



Steven L. Beshear
Governor

Terry Holliday, Ph.D.
Commissioner of Education

**EDUCATION AND WORKFORCE DEVELOPMENT CABINET
DEPARTMENT OF EDUCATION**

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December 2, 2013

Governor Steven L. Beshear
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Senator Robert Stivers, II
700 Capitol Avenue
Capitol Room 324
Frankfort, Kentucky 40601

Representative Greg Stumbo
702 Capitol Avenue
Annex Room 303
Frankfort, Kentucky 40601

RE: Support for additional revenues and funding for FY 15 and FY 16

Gentlemen:

On October 8, 2013, the Kentucky Board of Education (KBE) approved the 2014-2016 Biennial Budget Request for the Kentucky Department of Education (KDE). This official request was submitted by KDE staff to the Governor's Office of the State Budget Director (OSBD) and the Legislative Research Commission (LRC) in November and is working its way through the normal budget process.

It is important to make you aware of the fact that this particular budget request is uniquely different from the last two biennial budget requests from the KBE/KDE. Historically, our budget request has asked for all possible educational priorities to be funded; however, this time we made a very deliberate and concerted effort to focus only on the most essential priorities that provide the maximum benefit and most flexibility to our school districts across the state.

The request contains five key priorities that will enable our school districts to make significant advances in ensuring that all students in public education are college- and career-ready in accordance with Senate Bill 1 (2009). Unanimous consensus exists among all our educational partners, including school districts and professional organizations representing teachers, administrators, superintendents and local boards of education, for the top three (3) priorities of additional funding for SEEK, Flexible Focus Grants and Technology. This unprecedented level of support for these three (3) funding priorities exists because providing K-12 with this additional funding would essentially restore us to FY 2008/09 levels. This is important because these were the funding levels upon which K-12 relied upon at that time in order to initiate successful implementation of Senate Bill 1 (2009). In addition, there

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is also strong support for the two other program-specific priorities relating to Career Readiness and District Turnaround Support. The KBE also supports an additional KDE-specific capital budget priority for facilities funding for the state schools under KDE. A one-page summary of these priorities is attached.

The KBE and I also recognize that, based upon current revenue estimates and under the current General Fund revenue structure, inadequate funding is available to support such funding needs; however, this is a critical time for K-12 education in Kentucky and we respectfully request your support during the upcoming legislative session, in order to obtain additional revenues and funding dedicated toward K-12 education. The foundational work by the Governor's Blue Ribbon Commission on Tax Reform provides some key recommendations that could help inform this process. For example, imposing a gross receipts tax of 1 percent on both residential and business utilities could conservatively provide 101.5 million dollars a year in additional General Fund revenue, which could easily support most, if not all, of the KBE's requested priorities. As Commissioner of Education, I have also supported putting a constitutional amendment for gaming on the ballot, in the hopes of allowing public citizens to determine whether to provide additional tax revenues through that process for critical priorities such as K-12 education. However, I recognize the potential challenges with this issue.

I welcome an opportunity to discuss these and other potential strategies for increased K-12 funding with you at your convenience. On behalf of the KBE/KDE and all of the education partners who support these priorities, I thank you for your strong leadership on behalf of K-12 education during the last few years, including support and passage of Senate Bill 1 (2009), and look forward to your continued support.

Sincerely,



Terry Holliday, Ph.D.

Attachment

Budget Priorities

KBE/KDE Budget Priority	Description	FY 15*	FY 16*	Total*
1	SEEK Funding An increase in the current SEEK funding (\$3,827 per pupil) to restore base funding to FY09 levels (\$3,866 per pupil), or higher.	\$60,000,000	\$90,000,000	\$150,000,000
2	Flexible Focus Grants Restore Professional Development, Safe Schools, Extended School Services, Textbooks (hardcopy and digital) and Preschool to FY08 Levels.	\$61,000,000	\$61,000,000	\$122,000,000
3	Technology <ul style="list-style-type: none"> Increase current bandwidth capacity to enhance the learning experience of all students (\$5.8M a year) Kentucky Education Technology System (KETS) funding to support state technology shared services to all school districts (\$3.1M a year) Debt service for Instructional Device Replacement funding (desktops, laptops and mobile devices for students) (\$11.4M a year to support a single \$50 M bonded project) 	\$20,300,000	\$20,300,000	\$40,600,000
4	College and Career Readiness <ul style="list-style-type: none"> 30 additional teachers and new equipment for State Area Technology Centers (\$3.1M a year) Kentucky Occupational Skill Standards Assessments (KOSSA) used to measure technical skill attainment (career readiness) of students upon completion of a technical program (\$240,000/FY 15 and \$264,000/FY16) Additional funding for Local Area Vocational Centers (\$3.3 M a year) ACT/WorkKeys assessments (\$1,115,500 a year) 	\$7,755,500	\$7,779,500	\$15,535,000
5	District Turnaround Support Funding to assist schools and districts in need of school improvement and turnaround, especially in persistently low achieving schools (\$3,400,000/FY15 and \$4,770,000/FY16)	\$3,400,000	\$4,770,000	\$8,170,000
Total		\$152,455,500	\$183,849,500	\$336,305,000

*All numbers are estimates and may be revised through the budget process.

*The Kentucky Board of Education also approved as a priority, a companion request for the 6-year Capital Plan, which includes several million dollars in capital funding for the Kentucky School for the Deaf, Kentucky School for the Blind, and the FFA Camp.