

BUDGET REVIEW SUBCOMMITTEE ON GENERAL GOVERNMENT, FINANCE, PERSONNEL, AND PUBLIC RETIREMENT

Minutes of the 4th Meeting of the 2026 Interim

October 7, 2026

Call to Order and Roll Call

The fifth meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement was held on October 7, 2026, at 9:00 AM ET/8:00 AM CT in Room 129 of the Capitol Annex. Senator Scott Madon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Scott Madon, Co-Chair; Representatives Chris Freeland, Co-Chair; Walker Thomas, Co-Chair; Senators Michael J. Nemes and Reginald L. Thomas; and Representatives Al Gentry, Erika Hancock, Mark Hart, Kevin Jackson, and Matt Lockett.

Guests: Kristi Russell, Executive Director, SFCC.

LRC Staff: Hunter May, Emma Mills, David Talley, and Jennifer Luttrell.

Approval of Minutes

A motion was made by Representative Freeland and seconded by Representative Thomas to approve the minutes of the September 2, 2026, meeting. Minutes were approved by voice vote without objection.

School Facilities Construction Commission (SFCC)

Kristi Russell, SFCC Executive Director, briefly outlined SFCC's role.

In response to Senator Thomas, Director Russell emphasized the financial benefits of consolidating support into a single county district. However, she acknowledged that topographical challenges may necessitate two districts in certain areas, as some students face long travel distances, and high student populations may require division. Stakeholders must collaborate on solutions that ensure all students are in safe facilities. Consolidating underutilized schools—particularly in districts designed for 1,000 students but only serving 500—could yield significant savings. Furthermore, district resource sharing in Career and Technical Education (CTE) programs could be highly effective if neighboring districts centralize CTE facilities properly.

In response to Representative Lockett, Director Russell said in 2023 that the total cost for design and architects on a \$29 million school was \$1.5 million in architect fees. For any project, the typical percentage would be 10% or less.

In response to Representative Thomas, Director Russell confirmed that SFCC participated in the Christian County schools consolidation, which went to the eighth level.

Representative Jackson commented that Warren County built three new elementary schools during his five years on the board. Warren County was growing quickly, and they used the same basic footprint and architectural design for all three, which saved a

considerable amount of money.

In response to Chair Madon, Director Russell explained that school construction standards involve far more rules and regulations than residential building, resulting in costs of \$150 to \$500 per square foot. Factors such as COVID-19, tariffs, supply chain issues, labor shortages, land acquisition, and unforeseen challenges have all contributed to these costs. Over the past two bienniums, the School Facilities Construction Commission (SFCC) has received only \$40 million, which is \$60 million less than in previous years. This funding reduction has made it harder for school districts already struggling with budget cuts. SFCC does not allocate funds for athletics.

In response to Representative Hancock, Director Russell noted that SFCC has an emergency fund to help districts like Frankfort Independent with facility needs when tax-based funding falls short. Establishing standards will require collaboration between legislators and districts. Representative Jackson's model, in which Warren County used a unified funding base, could also save costs.

In response to Representative Jackson, Director Russell explained that SFCC receives state appropriations to issue bonds for school districts, provided in two annual payments over 20 years, and that these funds are intended to support mortgage payments for qualifying projects. Each district identifies its priority projects within its District Facility Plan (DFP) and often must consolidate funding offers to expedite construction. However, even significant

amounts are affected by interest rates; for example, Martin County bonds were recently sold at 5.2 percent. This funding was essential, especially after the county experienced substantial losses in prior bond sales. Unfortunately, districts cannot control these external factors, and Martin County lost several hundred thousand dollars because it could not sell bonds the previous week.

In response to Representative Gentry, Director Russell explained that the SFCC was originally established to maintain buildings. However, as funding decreased and construction costs increased, the situation became problematic again. Addressing these issues will require spending money and taking on debt. If you issue \$100 million in bonds, you will end up paying \$60 million in debt.

Adjournment

With no further business to come before the committee, the meeting adjourned.