

KENTUCKY GENERAL ASSEMBLY BUDGET AMENDMENT FORM
2016 REGULAR SESSION
Unofficial Document

Amend printed copy of HB 303/HCS 1

Part I

Department of Education

Beginning on page 33, line 13, through page 50, line 4, delete all language and insert the following in lieu thereof:

"C. DEPARTMENT OF EDUCATION

Budget Units

**1. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK)
PROGRAM**

	2016-17	2017-18
General Fund	3,270,937,100	3,337,598,700

(1) **Common School Fund Earnings:** Accumulated earnings for the Common School Fund shall be transferred in each fiscal year to the SEEK Program.

(2) **Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above General Fund and Federal Funds appropriations to the base SEEK Program are intended to provide a base guarantee of \$3,981 per student in average daily attendance in fiscal year 2016-2017 and \$3,981 per student in average daily attendance in fiscal year 2017-2018 as well as to meet the other requirements of KRS 157.360.

Amendment No. HFA 7

Sponsor: Rep. Jeff Hoover

Committee Amendment: _____

Signed: _____

Floor Amendment: _____

LRC Drafter: Settle, Leah

Adopted: _____

Date: _____

Rejected: _____

Doc. ID: XXXXXX

Not for Filing

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose, except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with the approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act and KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430.

(3) **Base SEEK Allotments:** Notwithstanding KRS 157.420(2), included in the above General Fund appropriation is \$2,102,272,800 in fiscal year 2016-2017 and \$2,090,700,100 in fiscal year 2017-2018 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is \$214,752,800 in each fiscal year for pupil transportation.

(4) **Tier I Component:** Included in the above General Fund appropriation is \$174,548,800 in fiscal year 2016-2017 and \$170,111,400 in fiscal year 2017-2018 for the Tier I component as established by KRS 157.440.

(5) **Vocational Transportation:** Included in the above General Fund appropriation is

\$2,416,900 in each fiscal year for vocational transportation.

(6) **Secondary Vocational Education:** Included in the above General Fund appropriation is \$22,881,900 in fiscal year 2016-2017 and \$22,881,900 in fiscal year 2017-2018 to provide secondary vocational education in state-operated vocational schools.

(7) **Teachers' Retirement System Employer Match:** Included in the above General Fund appropriation is \$604,621,100 in fiscal year 2016-2017 and \$690,619,300 in fiscal year 2017-2018 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550 and as authorized in Part I, A., 29., (8) of this Act.

(8) **Salary Supplements for Nationally Certified Teachers:** Notwithstanding KRS 157.395, included in the above General Fund appropriation is \$2,750,000 in each fiscal year for the purpose of providing salary supplements for public school teachers attaining certification by the National Board for Professional Teaching Standards. Notwithstanding the provisions of KRS 157.395, if the appropriation is insufficient to provide the mandated salary supplement for teachers who have obtained this certification, the Department of Education is authorized to pro rata reduce the supplement.

(9) **Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before March 1 of each year, the Commissioner of Education shall determine the exact amount of the public common school fund to which each district is entitled, and the remainder of the amount due each district for the year shall be distributed in equal installments beginning the first month after completion of final calculation and for each successive month thereafter.

(10) **SEEK Adjustment Factors:** Funds allocated for the SEEK base and its adjustment factors that are not needed for the base or a particular adjustment factor may be allocated to other adjustment factors, if funds for that adjustment factor are not sufficient.

(11) **Facilities Support Program of Kentucky/Equalized Nickel Levies:** Included in the above General Fund appropriation is \$80,109,500 in fiscal year 2016-2017 and \$78,002,400 in

fiscal year 2017-2018 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620.

(12) Growth Levy Equalization Funding: Included in the above General Fund appropriation is \$17,234,200 in fiscal year 2016-2017 and \$16,414,200 in fiscal year 2017-2018 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620, for districts meeting the eligibility requirements of KRS 157.621(1) and (4).

(13) Retroactive Equalized Facility Funding: Included in the above General Fund appropriation is \$16,377,200 in fiscal year 2016-2017 and \$15,973,300 in fiscal year 2017-2018 to provide equalized facility funding pursuant to KRS 157.440 and 157.620 to districts meeting the eligibility requirements of KRS 157.621(2) and (4). In addition, a local board of education that levied a tax rate subject to recall by January 1, 2014, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. Revenue to generate the five cent equivalent levy may be obtained from levies on property, motor vehicles, or the taxes authorized by KRS 160.593 to 160.597, 160.601 to 160.633, and 160.635 to 160.648 if the levy was dedicated to facilities funding at the time of the levy. The equalization funds shall be used as provided in KRS 157.440(1)(b). For the 2016-2018 fiscal biennium, school districts that levied the tax rate subject to recall prior to January 1, 2014, shall be equalized at 100 percent of the calculated equalization funding, and school districts that levied the tax rate subject to recall after January 1, 2014, and before January 1, 2016, shall be equalized at 25 percent of the calculated equalization funding in each fiscal year. It is the intent of the 2016 General Assembly that any local school district receiving partial equalization under this subsection in the 2016-2018 fiscal biennium shall receive full calculated equalization in the 2018-2020 fiscal biennium and thereafter.

(14) Equalized Facility Funding: Included in the above General Fund appropriation is \$6,829,600 in fiscal year 2016-2017 and \$6,658,300 in fiscal year 2017-2018 to provide equalized facility funding pursuant to KRS 157.420 and 157.620 to districts meeting the eligibility requirements of KRS 157.621(3) and (4).

(15) BRAC Equalized Facility Funding: Included in the above General Fund appropriation is \$1,832,000 in fiscal year 2016-2017 and \$1,764,100 in fiscal year 2017-2018 to provide equalized facility funding to school districts meeting the eligibility requirements of KRS 157.621(1)(c) pursuant to KRS 157.440 and 157.620.

(16) Equalization Funding for Critical Construction Needs Schools: Included in the above General Fund appropriation is \$5,639,300 in fiscal year 2016-2017 and \$5,532,800 in fiscal year 2017-2018 to school districts in accordance with 2010 (1st Extra. Sess.) Ky. Acts ch. 1, Part I, C., 4., (18).

(17) Instructional Days: Notwithstanding KRS 158.070, the school term for fiscal year 2016-2017 and fiscal year 2017-2018 shall include the equivalent of 177 six-hour instructional days. Districts may exceed 177 six-hour instructional days.

(18) Hold-Harmless Guarantee: A modified hold-harmless guarantee is established in fiscal biennium 2016-2018 which provides that every local school district shall receive at least the same amount of Support Education Excellence in Kentucky (SEEK) state funding per pupil as was received in fiscal year 1991-1992. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, and allotments to local school districts are reduced in accordance with KRS 157.430, allocations to school districts subject to this provision shall not be reduced.

(19) Residential Youth-at-Risk Programs: (a) Students enrolled in the Bluegrass Challenge Academy and the Appalachian Youth Challenge Academy shall be included in the student count used for determining the amount of state funding allocated to a local school district

through the Support Education Excellence in Kentucky (SEEK) Program.

(b) Students who are accepted for enrollment in either of the academies shall, on the first day of attendance at the academy, enroll in the school district in which the academy is located. These students will be enrolled in the school district for attendance purposes only. The attendance records of these students shall not be included in the Superintendent's Annual Attendance Report, and the school district shall have no responsibility for these students.

(c) Each academy shall report student attendance to the local school district on a quarterly basis. The local school district shall calculate the amount of SEEK funds generated by the students enrolled in the academy in the district and shall transmit these funds to the academy on a semiannual basis.

(d) No later than July 1, 2016, the Commissioner of Education shall develop procedures for that accomplish the requirements of paragraphs (b) and (c) of this subsection.

(20) Additional SEEK Funding: If the above General Fund appropriation is not sufficient to fully fund the SEEK Program including any adjustments pursuant to KRS 157.360 in fiscal year 2015-2016, the Kentucky Department of Education may request up to \$10,000,000 in fiscal year 2015-2016, which shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(21) Increased Teachers' Retirement System Employer Match: Included in the above General Fund appropriation is \$18,671,000 in fiscal year 2016-2017 and \$19,021,200 in fiscal year 2017-2018 to enable local school districts to provide for the increased employer costs authorized in Part I, A., 29., (8) of this Act for which the state does not pay on behalf of local school districts. These funds shall be in addition to the employer costs for qualified employees as provided for by KRS 161.550, and shall not constitute any portion of any employer contribution required by KRS Chapter 161.

2. OPERATIONS AND SUPPORT SERVICES

	2016-17	2017-18
General Fund	51,998,400	52,076,800
Restricted Funds	7,390,000	7,401,500
Federal Funds	328,954,900	328,966,400
TOTAL	388,343,300	388,444,700

(1) **Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to 18A.200, the Kentucky Board of Education shall continue to have sole authority to determine the employees of the Department of Education who are exempt from the classified service and to set those employees' compensation comparable to the competitive market.

(2) **Increased Teachers' Retirement System Employer Match:** Included in the above General Fund appropriation is \$1,086,600 in fiscal year 2016-2017 and \$1,107,000 in fiscal year 2017-2018 for increased employer costs in fiscal year 2017-2018 authorized in Part I, A., 29., (8) of this Act. These funds shall be in addition to the employer costs for qualified employees as provided for by KRS 161.550, and shall not constitute any portion of any employer contribution required by KRS Chapter 161. These funds do not include the increased employer costs for the Office of Career and Technical Education, which are included in Part I, K., 1., (9) of this Act.

(3) **Review of the Classification of Primary and Secondary School Buildings:** Included in the above General Fund appropriation is \$2,000,000 in each fiscal year to implement KRS 157.420(9) and (10). Notwithstanding KRS 45.229, any portion of the \$2,000,000 that has not been expended by the end of fiscal year 2016-2017 shall not lapse and shall carry forward into fiscal year 2017-2018. Notwithstanding KRS 157.420(9) and (10), only schools classified as A1, A2, A3, A4, A5, A6, C2, and D1 shall be included in the evaluation process. Notwithstanding KRS 157.420(9) and (10), the Department of Education may limit the school buildings included in the evaluation process based on the time elapsed since the building's

construction or last major renovation as defined in 702 KAR 4:160. The Department of Education shall provide an updated list of school buildings evaluated by the process pursuant to KRS 157.420(9) and (10) to the Legislative Research Commission by October 1, 2017. The Department of Education shall also maintain and update this list and provide an updated list to the Legislative Research Commission by October 1 of each odd-numbered year.

3. LEARNING AND RESULTS SERVICES

	2016-17	2017-18
General Fund	991,262,800	993,174,300
Restricted Funds	26,752,500	26,787,400
Federal Funds	559,520,200	559,526,700
TOTAL	1,577,535,500	1,579,488,400

(1) **Funding for Employer Health and Life Insurance:** If the costs for health insurance or life insurance coverage for employees of local school districts exceed the levels of appropriated funds, any unexpended Support Education Excellence in Kentucky appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject to the approval of the Governor upon the written recommendation of the State Budget Director pursuant to the written request of the Commissioner of Education. The per-month, per-employee administrative assessment shall be remitted to the Personnel Cabinet by the Department of Education from the General Fund appropriation for local school district health and life insurance.

(2) **Kentucky Education Technology System:** The School for the Deaf and the School for the Blind shall be fully eligible, along with local school districts, to participate in the Kentucky Education Technology System in a manner that takes into account the special needs of the students of these two schools.

(3) **Family Resource and Youth Services Centers:** Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in fiscal year 2016-

2017 and in fiscal year 2017-2018 to the Cabinet for Health and Family Services consistent with KRS 156.496. The Cabinet for Health and Family Services is authorized to use, for administrative purposes, no more than three percent of the total funds transferred from the Department of Education for the Family Resource and Youth Services Centers. If a certified person is employed as a director or coordinator of a Family Resource and Youth Services Center, that person shall retain his or her status as a certified employee of the school district.

If 70 percent or more of the funding level provided by the state is utilized to support the salary of the director of a center, that center shall provide a report to the Cabinet for Health and Family Services identifying the salary of the director. The Cabinet for Health and Family Services shall transmit any reports received from Family Resource and Youth Services Centers pursuant to this paragraph to the Legislative Research Commission.

(4) Health Insurance: Included in the above General Fund appropriation is \$677,000,000 in fiscal year 2016-2017 and \$678,772,500 in fiscal year 2017-2018 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage.

(5) Program Flexibility: Notwithstanding KRS 157.3175(3) and (4) and 160.345(8) with regard to the state allocation, four programs (Instructional Materials/Textbooks, Professional Development, Extended School Services, and Safe Schools) shall continue to permit the state and local school districts additional flexibility in the distribution of program funds while still addressing the governing statutes and serving the need of the intended student population. Notwithstanding KRS 157.3175(3) and (4) and 160.345(8) with regard to the state allocation, local school districts may use funds from the Instructional Materials/Textbooks, Professional Development, Extended School Services, and Safe Schools programs to supplement the Preschool program in each fiscal year.

(6) Publishing Requirements: Notwithstanding KRS 160.463 and 424.220, public

availability of the school district's complete annual financial statement and the school report card shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the school district. If publication on the Internet or by printed copy at the public library is chosen, the superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed.

(7) **Commonwealth School Improvement Fund:** Notwithstanding KRS 158.805, the Commissioner of Education shall be authorized to use the Commonwealth School Improvement Fund to provide support services to schools or to meet federal requirements.

(8) **Locally Operated Vocational Programs:** Notwithstanding KRS 157.069, the supplemental funding distribution shall include Category II and III programs in districts established after June 21, 2001, with state assistance, if approved by the Commissioner of Education.

(9) **Preschool Program Eligibility:** Notwithstanding KRS 157.3175(1)(a) and (b) and 157.3175(4)(b), the Department of Education shall continue to implement entrance age requirements for preschool in the 2016-2017 school year to align with the new school entrance age requirements pursuant to KRS 158.030.

(10) **Use of Local District Capital Funds:** Notwithstanding KRS 157.420(4) and (6), 157.440, and 157.621, a local board of education may submit a request to the Commissioner of Education to utilize any capital funds, regardless of the source, for general operating expenses in each fiscal year without forfeiting the district's eligibility to participate in the School Facilities Construction Commission Program. Prior to August 1, 2016, the Kentucky Board of Education shall approve guidelines to be followed in considering such requests from local boards of

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education.

(11) Surplus Property: Notwithstanding KRS 45.777, any funds received by the Commonwealth from the disposal of any surplus property at the Kentucky School for the Blind, the Kentucky School for the Deaf, and the FFA Leadership Training Center shall be deposited in a separate restricted account for each facility and shall not be expended without appropriation authority granted by the General Assembly.

(12) Advisory Council for Gifted and Talented Education: Notwithstanding KRS 158.648(1), a member of the State Advisory Council for Gifted and Talented Education may be reappointed but shall not serve more than four consecutive terms. Notwithstanding KRS 158.648(1), a member of the Kentucky Association for Gifted Education shall be a voting member of the State Advisory Council for Gifted and Talented Education.

(13) Allocation of Safe School Funds: Notwithstanding KRS 158.446, the Center for School Safety shall develop and implement allotment policies for all moneys received for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446.

(14) Kentucky School for the Blind and Kentucky School for the Deaf: Included in the above General Fund appropriation is \$6,741,400 in fiscal year 2016-2017 and \$6,755,500 in fiscal year 2017-2018 for the Kentucky School for the Blind and \$9,916,500 in fiscal year 2016-2017 and \$9,937,100 in fiscal year 2017-2018 for the Kentucky School for the Deaf.

(15) Learning and Results Services Programs: Included in the above General Fund appropriation are the following allocations for the 2016-2018 fiscal biennium, but no portion of these funds shall be utilized for state-level administrative purposes:

- (a) \$1,236,000 in each fiscal year for the ACT and WorkKeys testing;
- (b) \$1,200,000 in each fiscal year for AdvanceKentucky;
- (c) \$72,300 in each fiscal year for the Appalachian Learning Disabled Tutoring Program;
- (d) \$525,100 in each fiscal year for the Blind/Deaf Residential Travel Program;

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- (e) \$1,225,600 in each fiscal year for the Collaborative Center for Literacy Development;
- (f) \$1,358,800 in each fiscal year for the Commonwealth School Improvement Fund;
- (g) \$1,936,400 in each fiscal year for the Community Education Program;
- (h) \$576,100 in each fiscal year for the Dropout Prevention Program;
- (i) \$424,100 in each fiscal year for the Elementary Arts and Humanities Program;
- (j) \$451,400 in each fiscal year for the Every1 Reads Program;
- (k) \$25,510,700 in each fiscal year for the Extended School Services Program;
- (l) \$52,148,300 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (m) \$227,900 in each fiscal year for the Georgia Chaffee Teenage Parent Program;
- (n) \$6,622,300 in each fiscal year for the Gifted and Talented Program;
- (o) \$100,000 in each fiscal year for the Heuser Hearing and Language Academy;
- (p) \$328,800 in each fiscal year for the Leadership and Mentor Fund;
- (q) \$100,000 in each fiscal year for the Lexington Hearing and Speech Center;
- (r) \$1,483,700 in each fiscal year for the Local School District Life Insurance;
- (s) \$5,353,600 in each fiscal year for the Mathematics Achievement Fund;
- (t) \$339,200 in each fiscal year for the Middle School Academic Center;
- (u) \$67,368,400 in each fiscal year for the Preschool Program, which would provide a rate of \$3,500 per pupil based on the enrollment count of December 1, 2015, but no guarantee of the per-pupil rate shall be granted or otherwise implied if the enrollment count varies in fiscal year 2016-2017 or fiscal year 2017-2018;
- (v) \$11,927,700 in each fiscal year for the Professional Development Program;
- (w) \$720,300 in each fiscal year for the Teacher's Professional Growth Fund;
- (x) \$15,469,100 in each fiscal year for the Read to Achieve Program;
- (y) \$10,378,300 in each fiscal year for the Safe Schools Program;

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- (z) \$891,900 in each fiscal year for the Save the Children/Rural Literacy Program;
 - (aa) \$3,646,200 in each fiscal year for the School Food Services;
 - (ab) \$10,096,500 in each fiscal year for the State Agency Children Program;
 - (ac) \$250,000 in each fiscal year for Teach for America;
 - (ad) \$1,400,800 in each fiscal year for the Teacher Academies Program;
 - (ae) \$16,700,000 in each fiscal year for Instructional Resources;
 - (af) \$1,338,200 in each fiscal year for the Teacher Recruitment and Retention Program-Educator Quality and Diversity;
 - (ag) \$700,300 in each fiscal year for the Virtual Learning Program;
 - (ah) \$100,000 in each fiscal year for the Visually Impaired Preschool Services Program;
- and
- (ai) \$534,300 in each fiscal year for the Writing Program.

(16) Participation in the Education Technology Program by Area Vocational Education Centers: Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission, in consultation with the Kentucky Board of Education and the Department of Education, shall develop administrative regulations which identify a methodology by which the average daily attendance for Area Vocational Education Centers may be equated to the average daily attendance of other local school districts in order that they may receive their respective distributions of these funds. The School Facilities Construction Commission shall include Area Vocational Education Centers in any offers of assistance to local school districts for technology assistance during the 2016-2018 fiscal biennium.

TOTAL - DEPARTMENT OF EDUCATION

2016-17

2017-18

General Fund	4,314,198,300	4,382,849,800
Restricted Funds	34,142,500	34,188,900
Federal Funds	888,475,100	888,493,100
TOTAL	5,236,815,900	5,305,531,800";

and adjust subsequent subtotals and totals accordingly.

SUMMARY: Adjust appropriations and amend language provisions for the Department of Education.