

KENTUCKY DEPARTMENT OF EDUCATION STAFF NOTE

Topic: 2025-2026 Local District Working Budgets

Date: December 2025

Action Requested: ☐ Review ☒ Action/Consent ☐ Action/Discussion

Held In: ☒ Full Board ☐ State Schools ☐ United We Learn

SUMMARY OF ISSUE BEFORE THE BOARD:

To take action on the 2025-2026 Local District Working Budgets in accordance with KRS 160.470(6)(b) and 702 KAR 3:110. The Kentucky Board of Education (KBE) is required to approve local district working budgets each year, if in accordance with administrative regulations promulgated by the KBE.

COMMISSIONER'S RECOMMENDATION:

The Commissioner recommends that the KBE approve the 2025-2026 Local District Working Budgets in accordance with KRS 160.470(6)(b) and 702 KAR 3:110. Kentucky Department of Education (KDE) staff certify that the proposed school district working budgets provided in the attached document for all 171 school districts are in compliance with KRS 160.470 and 702 KAR 3:110.

APPLICABLE STATUTE OR REGULATION:

KRS 160.470 and 702 KAR 3:110

BACKGROUND:

Existing Policy:

The KBE is required to approve the local district working budgets, if in conformity with KRS 160.470 and 702 KAR 3:110. KDE interprets "total budget" from KRS 160.470 to mean all funds that are not restricted. The contingency calculation is based on funds available to districts from the General Fund and the Food Services Fund. Restricted funds cannot be used for anything other than their specifically allocated purpose, therefore, including restricted funds in the contingency calculation would create an inaccurate figure for districts. The local district budgeting process, pursuant to KRS 160.470, is as follows:

(6)(a) Each district board of education shall, on or before January 31 of each calendar year, formally and publicly examine a detailed line item estimated revenues and proposed expenditures for the subsequent fiscal year. On or before May 30 of each calendar year, each district board of education shall adopt a tentative working budget which shall include a minimum reserve of two percent (2%) of the total budget.

(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.

702 KAR 3:110 is the regulation applicable to local district working budgets. 702 KAR 3:110, Section 2 provides:

A district board of education shall prepare a tentative and working budget showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the schools during the succeeding fiscal year, and the estimated amount that will be received from the common school fund, from taxation, and other sources. The working budget shall be disapproved by the Kentucky Board of Education if it is financially unsound or fails to provide for:

- (a) Payment of maturing principal and interest on any outstanding voted school improvement bonds of the school district, authorized and issued pursuant to KRS 162.080 and 162.090 with the written approval of the Kentucky Board of Education;
 - (b) Payment of rentals in connection with any outstanding school building revenue bonds issued for the benefit of a school district as authorized and provided under the provisions of KRS 162.120 to 162.300, 162.385 and 58.010 to 58.140, with the written approval of the Kentucky Board of Education; or
 - (c) Fails to comply with any applicable law.
- (2) The Kentucky Board of Education shall state the reason for disapproval, and the district board of education shall amend its budget to obviate the reason for disapproval and resubmit the budget to the Kentucky Board of Education for final approval.

Summary of Issue:

The Commissioner of Education certifies the local district working budgets for all 171 districts are in accordance with KRS 160.470 and 702 KAR 3:110. Included is a chart (attachment) showing each district's calculated contingency for fiscal year 2025-2026.

Budget Impact:


There is no budget impact at the state level.

GROUPS CONSULTED AND BRIEF SUMMARY OF RESPONSES:

KDE provides information and assistance to local school districts throughout the process.

CONTACT PERSON(S):

Matthew T. Ross, Associate Commissioner
Office of Finance and Operations
Email: matt.ross@education.ky.gov
(502) 564-1976



Commissioner of Education

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