

FY 2014-2016
Agency Biennial Budget Request

Kentucky
Department of Education



Presentation Revised
January 21, 2014

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) (\$11.4 M 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.

SEEK Funding

- ❖ An increase in the current SEEK (\$3,827 per pupil) to restore per pupil funding to FY09 levels (\$3,866) or higher. This increase in funding will provide districts with additional general funds and allow each district to allocate such funds to the areas of greatest need at the local level.

FY15 - \$60,000,000

FY16 - \$90,000,000

Historical Trends for SEEK Funding

The actual SEEK per Pupil has declined since FY 2009 . . .

FY 2009	\$3,866
FY 2013	\$3,833
<u>Net Change</u>	<u>-\$33</u>

. . . while the Annual Average Daily Attendance (AADA) has increased:

FY 2009	589,846.79
FY 2013	599,872.34
<u>Net Change</u>	<u>10,025.55</u>

. . . And the gap between the most spent per pupil (by district) in the state and the least spent per pupil (by district) has increased:

FY 2009 Difference was \$8,719.
 FY 2013 Difference was \$11,338. (unaudited)

Net Change \$2,619.

In addition, under the SEEK formula, state effort has declined . . .

State Contribution (SEEK, Tier One, Transportation)

FY 2009	\$2,461,236,248
FY 2013	\$2,397,016,693
<u>Net Change</u>	<u>-\$64,219,555</u>

. . . while local effort has increased:

Local Effort

FY 2009	\$825,184,656
FY 2013	\$872,904,155
<u>Net Change</u>	<u>\$47,719,499</u>

Flexible Focus Grants

- ❖ Restore Professional Development, Safe Schools, Extended School Services, Textbooks and Preschool to FY08 Levels. This request will provide each school district with both the funding and the flexibility to target such funding to the greatest areas of need at the local level. All the numbers below are annual figures.
 - ❖ Professional Development – additional \$9,709,300*
 - ❖ Safe Schools – additional \$6,220,900
 - ❖ Extended School Services – additional \$19,558,000
 - ❖ Textbooks – additional \$21,700,100
 - ❖ Preschool – additional \$3,811,700

FY15 - \$61,000,000

FY16 - \$61,000,000

** The professional development portion of Flexible Focus Funding can be targeted towards specific expenditures for PGES, therefore PGES has been removed as a stand-alone funding item.*

Historical Trends for Flexible Focus Grants

Total state appropriations for Flexible Focus Grants (Professional Development, Safe Schools, Extended School Services, Textbooks and Preschool) have gone down since FY 2008:

FY 2008	\$154,099,600
FY 2013	\$ 93,143,900
<u>Net change</u>	<u>-\$60,955,700</u>

Technology

- ❖ Increase current bandwidth capacity to enhance the learning experience of all students. This is done by connecting them to rich instructional tools and content available on-line and across the KEN network. KEN also provides teachers and administrators access to information and tools needed to be effective teachers, leaders, and decision makers (#1 area of concern in the Tell Survey).

FY15 - \$5,800,000

FY16 - \$5,800,000

- ❖ Restore Kentucky Education Technology System (KETS) funding to FY09 levels. KETS monies are used to support state technology shared services to all school districts and allow for specific technology offers of assistance directly to the school districts based on average daily attendance. The KETS program has been a widely successful program and funding has been historically stable, until recent years. This additional funding would restore prior cuts and keep Kentucky education technology competitive on the national forefront.

FY15 - \$3,100,000

FY16 - \$3,100,000

- ❖ Debt service for Instructional Device Replacement funding which provides content delivery devices (desktops, laptops and mobile devices) to students for instruction in the 21st century model of digital learning. This supports a \$50,000,000 bonded project in the Capital Budget. As an estimate, the number below assumed an annual debt service payment of 11.4 million a year over 5 years for the bond:

FY15 - \$11,400,000

FY16 - \$11,400,000

Historical Trends for Technology Funding

Total state appropriations for education technology (KETS and KEN) have declined since FY 2008:

FY 2008	\$39,800,000
FY 2013	\$31,528,900
<u>Net change</u>	<u>-\$8,271,100</u>

College and Career Readiness

- ❖ Additional faculty and new equipment for Area Technology Centers. There are over 30 empty classrooms/labs across the state in area technology centers because of a lack of funding to hire enough Career and Technical Education (CTE) teachers. This request will allow for CTE to hire approximately 35 teachers in programs aligned to Kentucky's high-demand, industry sectors, including Automobile/Aircraft Manufacturing, Business Services, Energy, Health Care and Transportation/Distribution/Logistics. It would also provide urgently needed equipment for CTE classrooms, such as welders, robotic equipment, milling machines, bandsaws, drill presses, plasma cam cutters, and mill lathes to upgrade CTE classrooms across the state.

FY15 - \$3,100,000

FY16 - \$3,100,000

- ❖ Kentucky Occupational Skill Standards Assessments (KOSSA). Under the new Accountability model, school districts must move 50 percent of high school graduates who are not college and/or career-ready to college and/or career-ready by 2015. The KOSSA are used to measure technical skill attainment (career readiness) upon completion of a technical program and will assist with this effort.

FY15 - \$240,000

FY16 - \$264,000

College and Career Readiness – cont.

- ❖ Local Area Vocational Education Centers. Several districts have added new local area vocational centers and programs and are requesting state funding to help support these initiatives under 702 KAR 2:140. These initiatives will help to provide students with more career preparation programs and improve career readiness.

FY15 - \$3,300,000

FY16 - \$3,300,000

- ❖ ACT/WorkKeys assessments measure a student's ability to achieve a Silver, Gold, or Platinum National Career Readiness Certificate (NCRC). Students holding the NCRC will also assist Kentucky counties that are pursuing the status of Work Ready Communities, which is an initiative to bring businesses to the Commonwealth.

FY 5 - \$1,115,500

FY16 - \$1,115,500

District Turnaround Support

- ❖ Education Recovery Staff will assist schools and districts in need of school improvement and turnaround, especially in priority (persistently low achieving) schools.

FY15 - \$3,400,000

FY16 - \$4,770,000

Governor's Budget Goal: Improve Kentucky's Competitiveness

- ❖ Grow jobs
- ❖ Enhance education funding
- ❖ Continue progress in early childhood education
- ❖ Provide healthcare for most vulnerable
- ❖ Protect the public's safety
- ❖ Make fiscally responsible and critical investments for the future
- ❖ Run a lean and efficient government

Budget Challenges

- ❖ Increasing, but modest revenues
- ❖ Increasing costs to maintain same services
- ❖ Cumulative impact of seven consecutive years of budget cuts

Making Critical Investments to Protect Priorities

- ❖ Many agencies reduced 5% in FY 15 and straight-lined in FY 16
- ❖ Lesser reductions in some areas (2.5%)
- ❖ Priority areas straight-lined or increased

Making Critical Investments: Competitiveness through Education

- ❖ Increases SEEK funding: \$71 million in FY15 and \$118 million in FY16
 - ❖ Includes 2% raise in FY15 and 1% raise in FY16 for all local school district personnel
 - ❖ Highest-ever base per-pupil guarantee: \$3,911 in FY 15 and \$3,981 in FY 16
- ❖ Restoration of Flexible Focus Grants: \$47.7 million each year
 - ❖ Funds textbooks, professional development, extended school services and safe schools
- ❖ Expands Pre-school: \$18 million each year
 - ❖ Expands eligibility for 4-year-olds to 160% of Federal Poverty Level
 - ❖ 5,125 more children will be served (22% increase)
- ❖ Funds \$100 million School Facilities Bonds for school construction
 - ❖ Authorizes additional \$100 million Offers of Assistance
- ❖ Replace aging school technology: \$50 million in bonds

Making Critical Investments: Competitiveness through Education

- ❖ Expand AdvanceKY:
 - ❖ \$2 million to expand access to college-level work in high school
 - ❖ Improves access to participation in AP courses, especially for underserved populations
 - ❖ Expands program to 10 additional high schools
- ❖ Gatton Academy of Mathematics and Science at WKU: \$2 million in FY16 for 80 additional students
- ❖ Expand Governor's School for the Arts, Governor's Scholars programs:
 - ❖ Funds 100 new students in each program for a total \$1.28 million over two years
 - ❖ \$380,000 each year for Governor's School for the Arts
 - ❖ \$263,000 each year for Governor's Scholars Program
- ❖ Provides increase in health insurance funding to support 2% increase each plan year
 - ❖ \$21.7 million in FY15 and \$35.1 million in FY16

Key Financial Initiatives

Local School Board Training

The Kentucky Board of Education (KBE) approved amendments to 702 KAR 1:115 to include mandatory annual training requirements in ethics, finance and superintendent evaluation. The Kentucky School Board Association (KSBA) partner in the implementation of such efforts.

Superintendent Evaluations

KDE has requested that, by December 2013, all superintendents document, as part of their annual evaluation, that they have had discussions with their respective local boards about programmatic delivery targets, budget and support, and fiscal resources.

Finance Officer Qualifications

There are no minimum educational attainment or experience levels for district finance officers. KDE plans to request statutory changes during the upcoming session, allowing the KBE to promulgate administrative regulations establishing certain minimum qualifications for district finance officers. The Kentucky Association of School Business Officials (KASBO) is supportive of these efforts.

External Auditor Training

KDE recently coordinated with the Office of the Auditor of Public Accounts (APA) to provide enhanced financial and audit training for external school district auditors. The KDE and APA will continue to partner in such efforts moving forward.

District Process Improvement

KDE has teamed up with the Kentucky Association of School Administrators (KASA) to focus on process improvement at the district level. KASA will work with school districts to implement Process and Performance Management (PPM), benchmarking and best practices and empower districts to improve efficiency and effectiveness in operational areas.

Best Practices Website

KDE has created a “Best Practices Website” to allow districts to access best practices from across the state. Any teacher, school or district may submit a best practice for consideration. To date, more than 40 best practices related to school operations have been posted to the website.

District Expenditures

Example: Personnel

(Personnel is the single largest expenditure at the district level)

Statewide Total – All Personnel
\$3,499,617,510

Statewide Total - Central Office
\$139,550,091 (4%)

Source: Professional Staff Data (PSD) and Classified Staff Data (CSD) submissions for school year 2012-13.

Questions ?

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