
RELATES TO: KRS 160.345(8)
STATUTORY AUTHORITY: KRS 156.070(4), 160.345(8)
NECESSITY, FUNCTION, AND CONFORMITY: KRS 160.345(8) requires that the Kentucky Board of Education promulgate an administrative regulation which establishes a formula by which school district funds shall be allocated to each school council. This administrative regulation establishes the school council allocation formula for use by local school districts utilizing the Kentucky Education Technology System (KETS) District Administrative System Chart of Accounts per 702 KAR 3:120.

Section 1. Definitions.
(1) "Categorical programs" means programs under which funding and uses for the funding are specifically set by the funding authority and are not in the general fund.
(2) "District average certified teacher’s salary" means the dollar value determined by dividing paragraph (a) of this subsection by paragraph (b) of this subsection, with:
(a) Equal to the total of all salaries paid to certified personnel working noncategorical programs in the district for 185 days or a different number of days as required by the General Assembly; and
(b) Equal to the total number of certified personnel working in non-categorical programs in the district.

Section 2. (1) The local school district shall provide notice to school councils of a tentative allocation by March 1 and notice of an updated allocation by May 1 of each year for the funds and positions identified in Sections 4, 5, 6, and 8 of this administrative regulation for the next budget year in accordance with this administrative regulation.
(2) The local school district shall provide to school councils an allocation pursuant to Section 7 of this administrative regulation for the next budget year by May 30 of each year in accordance with this administrative regulation.

Section 3. The local school district shall calculate the funds available for distribution to school councils using only the general fund and by excluding the following proposed district-wide expenditures from the general fund proposed budget for the year being allocated:
(1) Function 1200, Home and hospital;
(2) Function 1700, Expelled or suspended;
(3) Function 1900, Other instructional programs;
(4) Function 2110-2190, Student support services, except for school-based employees and specified supplies;
(5) Function 22XX, improvement of instruction;
(6) Function 23XX, District administrative support services;
(7) Function 25XX, Business support services;
(8) Function 26XX, Plant operation and maintenance;
(9) Function 27XX, Student transportation;
(10) Function 3XXX, Noninstructional services;
(11) Function 4XXX, Facilities acquisition and construction services;
(12) Function 5XXX, Other; and
(13) All expenditures for extra duty and extended employment, exceptional children services, itinerant teachers, and fringe benefits in all codes.
Section 4. Allocation for Certified Staff.
(1) A board staffing policy or guidelines shall be established to determine the number of allocated positions for certified staff for each school. To determine the allocation to school councils for certified staff, the district shall provide sufficient funds:
   (a) To meet class size caps and pupil contact hours established in KRS 157.360 based on the projected full-time equivalent enrollment for the upcoming school year; and
   (b) To meet other classroom teaching and certified staff positions not included in paragraph (a) of this subsection that are generated by the local board certified staffing policy.
(2) Any revisions of staffing policy or guidelines for the next school year shall be adopted by the local board and submitted to the Kentucky Department of Education by May 1 of each year.
(3) Funds for positions allocated in subsection (1) of this section shall be based on the previous year’s actual 185 day certified salary or the number of contract days as otherwise required by the Kentucky General Assembly within a biennial budget adjusted by changes in rank, additional years of experience, and changes in the district’s salary schedule for each existing staff member.
(4) Funds for new and vacant certified staff positions shall be based on a minimum of ninety-five (95) percent of the district’s average 185 day certified salary adjusted for changes in the district’s salary schedule for noncategorical staff paid in the previous year.
(5) If the actual salary of new certified personnel is less than ninety-five (95) percent of the district average certified teacher’s salary, the difference shall revert to the district budget for possible reallocation under Section 7 of this administrative regulation.
(6) Any adjustments to the allocation due to increases in salary schedules, salary adjustments, or increases or decreases in enrollment shall be made by September 15. A council shall be notified of an adjustment if the adjustment represents a change in staffing due to enrollment increases or decreases.

Section 5. Allocation for Classified Staff.
(1) A board staffing policy or guidelines for the next school year shall be adopted by the local board and established to determine the number of allocated positions for classified staff for each school. Any revisions of staffing policy or guidelines shall be submitted to the Kentucky Department of Education by May 1 of each year.
(2) Funds shall be provided for all school-based classified positions in noncategorical programs generated by the local board classified staffing policy using the previous year’s salary adjusted for any district-wide increase.
(3) Funds for new or vacant positions shall be based on ninety-five (95) percent of the district’s average classified salary for that personnel job class for noncategorical staff adjusted for any district-wide increase.
(4) If the actual salary of new classified personnel is less than ninety-five (95) percent of the district’s average classified salary for the personnel job class, the difference shall revert to the district budget for possible reallocation under Section 7 of this administrative regulation.
(5) Any adjustments to the allocation due to increases in salary schedules, salary adjustments, or increases or decreases in enrollment shall be made by September 15. A council shall be notified of an adjustment if the adjustment represents a change in staffing due to enrollment increases or decreases.

Section 6. Other Minimum Allocations.
(1) School councils shall receive a minimum allocation of three and one-half (3 1/2) percent of the statewide guaranteed base funding level for Support Education Excellence in Kentucky (SEEK) based on prior year final average daily attendance.
(2) The amount generated in subsection (1) of this section shall be adjusted at the end of the
second school month for changes in average daily attendance and projected funding for SEEK.
(3) Allocations for operating expenses, including utilities, or for health and safety requirements of schools shall not be included in the allocations required by Sections 4, 5, 7, or 8 of this administrative regulation or this section. If funds are given to a school for these purposes, the funds shall be distributed in a separate allocation.

Section 7. Distribution of the Balance.
(1) The balance between the amount generated in Sections 4, 5, and 6 of this administrative regulation and the amount available for distribution to school councils from Section 3 of this administrative regulation shall be distributed by the local board in one (1) of the following manners:
(a) An amount per prior year final average daily attendance;
(b) Based on pupil needs identified by school councils in their adopted school improvement plans and designated by the local school board. Money provided under this paragraph shall be used only for the needs identified by the council from its adopted school improvement plan and designated by the board;
(c) For specific instructional purposes based on student needs identified by the board from disaggregated student achievement data. Money provided under this paragraph shall be used by the council to address only the identified needs; or
(d) A combination of paragraphs (a), (b), and (c) of this subsection.
(2) An adjustment may be made to allocations under subsection (1) of this section at the end of the second school month for changes in average daily attendance and projected funding for SEEK, and changes in the projections for prior year, end-of-year balances.
(3) If the allocations in Sections 4, 5, and 6 of this administrative regulation generate more funds than are available in Section 3 of this administrative regulation for distribution to school councils, the local board shall make every reasonable effort to make up the deficit.

Section 8. (1) A tentative amount for professional development shall be allocated within thirty (30) days of notification from the Kentucky Department of Education, pursuant to KRS 160.345(8).
(2) The amount allocated shall be equal to at least the minimum requirement multiplied by the average daily attendance from the prior school year.
(3) The amount of professional development allocation shall be amended by September 15 to reflect the most recent annual average daily attendance.

Section 9. Each year school councils shall review the budgets for all categorical programs and provide comments to the local board prior to the adoption of the budgets.

Section 10. A school council allocation by the district shall not result in a proposed expenditure that would cause the district budget to hold in reserve less than the required amount set by KRS 160.470.

Section 11. A district shall not be prohibited from passing on to school councils any reduction in state and local revenues.

Section 12. (1) The Kentucky Board of Education may approve requests from local school districts annually to use an alternative formula to allocate funds to schools.
(2) A local school district requesting approval to use an alternative process shall submit written documentation that the formula would generate funding equal to or greater than the amount provided to school councils under Section 3 of this administrative regulation.
(3) All requests shall be received by the Kentucky Department of Education by October 1 pre-
ceding the allocation year.

(4) Any alternative process approved by the Kentucky Board of Education shall be subject to subsequent review.

Section 13. Under Sections 4 and 5 of this administrative regulation, the funds allocated for staff positions shall be exactly the amounts permitted by the board policies or guidelines required in those sections. (22 Ky.R. 1005; eff. 2-12-1996; 28 Ky.R. 146; 637; 1124; eff. 11-5-2001; 36 Ky.R. 2225; 37 Ky.R. 1428; eff. 1-3-2011; Crt eff. 11-16-2018.)