



**Office of State Budget Director**

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**Jane C. Driskell**  
**State Budget**  
**Director**

**Steven L. Beshear**  
**Governor**

Governor's Office for Policy and Management  
Governor's Office for Economic Analysis  
Governor's Office for Policy Research

March 9, 2015

Terry Holliday, Ph.D.  
Commissioner  
KY Department of Education  
500 Mero Street, 1<sup>st</sup> Floor  
Frankfort, Kentucky 40601

Dear Commissioner Holliday:

I have received your letter requesting to increase the SEEK appropriation to alleviate the fiscal year 2014-15 shortfall of approximately \$8 million. As your letter stated, the Executive branch biennial budget bill provided the authority for you to make this request.

Funding the SEEK formula continues to be the Governor's highest priority as evidenced by the commitment in the Governor's budget for this biennium. As you mentioned in your letter, the interim estimate as reported in the Quarterly Economic and Revenue Report for the second quarter does indicate that the fiscal situation of the Commonwealth has solidified considerably. The report shows that General Fund receipts are now projected to surpass the enacted estimates by approximately \$8 million in FY15. In essence, the General Fund is basically projected to be on target to meet the official estimate. However, for the first time the financing of Necessary Government Expenses (NGE), which have averaged \$44 million over the past three fiscal years, is entirely from the Budget Reserve Trust Fund, since the Commonwealth ended fiscal year 2013-14 with no General Fund surplus. As you know, Necessary Government Expenses include expenditures such as calling out the National Guard to assist with natural disasters, costs of fighting forest fires, and paying for more incarcerated felons that budgeted. It is our current expectation that this fiscal year NGE requirements will be at least as much as recent years. So preserving the health of the Budget Reserve Trust Fund is another issue to which we must pay close attention.

Therefore, your request is premature at this time. We will continue to closely review the Commonwealth's budget situation as we move closer to the end of the fiscal year to determine what options, if any, we may have.

Commissioner Terry Holliday  
March 9, 2015  
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I appreciate the attention and advocacy that your leadership provides on behalf of all of Kentucky's school districts. I look forward to working with you as we address the fiscal challenges that continue to face the Commonwealth.

Sincerely,

A handwritten signature in blue ink that reads "Jane C. Driskell". The signature is written in a cursive style with a large initial "J".

Jane C. Driskell  
State Budget Director

cc: Secretary Mary Lassiter, Governor's Executive Cabinet  
Secretary Lori Flanery, Finance and Administration Cabinet