

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Information Item:

2017-2018 Local District Working Budgets

Rationale:

To inform the Kentucky Board of Education (KBE) that all districts have submitted a working budget pursuant to KRS 160.470(6)(b) and to provide district budget contingency fund balances.

Applicable Statute or Regulation:

KRS 160.470

History/Background:

Existing Policy: KRS 160.470(6)(b) requires districts to submit working budgets to the KBE as follows:

(6)(b) Each district board of education shall submit to the Kentucky Board of Education no later than September 30, a close estimate or working budget which shall conform to the administrative regulations prescribed by the Kentucky Board of Education.

Summary: All districts have submitted working budgets to KBE as required by the aforementioned statute. Additionally, please find attached the district budget contingency report containing working budget fund balances and minimum reserves.

All districts, except for Pike County School District, have adopted working budgets with a minimum reserve of at least two (2) percent. Pike County School District has a zero (0) percent contingency fund balance.

Pike County is located in the Eastern Kentucky Coalfield and has suffered financially due to the collapse of the coal mining industry there. The region has suffered from the decline of coal jobs and the loss of population as coal miners and their families leave to find work elsewhere. This has resulted in a decline in the number of students enrolled, which impacts a district's state education funding. The loss of jobs and population has resulted in a decline in overall property values, and the amount of property tax actually collected has fallen to historically low levels. The district's already tenuous financial position was recently complicated by the downward adjustment in the unmined mineral assessment calculation. The mid-year change in unmined mineral assessment resulted in the loss of

more than \$1.5 million in mineral tax revenue. All these factors have negatively impacted Pike County School District, as well as other districts in the Eastern and Western Kentucky Coalfields.

Budget Impact: There is no budget impact at the state level.

Contact Person:

Robin F. Kinney, Associate Commissioner
Office of Finance and Operations
(502) 564-1976
robin.kinney@education.ky.gov

Donna Duncan, Director
Division of District Support
(502) 564-3930
donna.duncan@education.ky.gov



Commissioner of Education

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