

1 AN ACT relating to school district employees and declaring an emergency.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔Section 1. KRS 157.420 is amended to read as follows:

4 Public school funds made available to the credit of each district during any year shall be
5 received, held, and expended by the district board, subject to the provisions of law and
6 administrative regulations of the Kentucky Board of Education. The following
7 restrictions shall govern the expenditure of funds from the public school fund:

8 (1) The salary paid any rank of teachers shall be at least equivalent to the amount set
9 forth in the biennial budget schedule for each rank and experience for a term of one
10 hundred eighty-five (185) days for full-time service during the regular school year.

11 (2) *(a)* Beginning with the 2026-2028~~[2004-2006]~~ biennium, the Kentucky Board of
12 Education shall not approve any working budget or salary schedule for local
13 boards of education for any school year unless:

14 1. The one hundred eighty-five (185) day salary schedule for certified staff
15 has been adjusted over the previous year's salary schedule to
16 incorporate the percent increase in the nonseasonally adjusted annual
17 average Consumer Price Index for All Urban Consumers (CPI-U),
18 U.S. City Average, All Items, between the two (2) most recent
19 calendar years available, as published by the United States Bureau of
20 Labor Statistics~~[by a percentage increase at least equal to the cost of~~
21 ~~living adjustment that is provided state government workers under the~~
22 ~~biennial budget]~~; and

23 2. The compensation schedule for classified staff has been adjusted over
24 the previous year's compensation schedule to incorporate the percent
25 increase in the nonseasonally adjusted annual average Consumer
26 Price Index for All Urban Consumers (CPI-U), U.S. City Average, All
27 Items, between the two (2) most recent calendar years available, as

published by the United States Bureau of Labor Statistics.

2 **(b)** The base funding level in the program for support education excellence in
3 Kentucky as defined in KRS 157.320 shall be increased by the statewide
4 dollar value of the annual required ~~cost of living percentage~~ adjustment
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pursuant to paragraph (a) of this subsection that shall be estimated on the
6 sum of the previous year's statewide certified staff~~teachers'~~ salaries **and**
7 **classified staff compensation.**

8 (3) A district that compensates its teachers or employees for unused sick leave at the
9 time of retirement, pursuant to KRS 161.155, may create an escrow account to
10 maintain the amount of funds necessary to pay teachers or employees who qualify
11 for receipt of the benefit. The fund is limited to not more than fifty percent (50%) of
12 the maximum liability for the current year to be determined according to the
13 number of staff employed by the district on September 15. Interest generated by the
14 account shall be calculated as part of the total amount. The funds shall not be used
15 for any purpose other than compensation for unused sick leave at the time of
16 retirement and shall not be considered as part of the general fund balance in
17 determining available local revenue for purposes of KRS 157.620.

18 (4) (a) The per pupil capital outlay allotment for each district from the public school
19 fund and from local sources shall be kept in a separate account and may be
20 used by the district only for capital outlay projects approved by the
21 commissioner of education in accordance with requirements of law, and based
22 on a survey made in accordance with administrative regulations of the
23 Kentucky Board of Education. These funds shall be used for the following
24 capital outlay purposes:
25 1. For direct payment of construction costs;
26 2. For debt service on voted and funding bonds;
27 3. For payment or lease-rental agreements under which the board

1 45A.353. Use of these funds, provided in KRS 45A.353, 56.774, and 58.600, shall
2 be based on the following:

3 (a) The energy conservation measures shall include facility alteration;

4 (b) The energy conservation measures shall be identified in the district's approved
5 facility plan;

6 (c) The current facility systems are consuming excess maintenance and operating
7 costs;

8 (d) The savings generated by the energy conservation measures are guaranteed;

9 (e) The capital outlay funds contributed to the energy conservation measures shall
10 be defined as capital cost avoidance as provided in KRS 45A.345(2) and shall
11 be subject to the restrictions on usage as specified in KRS 45A.352(9); and

12 (f) The equipment that is replaced shall have exceeded its useful life as
13 determined by a life-cycle cost analysis.

14 (6) If any district has a special levy for capital outlay or debt service that is equal to the
15 capital outlay allotment or a proportionate fraction thereof, and spends the proceeds
16 of that levy for the above-named purposes, the commissioner of education under
17 administrative regulations of the Kentucky Board of Education, may authorize the
18 district to use all or a proportionate fraction of its capital outlay allotment for
19 current expenses. However, a district which uses capital outlay funds for current
20 expenses shall not be eligible to participate in the School Facilities Construction
21 Commission funds, except when the current expenditures are approved by the
22 commissioner of education under subsection (4)(b) or (c) of this section.

23 (7) If a survey shows that a school district has no capital outlay needs as shown in
24 subsection (4)(a)1., 2., 3., and 4. of this section, upon approval of the commissioner
25 of education, these funds may be used for school plant maintenance, repair,
26 insurance on buildings, replacement of equipment, purchase of school buses, and
27 the purchase of modern technological equipment, including telecommunications

1 hardware, televisions, computers, and other technological hardware to be utilized
2 for educational purposes only.

3 (8) In surveying the schools, the Department of Education shall designate each school
4 facility as a permanent, functional, or transitional center.

5 (a) "Permanent center" means a center which meets the program standards
6 approved by the Kentucky Board of Education, is located so that students are
7 not subjected to an excessive amount of time being transported to the site, and
8 has established an attendance area which will maintain enrollment at capacity
9 but will also avoid overcrowding.

10 (b) "Functional center" means a center which does not meet all the criteria
11 established for a permanent facility, but is adequate to meet accreditation
12 program standards to insure no substantial academic or building deficiency.
13 The facility plan shall include additions and renovations necessary to meet
14 current accreditation standards for which federal, state, and local funds may
15 be used.

16 (c) "Transitional center" means a center which the local board of education has
17 determined shall no longer be designated permanent or functional. The center
18 shall be destined to be closed and shall not be eligible for new construction,
19 additions, or major renovation. However, the board of education shall
20 maintain any operating transitional center to provide a safe and healthy
21 environment for students.

22 (9) Beginning in fiscal year 2011-2012, the Kentucky Department of Education shall
23 standardize the process for evaluating the overall quality and condition of all school
24 buildings across the state. The evaluation process shall:

25 (a) Result in consistent categorization of buildings for local planning purposes
26 and for the distribution of state general fund moneys designated for capital
27 construction;

1 responsibilities, and financial obligations for each party.

2 (12) Notwithstanding the provisions of subsections (4) and (6) of this section, a local
3 district that has requested a mid-year adjustment in the support education
4 excellence in Kentucky funding under KRS 157.360(16) may request permission
5 from the commissioner of education to use capital outlay funds for the purchase of
6 school buses or to use the capital outlay funds for increased operational expenses
7 for the first three (3) years following the increased growth in the district without
8 forfeiture of the district's participation in the School Facilities Construction
9 Commission Program. The commissioner may grant or deny the district's request.

10 ➔Section 2. Whereas ensuring fair and adequate pay for teacher and school staff
11 is of paramount importance in ensuring an efficient system of common schools, an
12 emergency is declared to exist, and this Act takes effect July 1, 2026.