

Kentucky school districts face challenges due to the rescission of COVID relief funding

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On March 28, the Kentucky Department of Education (KDE) received a letter from the U.S. Secretary of Education stating that the time to spend all federal funds related to COVID relief was amended to end on March 28. This action came after Kentucky was notified by the U.S. Department of Education (USED) in September 2024 that it could spend its remaining funds through March 2026.

The March 28 letter said USED will consider an extension to the

liquidation period on an individual project-specific basis. KDE has collected that information from the districts and has submitted the request for the districts and the unspent funds KDE had remaining.

"While we still hope to have these projects approved so our districts can move forward, they should not have to go through this extra step and the uncertainty because these projects had already been approved by USED," Commissioner of Education Robbie Fletcher said. "We expect the federal government to honor its commitments to our schools and districts.

"Compounding the problem is that in order to get the extension to spend this money from USED, school districts and KDE have signed contracts that obligated how the money would be spent. Those contracts still exist, and some hard decisions have to be made about how to pay for these projects if USED does not honor its previous commitments."

The following is how districts and KDE are being impacted by the withdrawal of previously approved ESSER funding.

Boone County, \$1,270,748.85 in funding rescinded: Boone County had already paid \$600,000 in upfront costs to purchase high-quality instructional resources in math and language arts for elementary school students. The rest of the funds the district received were already encumbered for purchases similarly related to accelerating learning post-COVID.

While Boone County Superintendent Jeff Hauswald said the district's reserve fund can help cushion the loss of the \$600,000 they have already paid, it is, "going to reduce funding for future needs."

Carter County, \$4,164,590.81 in funding rescinded: Carter County Schools budgeted approximately \$13 million of its COVID relief funding for site development for the construction of a new high school and career and technical center to help students with COVID learning loss and to prepare students for the future. The construction will allow for the closure of three outdated facilities that had significant need, including poor ventilation systems. Losing this \$4.16 million would mean having to reduce the scope of the rest of the construction project.

Caverna Independent, \$269,401 in funding rescinded: Caverna Independent's remaining COVID relief funding was being used to buy two school buses, including one for special needs students. Caverna Independent Superintendent Amanda Abell said the buses are "due to arrive any day now," even though they were ordered almost a year ago.

While the district will be able to pay for the buses using money from its contingency fund if the funding is not returned by USED, "we don't like to use the contingency fund unless we absolutely have to," Abell said.

Christian County, \$7,983,327.55 in funding rescinded: Christian County's funding would have been used to help in the construction of a new Christian County High School. The new school will consolidate two existing high schools and a local area career and technical education center into one building. This will provide exciting opportunities for students on one campus.

If the funding is not returned, Superintendent Christopher Bentzel said, "Right now, we are focused on successfully closing out the 2025-2026 school year and taking the appropriate next steps."

Clinton County, \$1,428,737.86 in funding rescinded: Clinton County is in the process of replacing damaged and moldy roofs at several district buildings, updating lighting in an auditorium at the Clinton County Early Childhood Center to be able to use the space more effectively and creating two outdoor classrooms, one at Albany Elementary and one at the early childhood center.

Superintendent Wayne Ackerman said the district has already spent more than \$400,000 that has not been reimbursed and has contracts for more than \$1 million more in construction costs. He said the impact of having to cover the \$1.4 million for this rural, high-poverty district could cause the general fund to “suffer tragically in the years to come.”

Covington Independent, \$567,357.58 in funding rescinded:

Covington Independent was spending its COVID money to upgrade the main electrical component – switch gear – that will provide electricity to the newly installed uni-vents, heaters, air handlers, etc., which significantly impacts the ventilation throughout Holmes Middle School and Holmes High School. Enhanced ventilation reduces the risk of airborne illnesses, creating a safer learning environment that can lead to increased attendance and participation.

Additionally, the updated electrical system will enable all spaces to be fully operational, allowing for extended summer educational programs to address the learning loss that occurred during COVID. The district has been waiting more than a year to receive some of the necessary parts due to supply chain issues.

Knox County, \$1,598,285.02 in funding rescinded: Knox County's COVID money was being spent on two ventilation projects – Knox County Middle School and Lynn Camp School – which both are close to

being finished. The district also purchased two buses, which can take more than a year to be delivered after ordering.

Superintendent Jeremy Ledford said the district will have to find a way to pay for the projects regardless of whether USED restores the money, otherwise the school buildings will have no heat or air conditioning.

Laurel County, \$10 million in funding rescinded: Laurel County had the most COVID money left to spend in Kentucky, with \$10 million that was designated to fund multipurpose facilities at the district's two high schools – North Laurel High School and South Laurel High School. The facilities can be used as auxiliary gyms, extra classrooms or even serve as additional cafeteria space.

Laurel County Superintendent Denise Griebel said the construction plan was approved in 2022, but COVID-related supply delays with the prefabricated steel structure means the construction is nearly half finished. The completion of the buildings can't be delayed, she said, because "it's a safety issue. We have to finish them."

"If the funding is not returned to the district," Griebel said, "they will have to look at alternative sources of funding, whether it's bond sales or using money from the general fund. The funding loss could delay other needed construction projects on the district's list and divert resources away from students."

Letcher County, \$3,001,356 in funding rescinded: Letcher County was using its remaining COVID relief money to buy 25 new buses to help replace ones that were lost during the devastating July 2022 flooding. Letcher County Superintendent Denise Yonts said the district is obligated to pay for those buses regardless of what USED decides.

"The board will have to go back to the drawing board on the budget," she said. "Right now, we have to look at the contingency and what other resources we have."

Owsley County, \$341,837.95 in funding rescinded: Superintendent Gary Cornett said the withdrawal of the funding was bad timing for his district. The almost \$342,000 was going to be drawn down three days after the letter from USED suspending payments was received.

While previous COVID relief money was used to purchase new math and English curriculums, this funding was the final payment for the renovation of restrooms across the district.

Cornett said the budget for his small district is tight enough at this time of year that, "if somebody retires, they are not likely to be replaced. It's pretty rough on us."

Perry County, \$1,267,298.09 in funding rescinded: Perry County was using this funding for an HVAC system at Buckhorn School, which was left a shell after flooding in 2022, and for canopies at Buckhorn and East Perry Elementary School. They also were ready to draw down their final payments for contractors. While Perry County Superintendent Kent Campbell said it is possible they could use reserved funding that has been set aside for other future construction projects, it would hurt other building projects they have lined up, including the construction of two new schools.

"We need all the funds we can get," he said, "funds that were promised to us in that extension."

Pike County, \$3,365,175.28 in funding rescinded: Pike County Superintendent Freddie Bowling said his district was using the almost

\$3.4 million to complete construction projects at two schools that have been suffering from overcrowding. Millard School is getting four new classrooms, while Mullins School is getting eight classrooms and a cafeteria.

Bowling said having to bond that money will impact the school district for years.

"We don't have that sitting around in general funds," he said. "We'll be making payments on it years after I'm gone. I'm obligating future superintendents and school boards."

Trigg County, \$309,301 in funding rescinded: Trigg County's remaining COVID relief money was being used to purchase two buses used to transport students with special needs. The buses were ordered about 1.5 years ago, said Superintendent Rex Booth, but you can't ask for reimbursement before the buses are delivered, which takes at least a year.

Booth said if the district has to pay for those buses out of its own funds, it could put other renovation plans on hold. For instance, he said the district is planning on starting a more than \$300,000 project to put an elevator in the high school gym to make it accessible for students with disabilities.

"We hope we don't have to push that back any," Booth said. "That's the big thing. It may take away from projects we have in store for the future for accessibility, updating curriculums, etc. (It's) a lot of money for us."

In addition to the districts, KDE had \$18 million in unspent COVID relief money that had been approved for the extended liquidation. Included in that amount were these projects:

- More than \$300,000 was to be used to help four districts enhance career and technical education for students with disabilities.
- More than \$650,000 was earmarked for 10 school districts to turn a school bus into an Early Learning Bus classroom.
- Almost \$1.7 million was to be used to expand the number of educators who could participate in the Language Essentials for Teachers of Reading and Spelling (LETRS) professional learning. LETRS equips and empowers educators with the knowledge needed to build strong foundational literacy skills.
- \$995,000 was earmarked to fund an adaptive kindergarten readiness pilot project required under House Bill 695 (2024).
- Just over \$1.4 million had been designated for projects at the Kentucky School for the Deaf, including maintenance, furniture and almost \$621,000 for a Makerspace Arts lab.
- Just over \$407,000 was to be used to expand the reach of the Kentucky Governor's School for the Arts program this summer by allowing for a second camp that expands the program's reach to about 250 more students.
- \$150,000 was to be used to expand the reach of the Kentucky Governor's School for Entrepreneurs program this summer with a second program.
- Almost \$5 million was designated to help 15 districts designated for Targeted Support and Improvement and Comprehensive Support and Improvement provide before- and after-school initiatives for students.
- Almost \$1.6 million was to be used to support summer learning for students in 13 districts designated for Targeted Support and Improvement and Comprehensive Support and Improvement.
- Almost \$4.3 million was designated for the KDE Office of

Education Technology to improve the security and efficiency of data systems, offer online registration through Infinite Campus for districts and to pay for electronic transcripts to help students in their next steps after high school graduation.