty level.

FY19 – \$78,500,000

FY20 – \$78,500,000



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Full-Day Kindergarten

Funds to support moving the state from mandated half-day kindergarten to full-day kindergarten and to help schools implement research and evidence-based instruction and strategies to meet state goals.

FY19 – \$171,900,000

FY20 – \$171,900,000

Defined Calculations

Defined Calculation costs are mandated by the budget instructions and provided by the Office of the State Budget Director (OSBD).

- Employer retirement costs.
- Employee increment – all state employees, 5% annual.
- Employee Health Insurance and Life Insurance.
- Commonwealth Office of Technology, Personnel Board, and Governmental Service Center.
- Rent and utilities.
- Facilities Insurance.
- Motor pool.

Legislative Initiatives

Assistance to Districts in Financial Crisis

There are several districts facing serious financial challenges. With a change in how the unmined coal tax is calculated, districts in eastern Kentucky are facing significant mid-year revenue shortfalls. This is locally generated tax revenue that won't be replaced quickly, if at all. Property assessments are also down which often triggers an increase in tax rates as tax collections have dropped. These districts are also experiencing a steady decline in enrollment, which impacts average daily attendance which is a significant component of state funding for school districts. Districts have been using fund balances to cover operating expenses. Districts have also been streamlining and consolidating services and in some instances, discontinuing contracts for things like health services for Public Health Departments.

Two avenues for potential and temporary assistance are being proffered.

Emergency Loan Fund

Currently, statutory provisions exist for districts to participate in an emergency loan fund, however, no funds have been appropriated and the participation requirements are broader. The recommendation is to request that the General Assembly appropriate monies for the fund and amend this statute to further specify how districts could participate.

County to County Merger

Currently, statutes allow independent districts to merge into county districts under certain financial circumstances. The recommendation is to amend these statutes to facilitate county district to county district mergers in situations of financial insolvency.

Dyslexia

The Commissioner's Dyslexia Task Force has completed its work and made several recommendations for how districts and schools can better provide services to students with dyslexia. The recommendation is to create new statutes to address dyslexia. This includes establishing a pilot project to be administered by the Department of Education to provide early screening and intervention services for children with risk factors for dyslexia, including low phonemic awareness. Also, the department would update its



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information and resources on dyslexia to provide to all districts. Local districts would be required to create and adopt a policy specific to dyslexia. KDE would work with the Collaborative Center for Literacy Development (CCLD) at the University of Kentucky, the University of Louisville, as well as the Council on Postsecondary Education to enhance training for teachers in the field and in preparatory programs.

Career Development Specialists

In an effort to support the alignment of career pathway options to labor market data, and to ensure advising opportunities for Kentucky students, KDE is recommending a request for additional funds to support career development specialist positions connected to the 95 career and technical centers throughout the state. These individuals will work through the Office of Career and Technical Education to provide partnerships with business and industry, advise middle and high school students on career pathways and career options using labor market data, and work with students to develop essential skills for postsecondary and the workplace. The specialists will also connect high school students to appropriate work-based learning opportunities. The funds will support 50 career development specialists. The specialists will be placed strategically throughout the four Workforce Innovation and Opportunity Act (WIOA) regions and serve as liaisons between education, business, and industry.

Policy Priorities

Essential Skills

The new accountability system includes an indicator for opportunity and access with an emphasis on characteristics to enable the successful transition into postsecondary and/or a career for our students. This includes embedding essential skills in elementary and middle school, and being able to demonstrate those skills in high school. Essential skills include adaptability, initiative, punctuality, written and oral communication, collaboration, creativity, and critical thinking. The recommendation is to create a task force of key state education and industry leaders to pursue the creation of a Kentucky Work Ethic Certificate.

Student Well Being / Social and Emotional Learning (SEL)

The Commissioner has a diverse group of shareholders from multiple state agencies and other education shareholders meeting every two months to align and review whole child and wellness measures/data for Kentucky schools and communities. The Commissioner is recommending expansion of this task force to include a broader group of stakeholders to focus on helping children build skills beyond academic knowledge. School climate initiatives, anti-bullying work, positive behavior supports, and other SEL efforts are under review.

Third-Grade Reading Initiative

Reading proficiency by the end of third grade is an essential marker in a student's educational progress. In an effort to encourage local school districts to continue to strive for greater reading proficiency in the primary grades, the recommendation is to review retention and promotion efforts, with an emphasis on promotion efforts that center on non-proficient readers being required to participate in such programs as targeted intervention services, summer reading camps, and the completion of reading portfolios.

Statement of Support

Tax Reform and Pension Reform

The Kentucky Board of Education supports the Governor and the General Assembly in determining revenue options that provide and sustain sufficient resources for the educational goals of the Commonwealth as well as finding solutions for long-term sustainability of the pension systems.