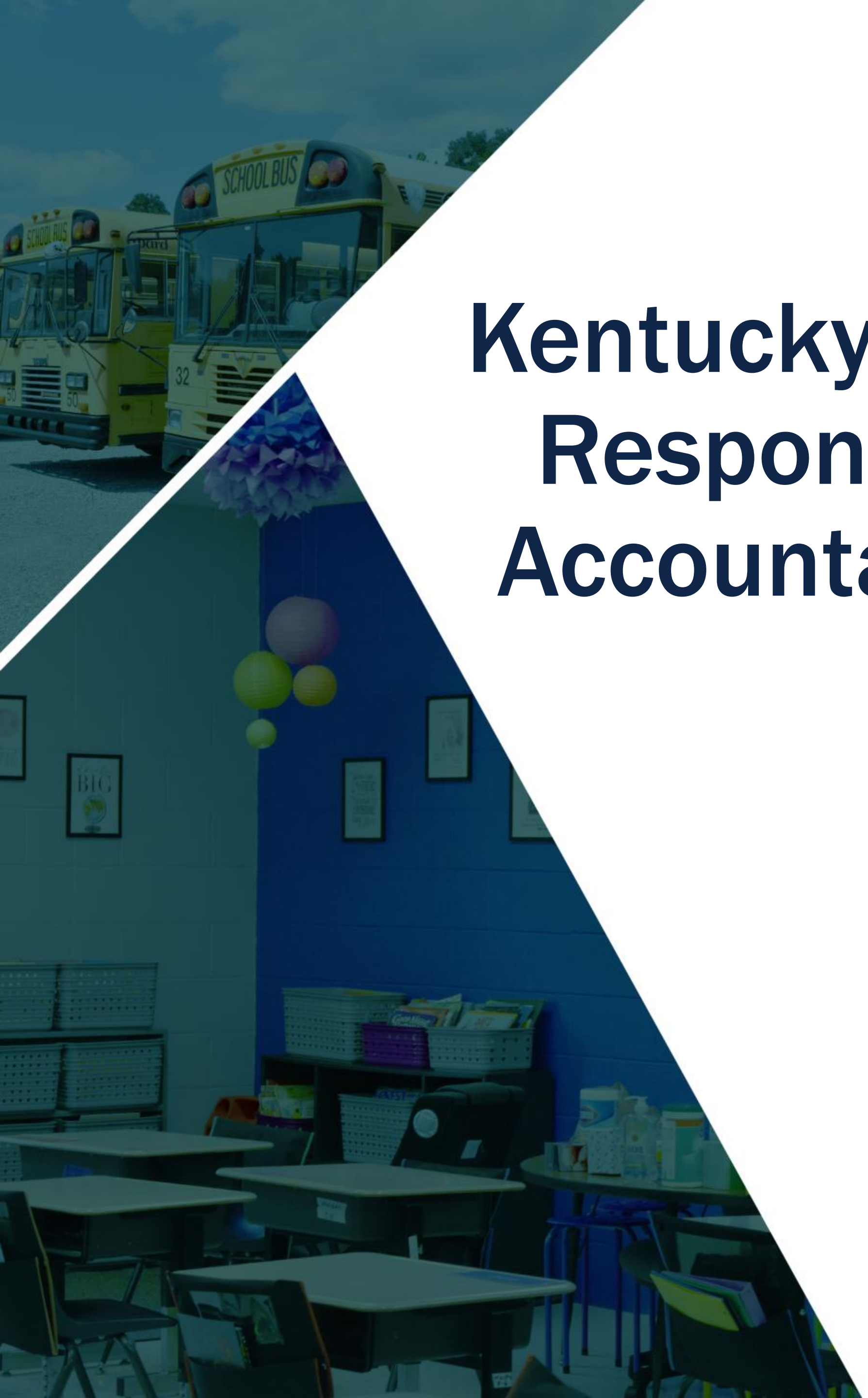


# Kentucky Department of Education Response to Office of Education Accountability Recommendations

Matt Ross, Associate Commissioner,
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Kentucky Department of EDUCATION

# Recommendation 3.2, Kentucky Public School Employee Staffing Shortages (2023)

“The Kentucky Department of Education (KDE) should work with school districts to collect data on districts’ contract staff annually. For the EDFacts data submission that is required by the US Department of Education, KDE should ensure it is complying with the EDFacts data standards. These standards include submitting the number of districts’ full-time equivalent contract staff and the correct job classifications for district staff.”

# KDE Response

- The overwhelming majority of “contract staff” in school districts are employees (certified and classified) which are annually reported to KDE via the Professional Staff Data (PSD)/Classified Staff Data (CSD) report through MUNIS, a statewide accounting system used by all school districts.
- The ED*Facts* data standards indicate: “The distinction between staff reported and not reported is whether the service is part of the district’s regular operation or if it is a non-regular service.”
- Therefore, ED*Facts* does not require the reporting of every individual providing services to a school district via contract.
- KDE understands OEA is using the term “contract staff” in this recommendation to mean the very small number of individuals providing regular operation services in a school district who are not employees of the district.

# KDE Response continued

- The collection of data on non-employees of school districts would be inconsistent and burdensome on school districts to track.
  - For example, a school district may hold a contract with a business entity for a single individual or several individuals, who are not employees of the district, to provide regular operation services.
- KDE contacted Ed*Facts* and updated our State Submission Plan (SSP) with the understanding that KDE has not historically reported non-employee contractors and would not include this type of contractor in future submissions. Ed*Facts* acknowledged that this was acceptable.

# Recommendation 4.12, Funding Kentucky Public Education: An Analysis of Education Funding Through the SEEK Formula (2021)

"The Kentucky Department of Education should require districts to record their district activity funds on their annual financial reports."

# KDE Response

- Recommendation 4.12 refers to both district activity funds and school activity funds and states in part:
  - "KDE does not require that districts' activity funds be recorded in MUNIS. Although school activity funds are mandated, they were not all entered into MUNIS for the FY 2020 annual financial report. OEA recommends that KDE mandate the recording of district activity funds in MUNIS, due to equity concerns."
- School activity funds and district activity funds are not the same.

# District Activity Funds

- District activity funds *"...are used to support its cocurricular and extracurricular activities...are administered by the school district.. (and) the district determines how the funds are spent."* [1]
- Examples include: Athletics, band uniforms, book fairs, and school plays
- Not all districts generate district activity funds.
- School districts that do generate district activity funds are required to include the district activity fund in their Annual Financial Report and Balance Sheet.

[1] https://nces.ed.gov/pubs2009/fin_acct/chapter8_1.asp

# School Activity Funds

- 702 KAR 3:130 defines “School activity funds” as “all school funds including funds derived from fundraising activities sponsored under the auspices of the school and does not mean funds raised or received by organizations that do not come under the direct supervision of school authorities.”
- 702 KAR 3:130 does not require school districts to record school activity funds in MUNIS, but a school district may choose to do so.

# School District Audits

- The State Committee for School District Audits (SCSDA) determines the parameters of annual school district audits performed by approved independent auditors in an annual “Audit Contract.”
- SCSDA is comprised of the Governor, or a person designated by him, the Attorney General, the Auditor of Public Accounts, a person designated by the Legislative Research Commission to represent the Office of Education Accountability, and the Commissioner of Education.
- The 2025-2026 Audit Contract requires the audit of school districts to include Fund 21 (Special Revenue District Activity Fund (annual)), Fund 22 (Special Revenue District Activity Fund (multi-year)), Fund 23 (Special Revenue Academy Fund (annual)), and Fund 25 (Special Revenue Student Activity Fund (annual)).
- The independent auditors are responsible to ensure that the appropriate recording is being done at the school district to be compliant with the requirements of the audit contract.

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# Next Steps

- KDE will communicate with school districts and their independent auditors to reemphasize the requirements regarding district activity funds.