





KDE Budget Presentation

Kentucky Board of Education
June 3, 2020

2020 Regular Session

House Bill 352: Executive Branch budget for fiscal year 2020-2021. Rather than a two-year biennial budget, the executive branch budget bill covers only one fiscal year, 2020-2021.

2020 Regular Session SEEK

- ▶ Base guarantee of \$4,000
- ▶ Sets limited English proficiency multiplier at 0.096
- ▶ Any unexpended SEEK funds in fiscal year 2019-2020 must lapse to the General Fund

2020 Regular Session

SEEK 'Nickels'

- ▶ Provides 25% equalization for districts who have not previously received equalization on the Original Growth Nickel.
- ▶ Provides 100% equalization for districts that have levied the recallable nickel prior to Jan. 1, 2018.
- ▶ Provides 25% equalization for districts that have levied the recallable nickel after Jan. 1, 2018, but before Jan. 1, 2020.
- ▶ Provides 25% equalization for districts that have not previously received equalization for the Equalized Facility Funding (EFF) Nickel.

Grant Programs for Districts

- **Funding is provided for:**

- | | | |
|---|--|--------------|
| • AdvanceKY \$1.7M | VIPS \$250K | KETS \$15.4M |
| • CCLD \$1.2M | KECSAC \$9.5M | KEN \$17.3M |
| • Community Education \$1.9M | Math Achievement \$5.0M | |
| • ESS \$23.9M | Preschool \$84.5M | |
| • FRYSC \$48.9M | Read to Achieve \$15.9M | |
| • Gifted and Talented \$6.2M | Safe Schools \$13.0M | |
| • Hearing and Speech Center \$100K | Save the Children \$1.3M | |
| • Heuser Hearing and Language Center \$100K | Teach for America \$500K | |
| • Jobs for America's Grads \$250K | KY Alliance of Boys and Girls Clubs \$250K | |

- **Funding is not provided for:**

- | | |
|--------------------------------------|-----------------|
| • Flex Focus PD | Teacher Academy |
| • Commonwealth School Improvement | Writing Program |
| • Leadership and Mentoring | KPIP |
| • Middle School Academic Achievement | KTIP |
| • Teachers' Professional Growth | KAET/MERR |

Career and Technical Education

- Funding language for an ATC becoming a locally operated center
 - **Year 1:** Shall receive not less than 100% funding
 - **Year 2:** Shall receive not less than 75% of the funding allocated the previous year

Kentucky School for the Blind (KSB) and Kentucky School for the Deaf (KSD)

- Personnel and Operating Budget
 - **KSB:** FY21 \$6,853,100
 - **KSD:** FY21 \$10,080,600
- Capital Projects
 - **HVAC Pool:** \$5,000,000
 - **Roof Pool:** \$3,300,000

School-Based Mental Health Services Providers

- Includes \$7,412,500 to fund additional full-time equivalent positions for school-based mental health services providers
- The Kentucky Center for School Safety, in consult with the Office of State School Security Marshal, shall develop criteria to determine which districts receive funding.
- Criteria should include:
 - A district's use of Medicaid funding;
 - An equitable and balanced statewide distribution; and
 - Any other criteria to support a trauma-informed approach in schools.

Other Provisions

Volkswagen Settlement – Energy & Environment Cabinet

- \$8,521,700 to reimburse school districts for 50% of the purchase cost to replace up to five school buses per district currently in daily use that meet the criteria with a chassis year of 2001 or earlier. Program administered by the Energy and Environment Cabinet.
- If funds are insufficient for requests by June 1, 2021, reimbursements shall be pro rata reduced.

Local School District Expenditure Flexibility

- Districts may adopt for KBE approval a working budget that includes a minimum reserve of less than 2% of the total budget. Reported to KBE at every meeting.

School Building Plan Reviews and Inspections

- Notwithstanding KRS 198B.060, local governments may have jurisdiction for plan review, inspection and enforcement responsibilities over buildings intended for educational purposes, other than licensed day care centers, at the discretion of the local school districts.

Program Flexibility

- Districts may utilize ESS and Safe School funds for general operating.

Other Provisions (Continued)

Eastern Kentucky University

Provides \$4,571,900 for the Model Laboratory School.

▶ *Note: See HB 366.*

Public Protection Cabinet / Housing, Buildings and Construction

Local governments may have jurisdiction for plan review, inspection and enforcement responsibilities over buildings intended for educational purposes, other than licensed day care centers, at the discretion of the local school districts.

School Facilities Construction Commission (SFCC)

▶ The SFCC is authorized to make an additional \$58,000,000 in offers of assistance during the 2020-2022 fiscal biennium in anticipation of debt service availability during the 2022-2024 fiscal biennium.

Security Facility Upgrades

- Permits a district to modify a district facility plan (DFP) without convening local planning committee for the sole purpose of complying with KRS 158.162(3)(d)
- Unmet security requirement becomes highest priority on the modified DFP
- Any DFP modification is subject to approval by the local board of education and the commissioner of education
- Capital Bond funds of \$18.2 million

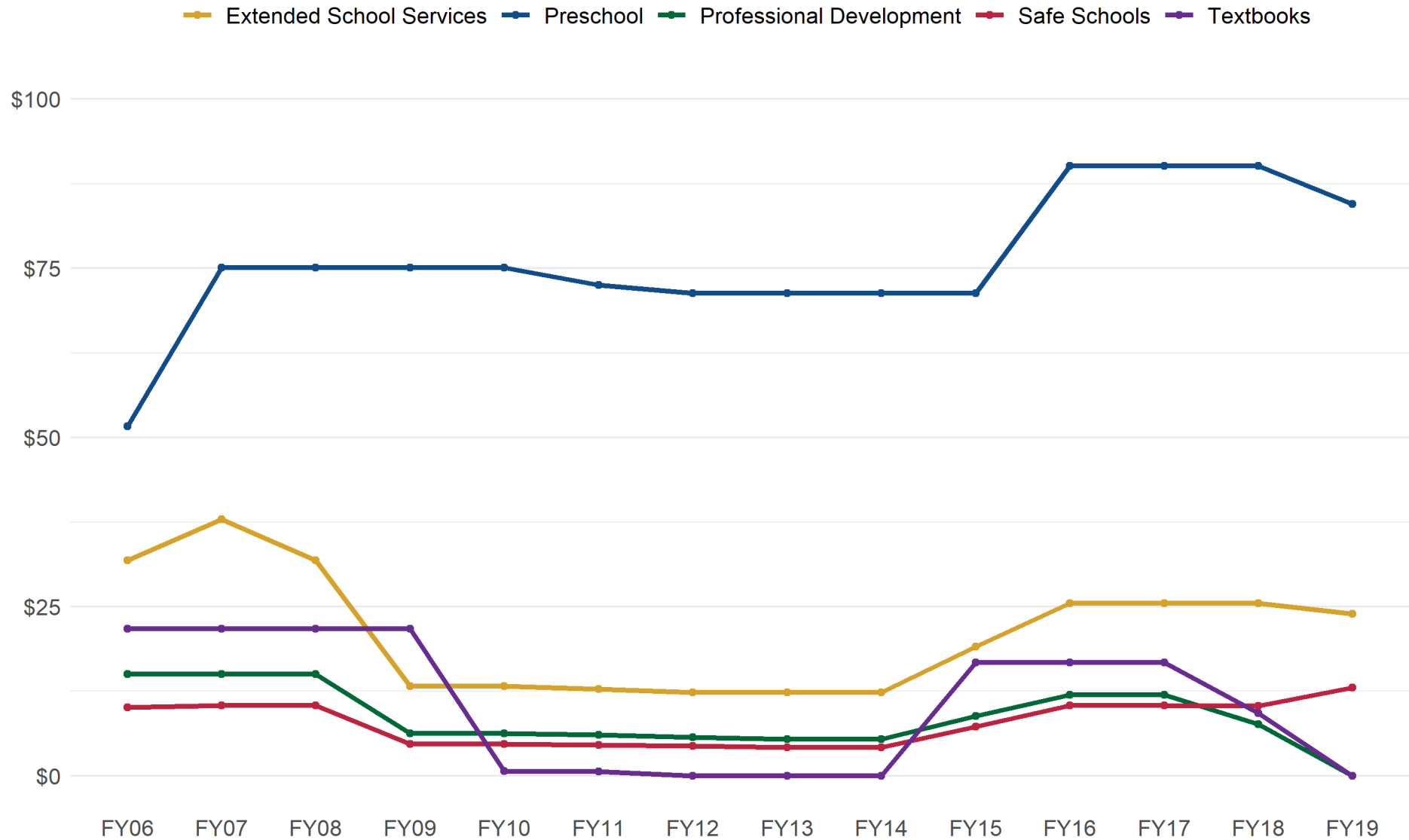
Historical Funding Information

- ▶ Programmatic areas impacting districts
- ▶ KSB and KSD
- ▶ Retirement systems and pensions
- ▶ Health insurance
- ▶ SEEK



Funding levels differ for flexible focus programs over time.

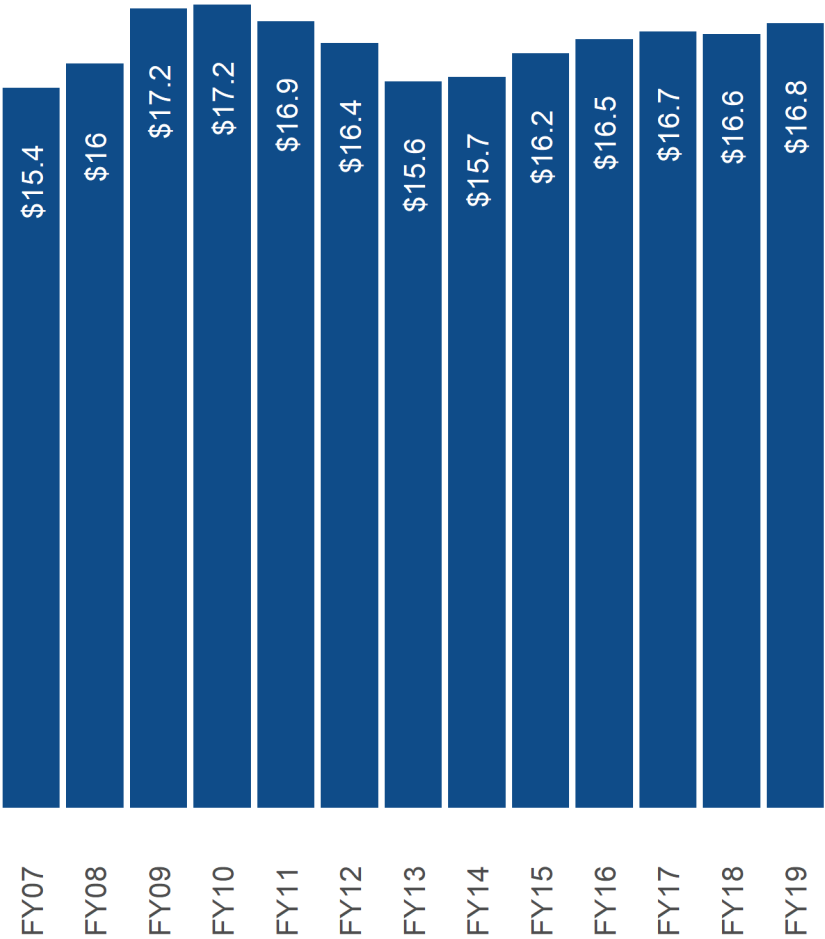
Total dollars (in millions)



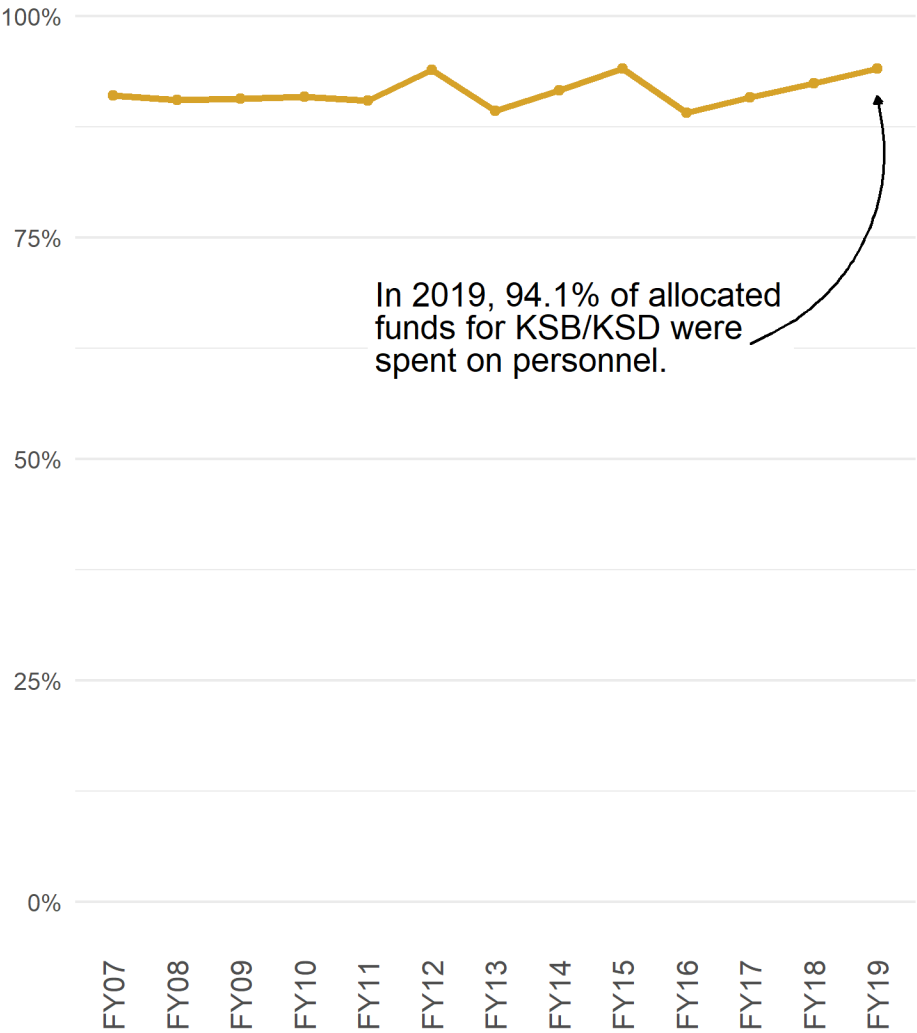
Source: Kentucky Department of Education

On average, KSB/KSD spent \$16.4M on personnel from 2007 to 2019, representing 91.5% of total allocated funds.

Total dollars spent on personnel (in millions)

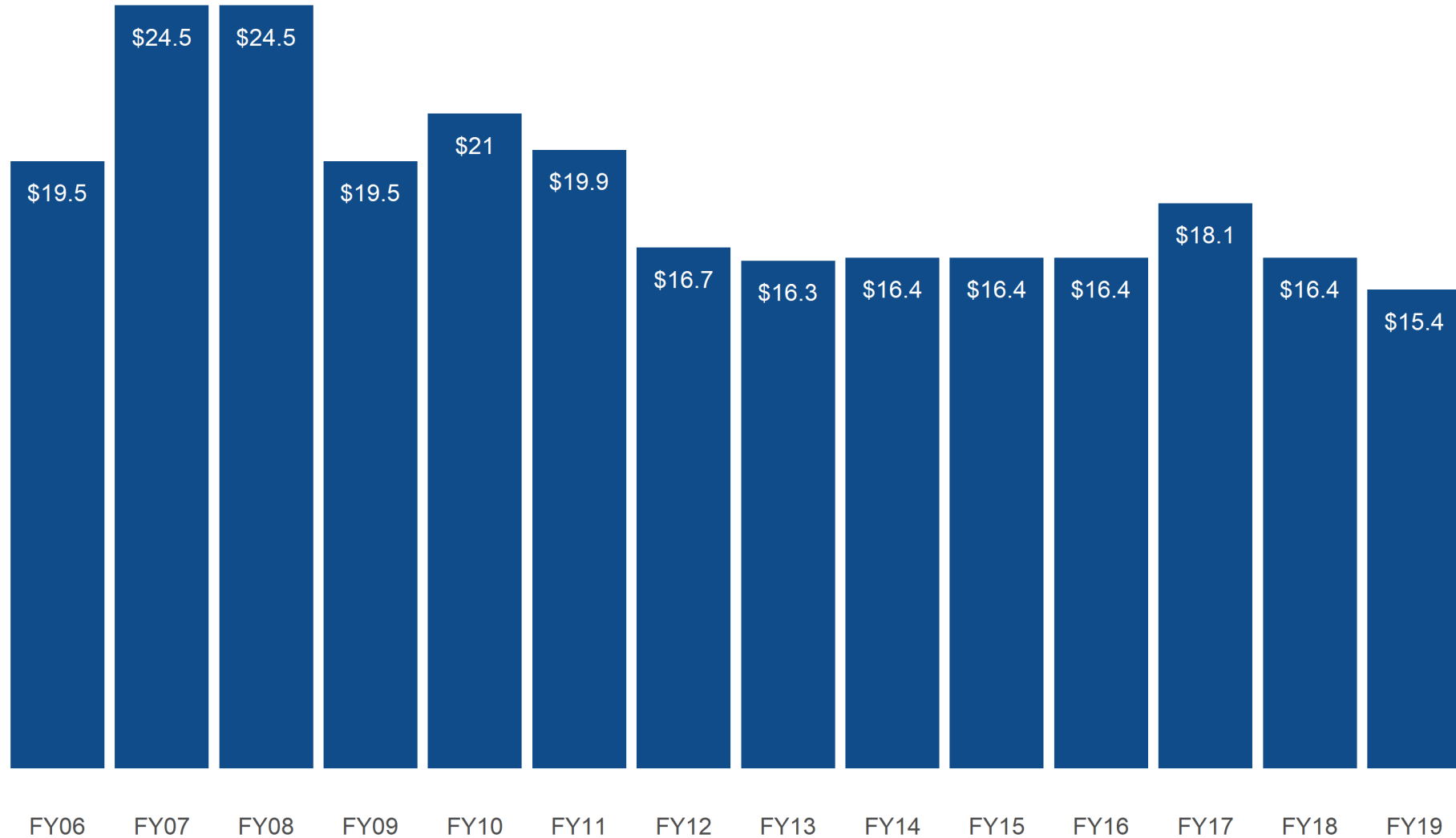


% of total allocation



KETS funding is at an all-time low of \$15.4M in 2019. On average, KETS funding decreased 4.6% per year from 2006 to 2019.

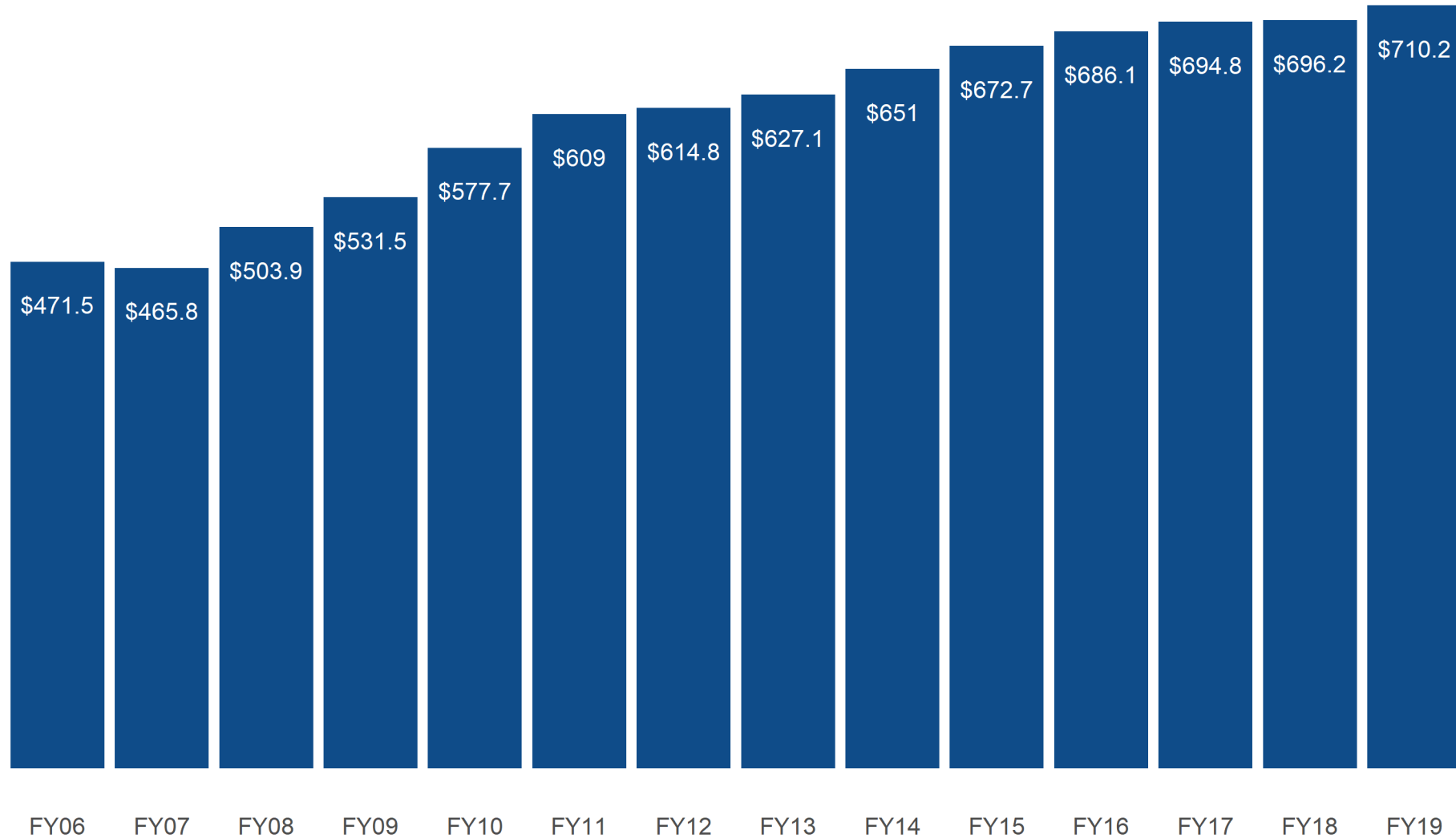
Total dollars (in millions)



Source: Kentucky Department of Education

Health insurance increased at a rate of 4.0% on average from 2006 to 2019. This equates to an \$18.8M annual increase in health care costs.

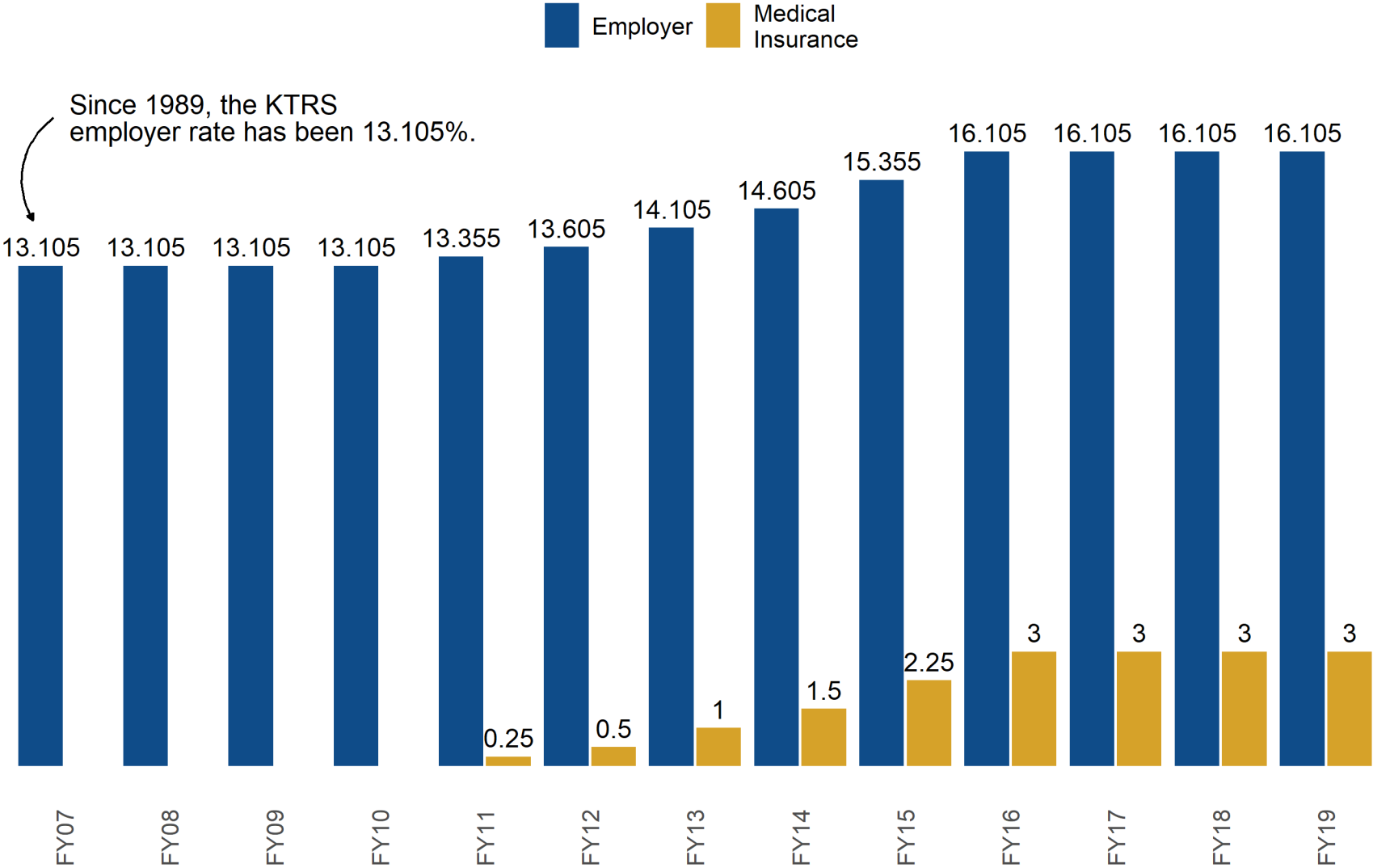
Total dollars (in millions)



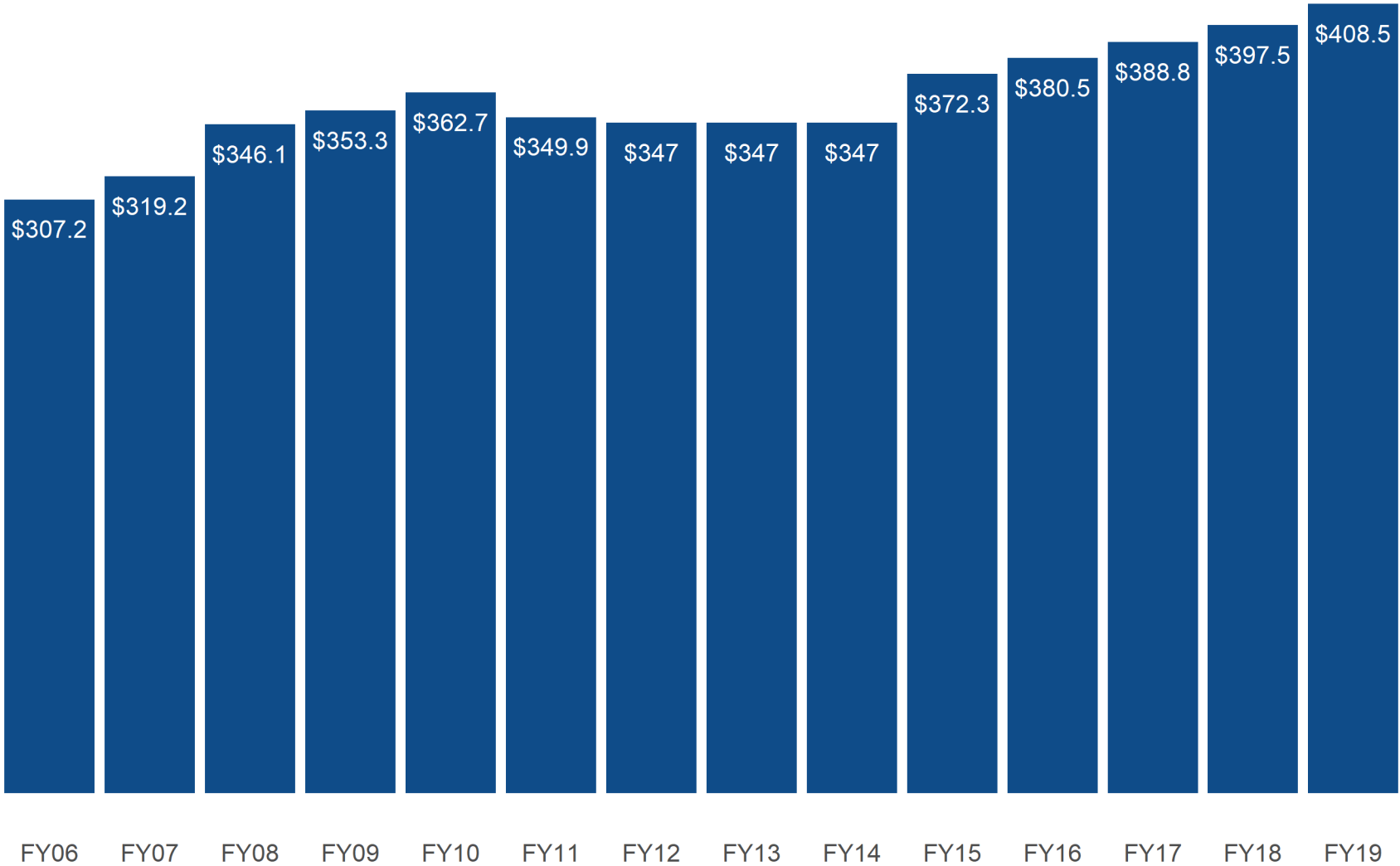
Source: Kentucky Department of Education

KDE contributions to the Kentucky Teachers' Retirement System on behalf of local school districts, 2007-2019.

% of covered payroll

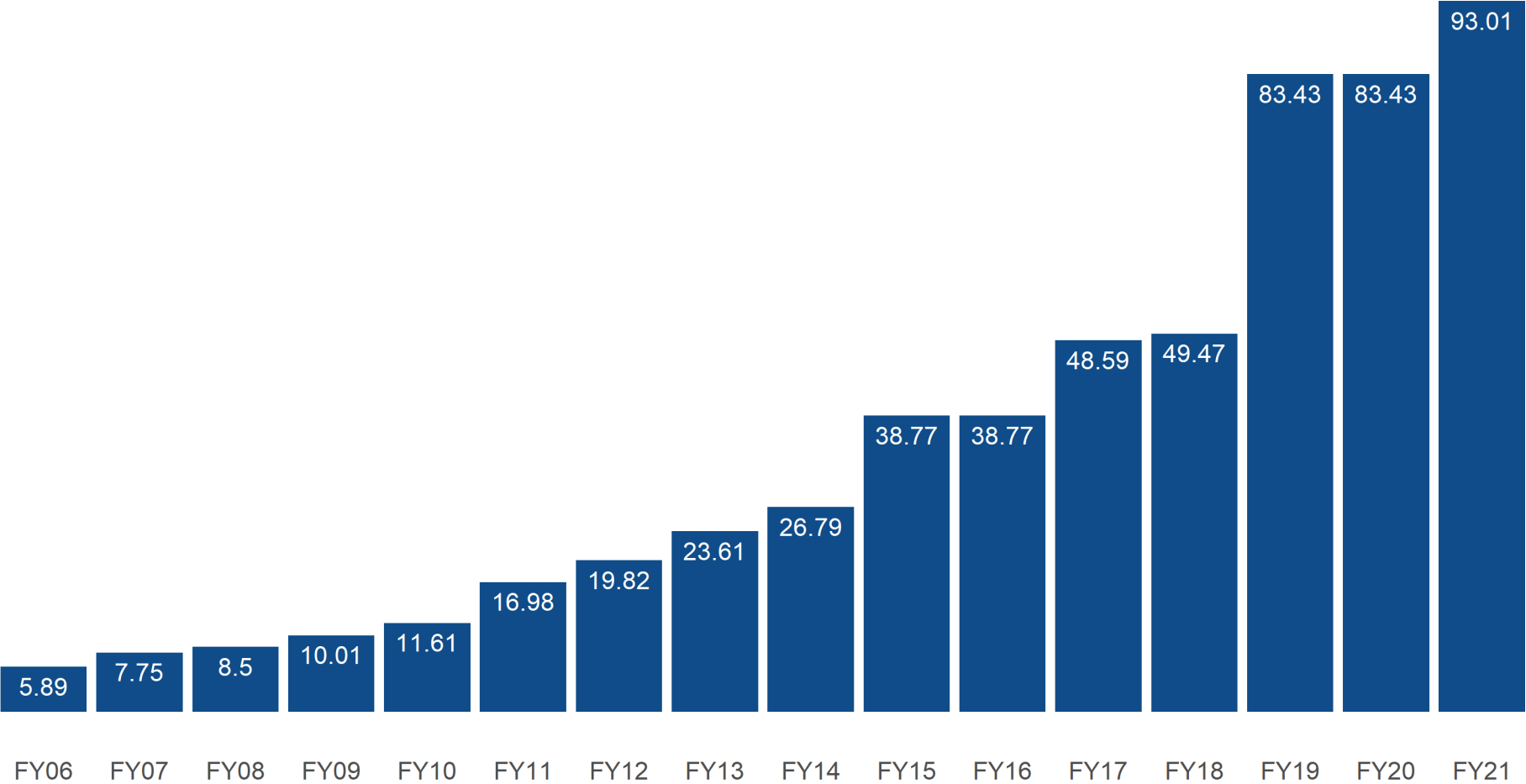


On average, KDE's contribution to the Kentucky Teachers' Retirement System on behalf of local school districts rose \$7.8M per year - a 2.5% year-to-year increase - from 2006 to 2019.
Total dollars (in millions)



KDE's contribution rate to the Kentucky Employee Retirement System climbed 78 percentage points from 2006 to 2020. The majority of the increases occurred in the last 6 fiscal years.

KERS Nonhazardous Contribution Rates (%)

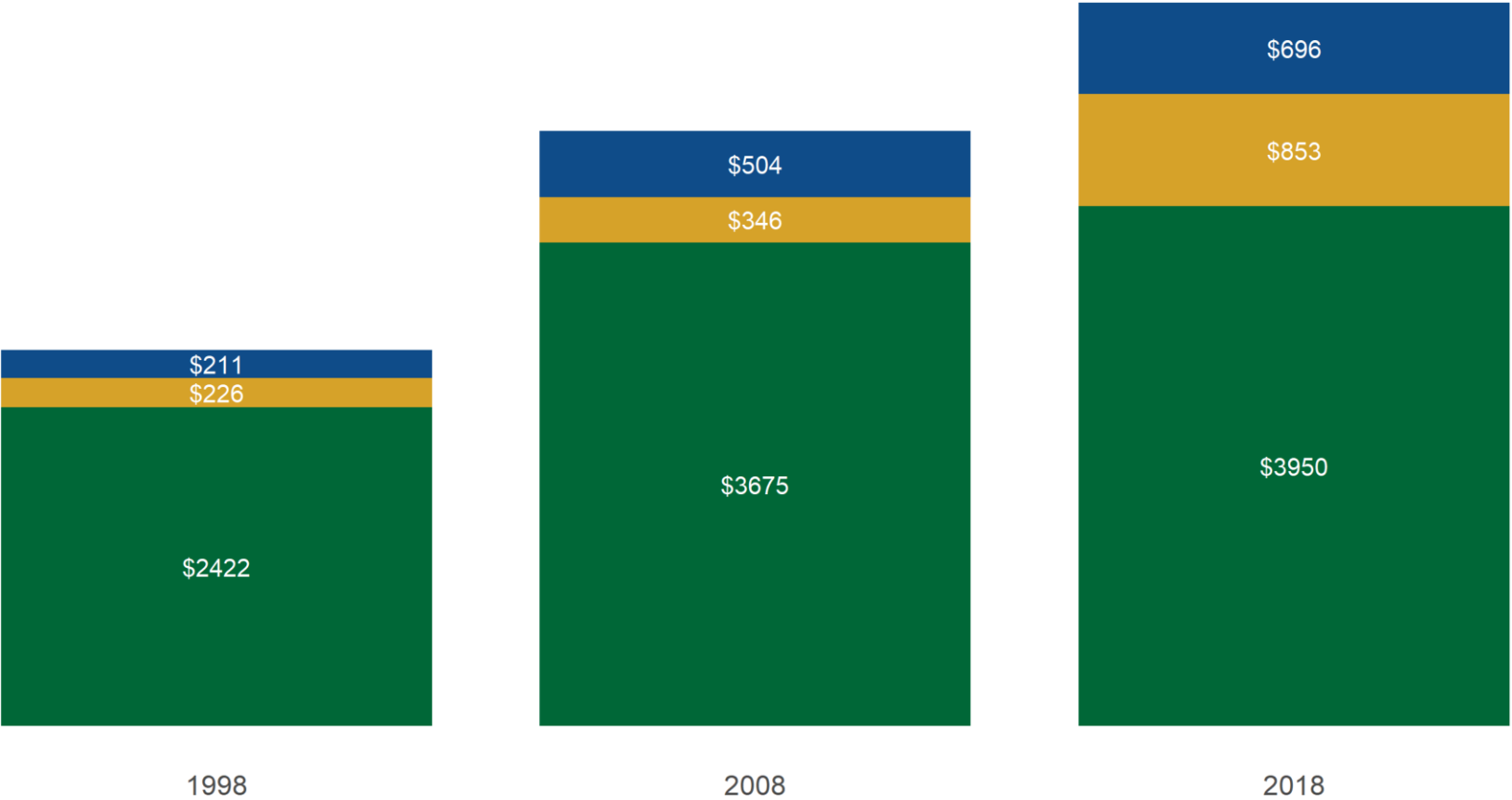


Source: Kentucky Retirement Systems

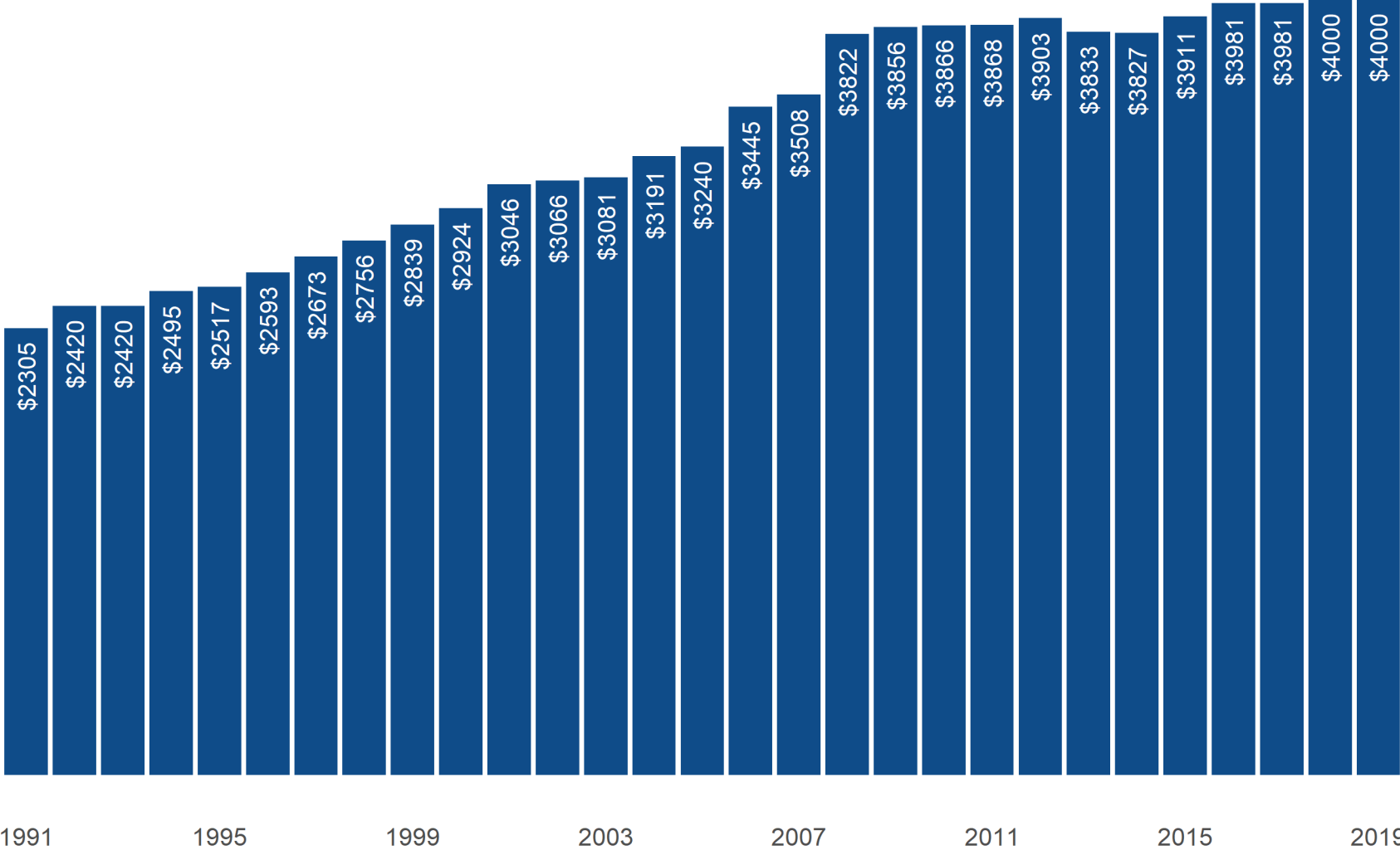
KDE Retirement and Health Insurance Costs, 1998-2018

Total dollars (in millions)

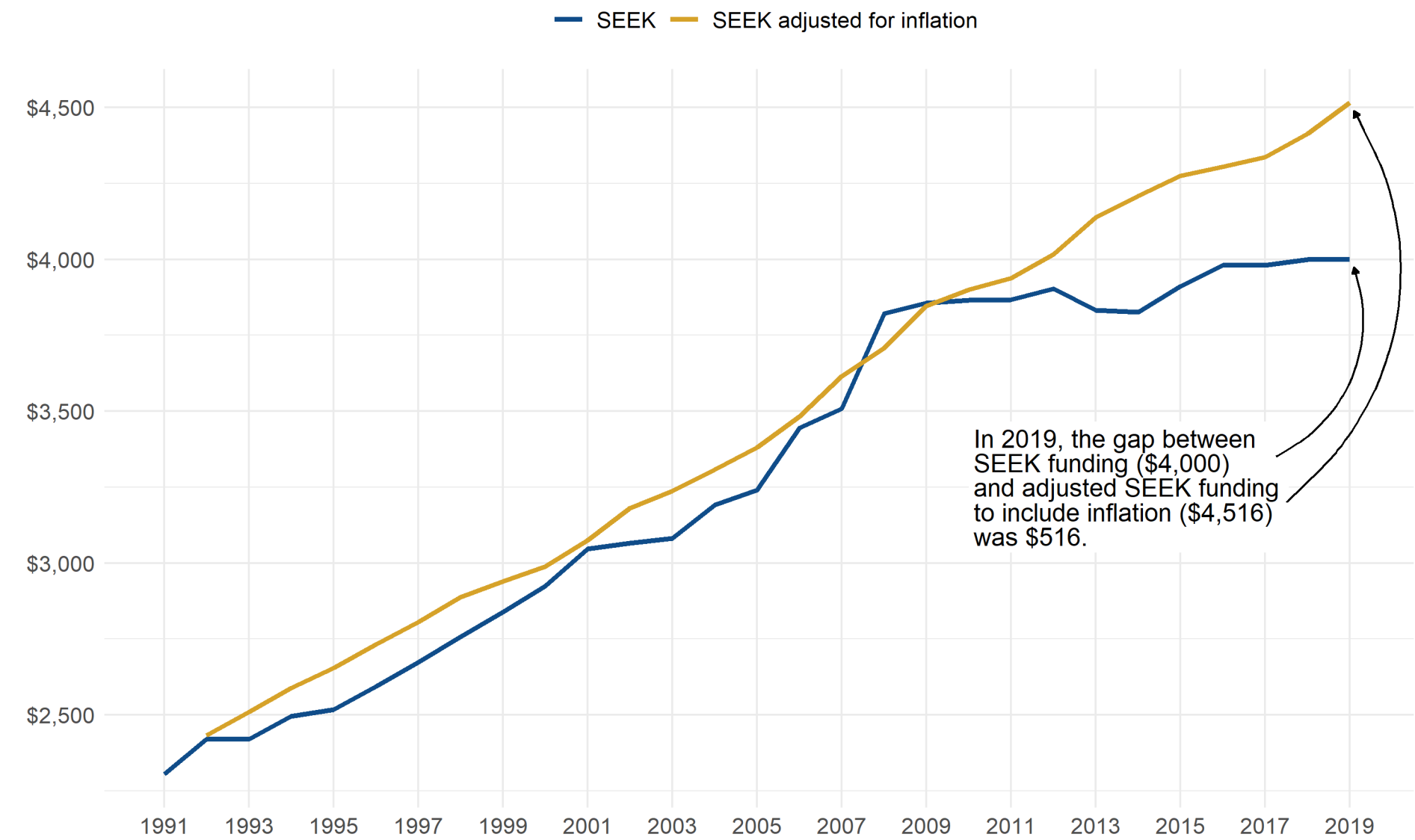
- District Health Insurance
- Employer Retirement Cost
- KDE Budget without Health Insurance and Retirement



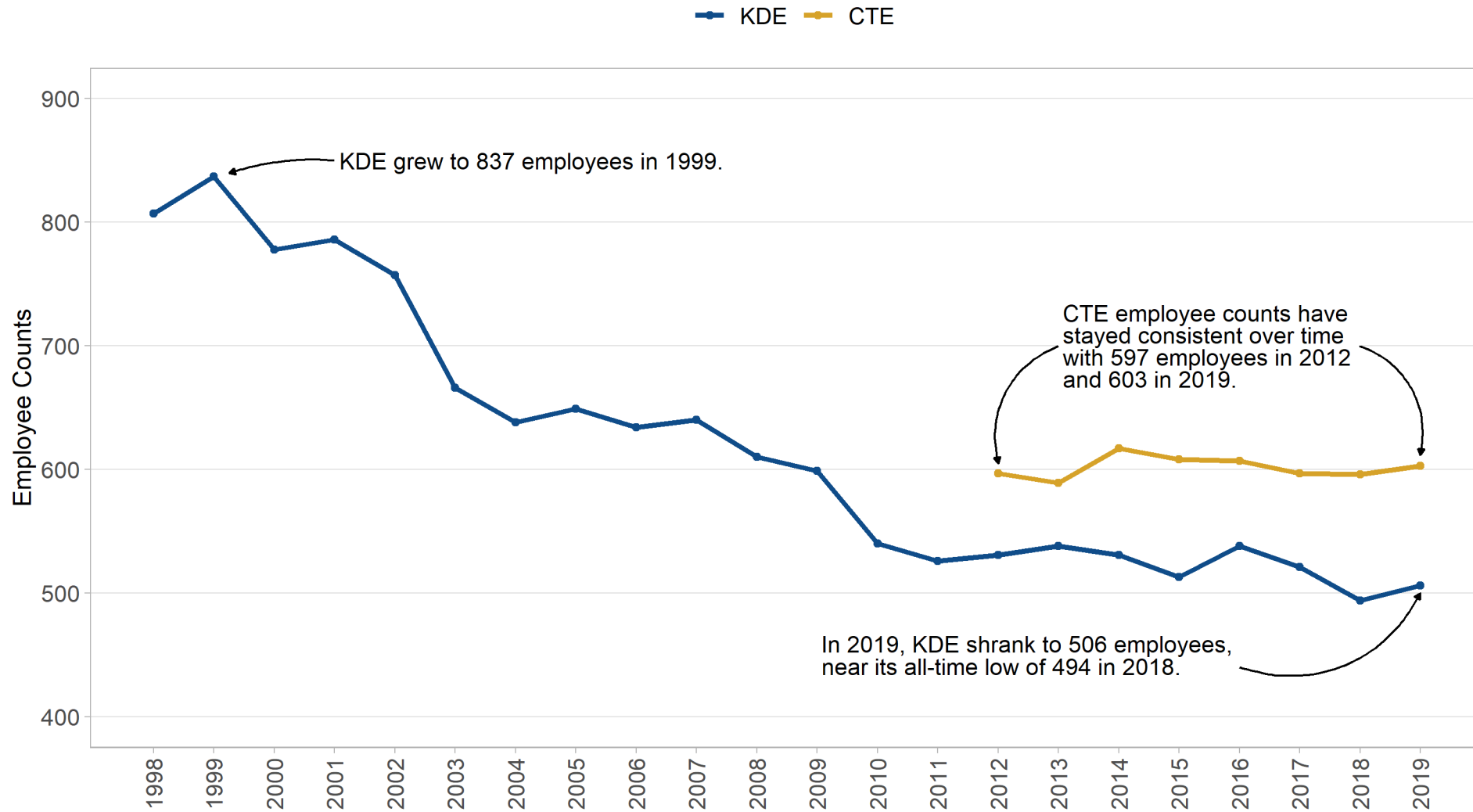
SEEK funding grew steadily from 1991 to 2008 where it has since leveled off.
Total dollars (\$)



Since 2009, SEEK funding has not kept pace with inflation.
Total dollars



On average, KDE lost 14.3 employees per year from 1998 to 2019. CTE counts increased slightly with the group gaining 0.9 employees per year, on average, from 2012 to 2019.



Source: Kentucky Department of Education

Questions or Comments

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