Steven L. Beshear
Governor

Terry Holliday, Ph.D.
Commissioner of Education

EDUCATION AND WORKFORCE DEVELOPMENT CABINET
DEPARTMENT OF EDUCATION

Capital Plaza Tower • 500 Mero Street • Frankfort, Kentucky 40601
Phone: (502) 564-4770 • www.education.ky.gov

February 12, 2015

Mary Lassiter, Secretary
Governor's Executive Cabinet
700 Capitol Avenue, Suite 106
Frankfort, KY 40601

RE: Request to increase the FY 2015 SEEK Appropriation to Cover a Shortfall

Dear Secretary Lassiter:

Pursuant to KRS 157.310 et seq., the Kentucky Department of Education (KDE) has substantively completed its calculations of Final SEEK for FY 2015 and determined that there will be a fiscal shortfall of almost eight (8) million dollars in SEEK funding this year. This shortfall is not a budget reduction, but represents the amount by which the actual SEEK formula-generated needs of school districts exceed the appropriated amount for FY 2015. In other words, the full amount of funding appropriated by the General Assembly will still be distributed to school districts, but is inadequate.

Pursuant to KRS 157.430 and 702 KAR 3:270, KDE is required to make a pro-rated reduction in Final SEEK distributions for the year. However, House Bill 235, as promulgated during the 2014 Regular Session, notes in pertinent part under Part 1, C.1 (2):

> Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose, except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. *If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with the approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act and KRS Chapter 48.*
> *(Emphasis added.)*

Based upon the information in the Quarterly Economic and Revenue Report for the second quarter of FY 2015, it appears that the state General Fund revenues are improving and could end the year with a surplus. Accordingly, an opportunity may be available to alleviate this shortfall. Therefore, in my capacity as Commissioner of Education, I respectfully request that the SEEK appropriation be increased to cover the SEEK shortfall in FY 2015, in order to alleviate the financial burden that this shortfall will place upon our school districts.

Thank you for your consideration of this matter.

Sincerely,

Terry Holliday, Ph.D.

cc: Lori Flanery, Finance Secretary
Jane Driskell, Budget Director