

A collage of two images: the top left shows yellow school buses with 'SCHOOL BUS' written on them, and the bottom left shows a classroom with blue walls, desks, and colorful decorations.

Kentucky Board of Education Authority Over Budgets & Contracts

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Kentucky Department of
E D U C A T I O N

“Upon the recommendation of the chief state school officer or his or her designee, the state board shall ***establish policy or act*** on all matters related to programs, services, publications, capital construction and facility renovation, equipment, litigation, ***contracts, budgets***, and all other matters which are the administrative responsibility of the Department of Education.” KRS 156.070(5)



Kentucky Department of
EDUCATION

Executive Branch Budget

“Prior to submission of the formal budgetary requests of the Department of Education, established in KRS 156.010, to the Governor and executive branch, complete copies of the budget areas in the board’s jurisdiction shall be forwarded to the Kentucky Board of Education to enable it to fully investigate and review said requests and make recommendations to the Governor.” KRS 156.024.

- February 2025: Six Year Capital Planning
- March 2025: KDE’s Baseline Budget and Defined Calculations
- August 2025: Approval of Additional Budget Requests (ABR)

SEEK, BOSS & LARS



Kentucky Department of
EDUCATION

Executive Branch Budget: SEEK

24	C. DEPARTMENT OF EDUCATION			
25	Budget Units			
26	1.	SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK)		
27	PROGRAM			
1			2024-25	2025-26
2	General Fund		3,261,950,500	3,365,742,000

- SEEK distribution is a statutory formula, not discretionary.
- Additional instructions provided in the Executive Branch Budget for use of SEEK funds. For example:
 - *“Included in the above General Fund appropriation is \$7,833,100 in each fiscal year for vocational transportation.”*

Executive Branch Budget: BOSS

22	2.	OPERATIONS AND SUPPORT SERVICES		
23			2024-25	2025-26
24		General Fund	66,455,800	67,208,600
25		Restricted Funds	15,901,400	16,490,700
26		Federal Funds	465,580,300	465,718,800
27		TOTAL	547,937,500	549,418,100

BOSS: Special Instructions

- Employment of Leadership Personnel
 - KBE sole authority to determine KDE employees exempt from classified service and to set compensation comparable to competitive market.
- \$83,000/\$166,000 for Debt Service
- \$492,300 for Blind/Deaf Residential Travel
- \$3,584,000 for School Food Service
- \$1,000,000 AP Exams for FRL; \$2,600,000 AP Exams for Others
- \$500,000 School Facility Classification System
- \$5,000,000 Educator Liability Insurance
- \$250,000 SEEK Application

EXPENDITURES BY CLASS

Personnel Costs	18,887,818	19,661,718	22,870,700	23,725,300	25,056,100
Operating Expenses	21,370,467	21,486,486	25,033,000	26,189,400	26,256,200
Grants Loans Benefits	563,566,780	578,783,950	514,878,900	497,939,800	497,939,800
Debt Service	182,000	584,000		83,000	166,000
TOTAL EXPENDITURES	604,007,065	620,516,154	562,782,600	547,937,500	549,418,100

EXPENDITURES BY FUND SOURCE

General Fund	59,266,481	66,858,444	72,344,100	66,455,800	67,208,600
Restricted Funds	72,250	863,738	24,865,800	15,901,400	16,490,700
Federal Fund	544,668,333	552,793,972	465,572,700	465,580,300	465,718,800
TOTAL EXPENDITURES	604,007,065	620,516,154	562,782,600	547,937,500	549,418,100

EXPENDITURES BY UNIT

Commissioner's Office/Board of Education	2,757,000	2,943,500	3,219,600	3,228,700	3,303,500
Finance & Operations	562,133,833	572,004,610	488,305,800	494,985,300	496,162,000
Legal Services	1,170,700	1,350,700	1,315,600	1,416,700	1,446,500
Education Technology	37,700,000	37,760,200	38,387,000	38,306,800	38,506,100
West Ky State Aid Funding for Emergencies (SAFE) Fund	245,532	6,457,144	11,554,600		
EKY SAFE Fund			20,000,000	10,000,000	10,000,000
TOTAL EXPENDITURES	604,007,065	620,516,154	562,782,600	547,937,500	549,418,100

**Department of Education
Operations and Support Services
Legal Services**

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026	
SOURCE OF FUNDS						
General Fund						
Regular Appropriation	1,115,300	1,350,700	1,155,000	1,310,800	1,340,600	
State Salary and Compensation Allocation			42,400			
Current Year Appropriation	55,400					
Reorganization Adjustment						
Total General Fund	1,170,700	1,350,700	1,197,400	1,310,800	1,340,600	
Restricted Funds						
Balance Forward	105,602	105,602	118,200			
Current Receipts		12,557		105,900	105,900	
Non-Revenue Receipts						
Total Restricted Funds	105,602	118,159	118,200	105,900	105,900	
TOTAL SOURCE OF FUNDS	1,276,302	1,468,859	1,315,600	1,416,700	1,446,500	★
EXPENDITURES BY CLASS						
Personnel Costs	1,150,700	1,330,700	1,284,600	1,385,700	1,415,500	
Operating Expenses	20,000	20,000	31,000	31,000	31,000	
Grants Loans Benefits						
TOTAL EXPENDITURES	1,170,700	1,350,700	1,315,600	1,416,700	1,446,500	★
EXPENDITURES BY FUND SOURCE						
General Fund	1,170,700	1,350,700	1,197,400	1,310,800	1,340,600	
Restricted Funds			118,200	105,900	105,900	
TOTAL EXPENDITURES	1,170,700	1,350,700	1,315,600	1,416,700	1,446,500	★

Executive Branch Budget: LARS

8	3. LEARNING AND RESULTS SERVICES		
9		2024-25	2025-26
10	General Fund	1,389,091,500	1,527,070,500
11	Restricted Funds	27,991,300	31,761,700
12	Federal Funds	1,383,403,400	619,447,200
13	TOTAL	2,800,486,200	2,178,279,400

	Department of Education Learning and Results Services				
	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,084,786,100	1,191,944,300	1,267,839,300	1,389,091,500	1,527,070,500
State Salary and Compensation Allocation			2,713,500		
Special Appropriation			170,000	5,000,000	5,000,000
Current Year Appropriation	2,210,800				
Continuing Approp-General Fund	44,335	401,734	17,195,400		
Reorganization Adjustment			(2,500,000)		
Other					
Total General Fund	1,087,041,235	1,192,346,034	1,285,418,200	1,394,091,500	1,532,070,500
Restricted Funds					
Balance Forward	12,602,670	11,437,386	13,945,500	10,533,100	6,349,100
Current Receipts	2,069,380	3,865,298	4,070,200	5,424,500	6,486,200
Non-Revenue Receipts	16,675,650	15,725,531	18,000,000	18,382,800	18,926,400
Fund Transfers	(4,000,000)				
Total Restricted Funds	27,347,700	31,028,215	36,015,700	34,340,400	31,761,700
Federal Fund					
Balance Forward	2,961,702	1,253,261	2,654,200		
Current Receipts	1,518,640,840	1,358,816,177	1,516,616,300	1,383,403,400	619,447,200
Total Federal Fund	1,521,602,542	1,360,069,438	1,519,270,500	1,383,403,400	619,447,200
TOTAL SOURCE OF FUNDS	2,635,991,478	2,583,443,687	2,840,704,400	2,811,835,300	2,183,279,400

EXPENDITURES BY UNIT

Continuous Improvement & Support	1,338,266,438	1,173,379,012	1,305,718,000	1,185,887,900	422,433,400
Special Education & Early Learning	303,141,951	306,341,182	328,574,100	316,898,200	318,729,700
Educator Licensure and Effectiveness	3,186,556	4,052,617	5,649,800	6,208,600	8,520,700
Assessment & Accountability	19,384,496	21,987,835	25,763,700	27,220,500	27,303,300
Teaching and Learning	81,254,627	77,836,882	114,933,300	129,222,800	130,639,700
Career & Technical Education & Student Transition	103,293,345	166,145,286	178,314,000	175,020,300	176,054,900
Local District Health and Life Insurance	753,744,119	777,716,614	850,614,600	944,316,300	1,078,212,500
State Schools	19,458,228	20,791,794	20,603,800	20,711,600	21,385,200
TOTAL EXPENDITURES	<u>2,621,729,760</u>	<u>2,548,251,222</u>	<u>2,830,171,300</u>	<u>2,805,486,200</u>	<u>2,183,279,400</u>

Budget Summary...

- KBE reviews and approves the KDE budget request.
- General Assembly passes a budget with appropriations to KDE.
- Office State Budget Director provides a budget detailing expenditures by fund source, class, and working unit.
- KDE must operate within the budget prescribed by the Office of State Budget Director, and funding source conditions (e.g. federal funds). Limited discretion is left to the Commissioner.



Kentucky Department of
EDUCATION

Contracts

- Unlike local boards of education which must act on all contracts, the KBE may either “establish policy or act on” all contracts. Since KERA in 1990, the KBE established and followed the policy of delegating contracting authority to the Commissioner.
- KDE enters into approximately 400-500 contracts annually.

Kentucky Model Procurement Act

- Finance & Administration Cabinet Office of Procurement Services ensures all agencies comply with the Model Procurement Act by reviewing and approving (or denying) each KDE contract.
 - KDE must comply with [KRS Chapter 45A](#), [Finance Cabinet Purchasing Regulations](#), and [Finance Cabinet Procurement Policies](#).
 - Note that unlike local school districts which must only comply with a portion of the Model Procurement Act if adopted by the local board, KDE must comply with the *entirety* of the Model Procurement Act.
 - The Model Procurement Act ensures:
 - Fairness & Competition
 - Standardization
 - Transparency
 - KDE staff responsible for receiving, reviewing, and scoring proposals are prohibited from disclosing any information about the proposals.

Government Contract Review Committee

- Legislative committee to review each state agency contract.
- “All proposed personal service contracts, tax incentive agreements, and memoranda of agreement received by the Legislative Research Commission shall be submitted to the committee to: [...] (b) Examine whether the service could or should be performed by state personnel, for personal service contracts and memoranda of agreement; (c) Examine the amount and duration of the contract or agreement; and (d) Examine the appropriateness of any exchange of resources or responsibilities.” KRS 45A.705.
- KDE must appear before GCRC and answer any questions about agency contracts.
- GCRC may find that the contract should not go into effect. If this occurs the Finance Cabinet Secretary makes a final determination.

External Audits

- Any entity receiving federal funds of \$750,000 or more annually, regardless of source, must undergo a “single audit” to ensure the entity has appropriate internal controls in place and spends funds in compliance with applicable law.
 - Statewide Single Audit of Kentucky (SWAK)
- Program Audits by U.S. Department of Education, U.S. Department of Agriculture, Office of Education Accountability, and others.
- Additional APA audit authority “at such other times as may be deemed expedient.”
- Audit results are routinely reported to KBE. Example: [June 2025 Report](#)

Questions?



Kentucky Department of
EDUCATION