

**EDUCATION AND LABOR CABINET**  
**Kentucky Board of Education**  
**Department of Education**  
**(Amendment)**

**704 KAR 3:305. Minimum requirements for high school graduation.**

RELATES TO: KRS 156.160(1)(a), (d), (e), 158.140(6), 158.141, 158.142, 158.622(3), 158.645, 158.1411, 158.1413(1), 158.6451

STATUTORY AUTHORITY: KRS 156.070, 156.160(1)(a), (d), (e), 158.140(6), 158.142, 158.1411

CERTIFICATION STATEMENT:

NECESSITY, FUNCTION, AND CONFORMITY: KRS 156.160 requires the Kentucky Board of Education to promulgate administrative regulations relating to the courses of study for the different grades and the minimum requirements for high school graduation. KRS 158.142(3) requires the board to promulgate administrative regulations establishing requirements for early graduation from high school. The content standards for the courses of study are established in the Kentucky academic standards incorporated by reference in 704 KAR Chapter 8. This administrative regulation establishes the minimum requirements necessary for entitlement to a high school diploma.

Section 1. Definitions.

- (1) "Continuity of services plan" means a plan that outlines the ways in which a student will receive access to essential services that shall end if the student graduates early.
- (2) "Early Graduation Scholarship Certificate" means a certificate, awarded by the district and signed by the principal and superintendent, that shall qualify the recipient to be awarded a high school diploma and a scholarship award for the next academic year following graduation to be used at a Kentucky public two (2) year community and technical college or a Kentucky four (4) year public or non-profit independent institution accredited by the Southern Association of Colleges and Schools.
- (3) "Early Graduation Program" or "EGP" means an optional, criteria-based program in which a student may receive a high school diploma from the school district, an Early Graduation Scholarship Certificate, and a scholarship award upon successful completion of all program requirements provided in Section 4 of this administrative regulation in three (3) academic years or less.
- (4) "Graduate early" means a student is awarded a high school diploma from the district, in under four (4) academic years from the start of grade 9, based upon meeting all minimum graduation requirements of this administrative regulation and additional requirements as may be imposed by a local board of education.
- (5) "Individual Learning Plan" or "ILP" is defined in 704 KAR 19:002.
- (6) "Performance-based project, portfolio, or capstone" means a multifaceted academic and intellectual experience culminating in a student-led demonstration of critical knowledge, skills, and capacities required for postsecondary and career success.

Section 2.

- (1) A district shall implement an advising and guidance process throughout the middle and high schools to provide support for the development and implementation of an individual learning plan for each student. The plan shall include career development and awareness and specifically address the content as provided in the Kentucky academic standards for career studies established in 704 KAR 8:080. The individual learning plan shall not be a substitute for the statement of transition service needs for students with disabilities as provided in 707 KAR 1:320.

- (2) A district shall develop a method to evaluate the effectiveness and results of the individual learning plan process. The evaluation method shall include input from students, parents, and school staff. As part of the evaluation criteria, the district shall include indicators related to the status of the student in the twelve (12) months following the date of graduation.
- (3) A feeder middle school and a high school shall work cooperatively to ensure that each student and parents receive information and advising regarding the relationship between education and career opportunities. Advising and guidance shall include information about financial planning for postsecondary education.
- (4) A school shall maintain each student's individual learning plan. The individual learning plan shall be readily available to the student and parents and reviewed and approved at least annually by the student, parents, and school officials.
- (5) Beginning with a student's eighth grade year, the individual learning plan shall set learning goals for the student based on academic and career interests and shall identify required academic courses, electives, and extracurricular opportunities aligned to the student's postsecondary goals. The school shall use information from the individual learning plans about student needs for academic and elective courses to plan academic and elective offerings.
- (6) The development of the individual learning plan for each student shall be established within the first ninety (90) days of the sixth grade year and shall focus on career exploration and related postsecondary education and training needs.

### Section 3.

- (1) ~~To [to]~~ receive a high school diploma, each student in a public school shall earn a total of at least twenty-two (22) credits for high school graduation.
- (2) The required credits shall include the content standards as provided in the Kentucky academic standards, established in 704 KAR Chapter 8.
- (3) Additional standards-based learning experiences shall align to the student's individual learning plan and shall consist of standards-based content.
- (4) Each student shall be required to earn the following ten (10) foundational credits:
  - (a) English/language arts - two (2) credits (English I and II) to include the content contained in the Kentucky academic standards for this content area;
  - (b) Social studies - two (2) credits to include the content contained in the Kentucky academic standards for this content area;
  - (c) Mathematics - two (2) credits (Algebra I and Geometry) to include the content contained in the Kentucky academic standards for this content area;
  - (d) Science - two (2) credits that shall incorporate lab-based scientific investigation experiences and include the content contained in the Kentucky academic standards for this content area;
  - (e) Health - one-half (1/2) credit to include the content contained in the Kentucky academic standards for this content area;
  - (f) Physical education - one-half (1/2) credit to include the content contained in the Kentucky academic standards for this content area; and
  - (g) Visual and performing arts - one (1) credit to include the content contained in the Kentucky academic standards for this content area or a standards-based specialized arts course based on the student's individual learning plan.
- (5) Each student shall be required to earn the following twelve (12) personalized credits:
  - (a) Two (2) additional English/Language Arts credits that include the content contained in the Kentucky academic standards for this content area and are aligned to the student's individual learning plan;
  - (b) Two (2) additional mathematics credits that include the content contained in the Kentucky academic standards for this content area and are aligned to the student's

- individual learning plan;
  - (c) One (1) additional science credit that includes the content contained in the Kentucky academic standards for this content area and is aligned to the student's individual learning plan;
  - (d) One (1) additional social studies credit that includes the content contained in the Kentucky academic standards for this content area and is aligned to the student's individual learning plan; and
  - (e) Academic and career interest standards-based learning experiences - six (6) credits including four (4) standards-based learning experiences based on the student's individual learning plan.
- (6) To earn a high school diploma, each student shall complete the following additional requirements:
- (a) Successfully demonstrate performance-based competency in technology that includes the content contained in the Kentucky academic standards for this content area and is aligned to the student's individual learning plan;
  - (b) Successfully meet the civics requirement pursuant to KRS 158.141; and
  - (c) Successfully ~~complete one (1) or more courses or programs that~~ meet the financial literacy requirements pursuant to KRS 158.1411 and standards as established in 704 KAR Chapter 8.

#### Section 4.

- (1) Only students who meet the criteria established in this section shall be eligible for the Early Graduation Program:
- (a) Students wishing to participate in the EGP shall indicate that intent to the secondary school principal by submitting the Early Graduation Program Letter of Intent Form at the beginning of grade 9 or as soon as the intent is known to the student, but no later than the first thirty (30) school days of the academic year in which the student intends to graduate;
  - (b) Schools and districts shall not prohibit a student from completing the EGP if the student meets all requirements provided in this section;
  - (c) Students who enroll in the EGP and meet the criteria provided in this section shall receive a high school diploma, an Early Graduation Scholarship Certificate, and scholarship award;
  - (d) The school or district shall enter the enrolled EGP student into the student information system by October 15 of the year in which the student intends to graduate; and
  - (e) A student who has indicated an intent to complete the EGP may participate in the state administration of the college entrance exam prior to the junior year, if needed.
- (2) The local school district shall provide each high school with a policy established by the local board of education for students wishing to participate in the EGP. The district policy shall include:
- (a) Criteria for supporting the development and monitoring of the student individual learning plan, as provided in Section 2 of this administrative regulation;
  - (b) Goal planning related to the demonstration of the capacities listed in KRS 158.645 and the essential workplace ethics characteristics listed in KRS 158.1413(1);
  - (c) Completion of a professional resume; and
  - (d) Completion of one (1) postsecondary admissions application that may be used at a Kentucky public two (2) year community and technical college or a Kentucky four (4) year public or non-profit independent institution accredited by the Southern Association of Colleges and Schools in which the student is interested in applying.
- (3) Each EGP participant, with the support of the comprehensive school counselor, or designee, shall:

- (a) Submit the Early Graduation Program Student Letter of Intent Form, signed by the student's parents, to the principal as required in subsection (1)(a) of this section;
  - (b) Identify all EGP requirements and develop a strategy within the individual learning plan for meeting those requirements;
  - (c) Complete an entrance interview with the principal, or designee, to discuss postsecondary goals and career aspirations;
  - (d) Meet the college readiness benchmarks established by the Council on Postsecondary Education in 13 KAR 2:020 for placement in credit-bearing courses without the need for remediation;
  - (e) Earn the ten (10) foundational credits listed in Section 3(4) of this administrative regulation;
  - (f) Successfully ~~complete one (1) or more courses or programs that~~ meet the financial literacy requirements pursuant to KRS 158.1411 and standards as established in 704 KAR Chapter 8;
  - (g) Successfully meet the civics requirement pursuant to KRS 158.141; and
  - (h) Successfully complete the EGP performance-based project, portfolio, or capstone established in subsection (4) of this section.
- (4) The local board of education shall establish a policy requiring high schools to develop performance descriptors and evaluation procedures for an EGP performance-based project, portfolio, or capstone.
- (a) Performance descriptors and evaluation procedures developed by the high school shall be designed to provide students an opportunity to demonstrate the critical knowledge, skills, and capacities required for postsecondary and career success and shall include:
    1. Demonstration of capacities listed in KRS 158.645 and the essential workplace ethics characteristics listed in KRS 158.1413(1);
    2. Demonstration of an ability to apply the Kentucky academic standards, established in 704 KAR Chapter 8, as a life-long learner and contributing member of society;
    3. Demonstration of written and verbal communication skills needed for postsecondary and career success; and
    4. Demonstration of an ability to think critically, synthesize information, and draw conclusions.
  - (b) A school shall maintain and make readily available to the Kentucky Department of Education the EGP participant's performance-based project, portfolio, or capstone for a minimum of five (5) years.

#### Section 5.

- (1) A local board of education may substitute an integrated, applied, interdisciplinary, occupational, technical, or higher level course for a required course if the alternative course provides rigorous content.
- (2) For students with disabilities, a local board of education may substitute a functional, integrated, applied, interdisciplinary, occupational, technical, or higher level course for a required course if the alternative course provides rigorous content. These shall be based on grade-level content standards and may be modified to allow for a narrower breadth, depth, or complexity of the general grade-level content standards.

#### Section 6.

- (1) A local board of education shall award credit toward high school graduation based on:
  - (a) A standards-based Carnegie unit credit that shall consist of at least 120 hours of instructional time in one (1) subject; or
  - (b) A performance-based credit based on the Kentucky academic standards, established in 704 KAR Chapter 8, regardless of the number of instructional hours in one (1)

subject.

(2) A local board of education which has chosen to award performance-based credit shall adopt a policy that awards performance-based credit toward high school graduation for satisfactory demonstration of learning based on rigorous performance standards aligned to 704 KAR Chapter 8.

(3) A school shall establish performance descriptors and evaluation procedures to determine if the content and performance standards have been met.

(4) A local board of education which has chosen to award performance-based credit shall award a standards-based credit earned by a student enrolled in grade 5, 6, 7, or 8 if:

(a) The content of the course is the same as that described in the Kentucky academic standards, established in 704 KAR Chapter 8; and

(b) The district has criteria in place to make a reasonable determination that the middle level student is capable of success in the high school course.

(5) A local board of education which has chosen to award performance-based credit shall establish a policy that shall include:

(a) The procedures for developing a performance-based credit system and for amending the system;

(b) The conditions under which each high school may grant performance-based credits and the related performance descriptors and assessments;

(c) Objective grading and reporting procedures;

(d) Alignment to content standards established in 704 KAR Chapter 8;

(e) The extent to which state-provided assessments will be used in the local performance-based credit system;

(f) The ability for students to demonstrate proficiency and earn credit for learning acquired outside of school or in prior learning; and

(g) Criteria to ensure that internships, cooperative learning experiences, and other learning experiences in the school and community are:

1. Designed to further student progress towards the individual learning plan;

2. Supervised by qualified instructors; and

3. Aligned with state and local content and performance standards.

(6) A board of education may award standards-based, performance-based credit toward high school graduation for:

(a) Standards-based course work that constitutes satisfactory demonstration of learning in any high school course, consistent with this administrative regulation;

(b) Standards-based course work that constitutes satisfactory demonstration of learning in a course for which the student failed to earn credit when the course was taken previously;

(c) Standards-based portfolios, projects, or capstones;

(d) Standards-based online or other technology mediated courses;

(e) Standards-based dual credit or other equivalency courses; or

(f) Standards-based internship, cooperative learning experience, or other supervised experience in the school or the community.

#### Section 7.

(1) A student who satisfactorily completes the requirements of this administrative regulation and additional requirements as may be imposed by a local board of education or meets the requirements for the Early Graduation Program established in Section 4 of this administrative regulation shall be awarded a graduation diploma.

(2) A local board shall not adopt any high school graduation requirements that include achieving a minimum score on a statewide assessment as established in KRS 158.140.

(3) The local board of education shall award the diploma.

(4) Each local board of education shall maintain a copy of its policy on high school graduation requirements. This policy shall include a description of how the requirements address KRS 158.6451(1)(b).

Section 8. This administrative regulation shall not be interpreted as prohibiting a local governing board, superintendent, principal, or teacher from awarding special recognition to a student.

Section 9.

(1) If the severity of an exceptional student's disability precludes a course of study that meets the high school graduation requirements established in this administrative regulation leading to receipt of a high school diploma, an alternative course of study shall be offered.

(2) This course of study shall be based upon student needs and the provisions established in 704 KAR Chapter 8, and shall be reviewed at least annually.

(3) A student who completes this course of study shall receive an alternative high school diploma to be awarded by the local board of education consistent with the graduation practices for all students.

(4) A local board of education may establish policies to award an alternative high school diploma to a former student who has received a certificate or certificate of attainment.

Section 10.

(1) Any student seeking to graduate early who receives services deemed essential by the local school district shall engage in meaningful consultation with a school-based mental health services provider, as defined by KRS 158.4416, on the creation of a continuity of services plan prior to graduation.

(2) School districts shall ensure the creation of a continuity of services plan for all students identified as a homeless child pursuant to 42 U.S.C. 11434, a migratory child pursuant to 20 U.S.C. 6399, or youth engaged in foster care pursuant to KRS 620.020(5).

(3) The completion of a transition plan for children aging out of foster care, as described by 42 U.S.C. 675(5)(H), shall meet the requirements outlined in this section.

Section 11. Incorporation by Reference.

(1) The "Early Graduation Program Student Letter of Intent Form", February 2026~~[August 2024]~~, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Department of Education, 5th floor, 300 Sower Boulevard, Frankfort, Kentucky 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m. This material may be viewed at: <https://www.education.ky.gov/districts/legal/Pages/Kentucky-Revised-Statutes.aspx>

*This is to certify that the chief state school officer has reviewed and recommended this administrative regulation prior to its adoption by the Kentucky Board of Education, as required by KRS 156.070(5).*

*DR. ROBBIE FLETCHER, Commissioner of Education*

*SHARON PORTER ROBINSON, Chair*

APPROVED BY AGENCY: February 4, 2026

FILED WITH LRC: February 10, 2026 at 12:15 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this proposed administrative regulation shall be held April 29, 2026 at 10am, in the State Board Room, Fifth Floor, 300 Sower Boulevard, Frankfort, Kentucky. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received

by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through April 30, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

**CONTACT PERSON:** Todd G. Allen, General Counsel, Kentucky Department of Education, 300 Sower Boulevard, 5th Floor, Frankfort, KY 40601, phone 502-564-4474, fax 502-564-9321, email [regcomments@education.ky.gov](mailto:regcomments@education.ky.gov)

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

**Contact Person:**Todd G. Allen **Phone:** 502-564-4474

**Subject Headings:**Board of Education, Schools, Compliance

**(1) Provide a brief summary of:**

**(a) What this administrative regulation does:**

704 KAR 3:305 establishes the minimum requirements for entitlement to a high school diploma in Kentucky.

**(b) The necessity of this administrative regulation:**

KRS 156.070(1) requires the Kentucky Board of Education (KBE) to manage and control the common schools and all programs operated in the schools. KRS 156.160(1) requires the KBE to promulgate an administrative regulation establishing standards that schools and districts shall meet in student, program, service, and operational performance. KRS 156.160(1)(a) and (1)(d) further require the KBE to promulgate administrative regulations relating to the courses of study for the different grades and the minimum requirements for high school graduation. This administrative regulation establishes the minimum requirements necessary for entitlement to a high school diploma.

**(c) How this administrative regulation conforms to the content of the authorizing statutes:**

KRS 156.070(1) requires the KBE to manage and control the common schools and all programs operated in the schools. KRS 156.160(1) requires the KBE to promulgate an administrative regulation establishing standards that schools and districts shall meet in student, program, service, and operational performance. KRS 156.160(1)(a) and (1)(d) further require the KBE to promulgate administrative regulations relating to the courses of study for the different grades and the minimum requirements for high school graduation. KRS 158.1411 establishes a one credit elective course in financial literacy as a minimum requirement for high school graduation for all Kentucky public school students entering grade 9 on or after July 1, 2025. KRS 158.142(3) requires the board to promulgate administrative regulations establishing requirements for early graduation from high school.

**(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:**

This administrative regulation assists schools and districts by outlining the minimum requirements for high school graduation. Amendments to the regulation also provide alignment to updated statutory requirements for financial literacy as established in KRS 158.1411.

**(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:**

**(a) How the amendment will change this existing administrative regulation:**

The amendments modify the existing regulation to conform to House Bill (HB) 342 (2025). HB 342 (2025) amended KRS 158.1411 to require, beginning with students entering grade 9 on or after July 1, 2025, a one-credit elective course in financial literacy for all Kentucky public high school students, including those pursuing the Early Graduation Program established under KRS 158.142. As a result of these statutory changes, 704 KAR 3:305, Sections 3 and 4 have been amended to conform. The Early Graduation Program Letter of Intent Form, included as a material

incorporated by reference under Section 11, has also been amended to conform to statutory requirements provided in KRS 158.1411(3).

**(b) The necessity of the amendment to this administrative regulation:**

HB 342 (2025) amended KRS 158.1411 to require, beginning with students entering grade 9 on or after July 1, 2025, a one-credit elective course in financial literacy for all Kentucky public high school students, including those pursuing the Early Graduation Program established under KRS 158.142. Amendments to 704 KAR 3:305 reflect the new statutory requirements for financial literacy as required in KRS 158.1411.

**(c) How the amendment conforms to the content of the authorizing statutes:**

KRS 156.070(1) requires the KBE to manage and control the common schools and all programs operated in the schools. KRS 156.160(1) requires the KBE to promulgate an administrative regulation establishing standards that schools and districts shall meet in student, program, service, and operational performance. KRS 156.160(1)(a) and (1)(d) further require the KBE to promulgate administrative regulations relating to the courses of study for the different grades and the minimum requirements for high school graduation. The amendments modify the existing regulation to conform to KRS 158.1411. HB 342 (2025) amended KRS 158.1411 to require, beginning with students entering grade 9 on or after July 1, 2025, a one-credit elective course in financial literacy for all Kentucky public high school students, including those pursuing the Early Graduation Program established under KRS 158.142. As a result, 704 KAR 3:305, Sections 3 and 4 have been amended to conform. The Early Graduation Program Letter of Intent Form, included as a material incorporated by reference under Section 11, has also been amended to conform to statutory requirements provided in KRS 158.1411(3).

**(d) How the amendment will assist in the effective administration of the statutes:**

KRS 156.160(1) requires the KBE to promulgate an administrative regulation establishing standards that schools and districts shall meet in student, program, service, and operational performance. KRS 156.160(1)(a) and (1)(d) further require the KBE to promulgate administrative regulations relating to the courses of study for the different grades and the minimum requirements for high school graduation. The amendments to 704 KAR 3:305 conform to statutory requirements as amended in HB 342 (2025).

**(3) Does this administrative regulation or amendment implement legislation from the previous five years? Yes, this administrative regulation aligns to HB 342 (2025).**

**(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:**

Schools, districts and the Kentucky Department of Education (KDE) are affected by this administrative regulation.

**(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:**

**(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment:**

The entities identified above in question (4) must conform to the statutory requirements provided in KRS 158.1411. The local districts must comply with the amended graduation requirement for financial literacy, provided under HB 342 (2025), beginning with students entering grade 9 on or after July 1, 2025. Pursuant

to KRS 158.142(2), local schools are required to use the intent form, included as a material incorporated by reference, for students participating in the Early Graduation Program. The material incorporated by reference has been modified to reflect the changes to the financial literacy requirement.

**(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):**

The anticipated costs to schools and districts is unknown and dependent upon the availability of appropriately certified staff, the number of enrolled students, and the resources and instructional materials needed to implement the specific course requirements provided in KRS 158.1411. The KDE has existing staff in place to provide guidance to local schools as required under KRS 158.1411(10) and to provide ongoing support for students pursuing the Early Graduation Program.

**(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):**

Local schools and districts benefit from 704 KAR 3:305 as it specifies the minimum requirements for high school graduation for Kentucky public school students. The amendments provide schools and districts with accurate alignment to new statutory requirements provided in KRS 158.1411.

**(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:**

**(a) Initially:**

Initial costs to schools and districts is unknown and dependent upon the availability of appropriately certified staff, the number of enrolled students, and the resources and instructional materials needed to implement the specific course requirements provided in KRS 158.1411. The KDE has existing staff in place to provide guidance to local schools as required under KRS 158.1411(10) and to provide ongoing support for students pursuing the Early Graduation Program.

**(b) On a continuing basis:**

Schools and districts may experience continuing costs associated with the long-term employment of appropriately certified staff. Ongoing costs are dependent upon the number of appropriately certified staff needed, the size of the student body, and the ongoing purchasing costs for any resources and instructional materials needed to implement the specific course requirements provided in KRS 158.1411. There are no continuing costs anticipated to the KDE in implementing the administrative regulation except in cases where ongoing technical assistance is requested by schools and districts.

**(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:**

State and district funds.

**(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:**

To implement the one-credit financial literacy elective requirement provided in KRS 158.1411, schools and districts may need increased funding for additional staffing and for ongoing purchasing costs for any instructional materials needed to fulfill the specific course requirements outlined in statute.

**(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:**

This regulation does not establish any fees or directly or indirectly increase fees.

**(10) TIERING: Is tiering applied?**

Tiering was not appropriate as the administrative regulation applies equally to all schools and districts impacted by the passage of HB 342 (2025).

## FISCAL IMPACT STATEMENT

**(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:**

KRS 156.070, 156.160(1), 158.142, 158.622(3), 158.645, 158.1411, 158.1413(1), 158.6451.

**(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:**

KRS 156.070(1) requires the Kentucky Board of Education (KBE) to manage and control the common schools and all programs operated in the schools. KRS 156.160(1) requires the KBE to promulgate an administrative regulation establishing standards that schools and districts shall meet in student, program, service, and operational performance. KRS 156.160(1)(a) and (1)(d) further require the KBE to promulgate administrative regulations relating to the courses of study for the different grades and the minimum requirements for high school graduation.

**(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:**

KBE and Kentucky Department of Education (KDE).

**(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):**

**1. Expenditures:**

**For the first year:**For the first year, expenditures are expected to be minimal as the KDE has existing staff in place to provide ongoing support to local schools and districts in implementing the requirements provided in KRS 158.1411.

**For subsequent years:**For subsequent years, expenditures are expected to be minimal as the KDE has existing staff in place to provide ongoing support to local schools and districts in implementing the requirements provided in KRS 158.1411.

**2. Revenues:**

**For the first year:**This regulation is not expected to generate revenue.

**For subsequent years:**This regulation is not expected to generate revenue.

**3. Cost Savings:**

**For the first year:**No cost savings are anticipated.

**For subsequent years:**No cost savings are anticipated.

**(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):**

Local schools and districts.

**(b) Estimate the following for each affected local entity identified in (4)(a):**

**1. Expenditures:**

**For the first year:**For the first year, the cost to schools and districts is unknown and dependent upon the availability of appropriately certified staff, the number of enrolled students, and the resources and instructional materials needed to implement the specific course requirements provided in KRS 158.1411.

**For subsequent years:Subsequent costs for schools and districts are dependent upon the number of appropriately certified staff needed, the size of the student body, and the ongoing purchasing costs for any resources and instructional materials needed to implement the specific course requirements provided in KRS 158.1411.**

**2. Revenues:**

**For the first year:This regulation is not expected to generate revenue.**

**For subsequent years:This regulation is not expected to generate revenue.**

**3. Cost Savings:**

**For the first year:No cost savings are anticipated.**

**For subsequent years:No cost savings are anticipated.**

**(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):**

None.

**(b) Estimate the following for each regulated entity identified in (5)(a):**

**1. Expenditures:**

**For the first year:Not applicable.**

**For subsequent years:Not applicable.**

**2. Revenues:**

**For the first year:Not applicable.**

**For subsequent years:Not applicable.**

**3. Cost Savings:**

**For the first year:Not applicable.**

**For subsequent years:Not applicable.**

**(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)**

**(a) Fiscal impact of this administrative regulation:**

HB 342 (2025) amended KRS 158.1411 to require, beginning with students entering grade 9 on or after July 1, 2025, a one-credit elective course in financial literacy for all Kentucky public high school students, including those pursuing the Early Graduation Program established under KRS 158.142. As a result, 704 KAR 3:305, Sections 3 and 4 have been amended to conform. The fiscal impact of the amendments to 704 KAR 3:305 are dependent upon the availability of appropriately certified staff, the number of enrolled students, and the resources and instructional materials needed to implement the specific course requirements provided in KRS 158.1411. The regulation is not expected to generate revenue and no cost savings are anticipated. For the KDE, the fiscal impact is minimal as existing staff is in place to provide ongoing support to local schools and districts in implementing the requirements provided in KRS 158.1411.

**(b) Methodology and resources used to reach this conclusion:**

There is no methodology or resources available to determine the fiscal impact of KRS 158.1411 among all 171 Kentucky public school districts as KRS 160.345(2)(i) provides principals with the authority to implement school-based decision making council policies, consistent with local board policies, on the assignment of all instructional staff time and the assignment of students to classes and programs within

the school. For the KDE, existing staff is in place to provide ongoing support to schools and districts in implementing the requirements provided in KRS 158.1411 and no fiscal impact is anticipated.

**(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):**

**(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14):**

Amendments to 704 KAR 3:305 are required to conform to requirements provided HB 342 (2025). When considering the staffing and instructional materials needed to implement HB 342 (2025) in every public high school across Kentucky's 171 school districts, a major economic impact, as defined in KRS 13A.010(13), could result. There is no major economic impact for the KDE.

**(b) The methodology and resources used to reach this conclusion:**

There is no methodology or resources available to determine if the implementation of KRS 158.1411 among all 171 Kentucky public school districts will result in a major economic impact as defined KRS 13A.010(14). This is due to KRS 160.345(2)(i) which provides each principal with the authority to implement school-based decision-making council policies, consistent with local board policies, on the assignment of all instructional staff time and the assignment of students to classes and programs within the school. For the KDE, existing staff is in place to provide ongoing support to schools and districts in implementing the requirements provided in KRS 158.1411 and no major economic impact is anticipated.