

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

702 KAR 3:320. Finance officer certification requirements.

RELATES TO: KRS 160.431, 161.020(1)(b)

STATUTORY AUTHORITY: KRS 156.070, 160.431

NECESSITY, FUNCTION, AND CONFORMITY: KRS 156.070 authorizes the Kentucky Board of Education to promulgate administrative regulations necessary for the efficient management, control, and operation of the schools and programs under its jurisdiction. KRS 160.431(2) requires the Kentucky Board of Education to promulgate administrative regulations identifying and prescribing the criteria and procedures for school finance officer certification and continuing education. This administrative regulation establishes the standards for school finance officer certification and continuing education.

Section 1. Definitions.

- (1) "Break in service" means an end to the employment relationship of the individual as the designated finance officer for a Kentucky school district without a transfer of employment to another Kentucky school district to serve as the designated finance officer.
- (2) "Finance officer" means a person appointed pursuant to KRS 160.431(1).
- (3) "Finance officer intern" means any finance officer who has obtained a provisional certificate under Section 3 of this administrative regulation but who has not acquired a full certificate under Section 4 of this administrative regulation.
- (4) "Interim finance officer" means an individual who is serving as a district finance officer in a temporary capacity.
- ~~(5)~~ "Mentor" means an individual approved by the department to oversee a finance officer intern through the Kentucky Finance Officer ~~[Internship]~~ Program.

Section 2. Initial Qualifications. An individual shall be eligible to be employed as a finance officer on or after July 1, 2015, if the individual:

- (1) Is employed on June 30, 2015, as a finance officer in a Kentucky school district and does not have a six (6) month or longer employment break in service as a finance officer in any Kentucky school district after June 30, 2015. A six (6) month or longer break in service as a finance officer in any Kentucky school district after June 30, 2015, shall terminate the individual's qualification for employment as a finance officer under this subsection; or
- (2) Obtains a provisional or full certificate under Section 3 or 4 of this administrative regulation.

Section 3. Provisional Certification.

(1) An individual who is seeking to be employed as a finance officer in a Kentucky school district who does not meet the requirements of Section 2(1) of this administrative regulation and who does not possess a full certificate shall secure a provisional certificate by submitting the Provisional Certification Application Form~~[, KDE-FOCP-1,]~~ to the department to verify the individual meets the following eligibility requirements:

- (a) A minimum of ten (10) years' work experience in local school district finance confirmed by the district of employment; or
 - (b) A minimum of a bachelor's degree from any accredited postsecondary institution; and
- ~~[(b)]~~

1. A minimum of twelve (12) credit hours in accounting coursework from any accredited postsecondary institution;
 2. A minimum of four (4) years' work experience primarily in accounting or finance, confirmed by the district of employment; or
 3. A minimum of two (2) years' work experience in finance in a local school district, confirmed by the district of employment.
- (2) The department shall issue a provisional certificate to an individual providing proof of the eligibility requirements of subsection (1) of this section and proof of an offer of employment as a finance officer in a Kentucky school district.
- (3) A finance officer provisional certificate shall be in effect until:
- (a) The individual obtains full certification;
 - (b) The individual fails to provide to the department the proof of progress toward full certification required by subsection (4) of this section; or
 - (c) Three (3) ~~five (5)~~ years have passed since the provisional certificate's issuance date.
- (4) The provisional certificate holder shall annually submit proof of progress toward full certification to the department by the anniversary of the issuance date of the provisional certificate. Failure to provide this annual proof of progress or to obtain full certification within three (3) ~~five (5)~~ years of the issuance of a provisional certificate shall result in the loss of the provisional certificate.

Section 4. Full Certification.

- (1) An individual who is eligible for employment as a finance officer under Section 2(2) of this administrative regulation shall apply for full certification prior to the expiration of the provisional certificate by submitting the Full Certification Application Form ~~[KDE-FOCP-2,]~~ to the department to verify:
- (a) Current provisional certification;
 - (b) Completion of the Kentucky Finance Officer ~~Internship~~ Program ~~[(K-FIP)]~~ under Section 5 of this administrative regulation;
 - (c) Fifteen (15) hours of finance officer training from the Finance Officer Curriculum, ~~[KDE-FOCP-6,]~~ provided by a department-approved training provider; and
 - (d) Twelve (12) hours of training in the state-approved school district financial software package provided by a department-approved training provider.
- (2) A full certificate shall be renewed automatically unless the finance officer fails to meet the biennial continuing education requirements of Section 6 of this administrative regulation.

Section 5. Finance Officer Provisional Certification ~~[Kentucky Finance Officer Internship Program (K-FIP)]~~.

- (1) Within thirty (30) days of employment as a finance officer, ~~[the provisionally certified finance officer shall]~~ apply for the provisional certification ~~[participation in the K-FIP]~~.
- (2) An assessment committee ~~[The K-FIP Assessment Committee]~~ shall consist of:
- (a) The mentor assigned by the department;
 - (b) The employing district's superintendent or designee; and
 - (c) A department representative; and
- (3) The mentor and intern shall complete a signed Mentor-Intern Agreement.
- (4) ~~[(3)]~~ Mentors shall meet the following qualification requirements:
- (a) Possess full certification under this administrative regulation or meet the requirements of Section 2(1) of this administrative regulation;
 - (b) Complete the department's mentor training; and
 - (c) Complete the Mentor Application Form ~~[KDE-FOCP-5]~~.
- (5) ~~[(4)]~~ Mentors shall:

- (a) Work with finance officer interns to develop a chronological task plan based on the Finance Officer Curriculum~~[, KDE-FPCO-6]~~;
 - (b) Continue the mentorship for a period of twelve (12) consecutive months;
 - (c) Document the time spent mentoring and provide a summary of the content on the Curriculum Summary Form~~[form KDE-FOCP-3]~~;
 - (d) Document attendance by the finance officer intern at any mentoring meetings during the internship; and
 - (e) Serve as a mentor for no more than two (2) individuals concurrently.
- (6) ~~[(5)]~~ Mentors shall be eligible to earn, as a mentor, a maximum of twenty (20) ~~[twenty-one (21)]~~ hours of continuing education~~[, not to exceed one (1) hour per month,]~~ during the mentorship, toward the requirement of KRS 160.431(3) for the mentor training and mentor contact.
- (7) ~~[(6)]~~ Mentors shall be eligible to receive from available funds an annual stipend, not to exceed \$1,500~~[\$1,000]~~ each fiscal year per individual mentored, from the department for the mentorship. A district may also choose to reimburse the mentor for any expenses, including travel, and provide a separate, additional stipend to the mentor. If the ~~[KFP]~~ Assessment Committee requires a finance officer intern to repeat a portion or the entire internship curriculum under subsection (9) of this section, then a mentor shall not be eligible to receive the stipend from the department for additional fiscal years of mentorship required by the ~~[KFP]~~ Assessment Committee. The district may still reimburse and provide a stipend to a mentor of a finance officer intern in any additional fiscal years of internship required by the ~~[KFP]~~ Assessment Committee. A partially completed mentorship may be subject to a reduced stipend approved by the department.
- (8) ~~[(7)]~~ The ~~[KFP]~~ Assessment Committee shall:
- (a) Assist in the development of the intern's chronological task plan required in subsection (4)(a) of this section;
 - (b) Meet six (6) months after the initiation of the internship to assess progress;
 - (c) Assess whether the finance officer intern completed the internship; and
 - (d) Complete the Assessment Committee Report Form~~[, KDE-FOCP-4]~~.
- (9) ~~[(8)]~~ As part of its assessment, the ~~[KFP]~~ Assessment Committee shall consider:
- (a) Documentation provided by the mentor, pursuant to subsection ~~(5)~~~~[(4)]~~ of this section;
 - (b) The recommendation of the provisional finance officer's~~[finance officer intern's]~~ superintendent based on actual work performance; and
 - (c) Internal approval ~~[The report]~~ by the department of work product submissions and interactions.
- (10) ~~[(9)]~~ Based upon the information obtained pursuant to subsection (7) of this section, the ~~[KFP]~~ Assessment Committee shall do one (1) of the following at the end of the internship:
- (a) Declare the internship completed;
 - (b) Require the finance officer intern to repeat a portion of the internship curriculum; or
 - (c) Require the finance officer intern to repeat the entire internship curriculum.
- (11) ~~[(10)]~~ The finance officer intern may request a different mentor if the ~~[KFP]~~ Assessment Committee requires the internship to be repeated.
- (12) ~~[(11)]~~ The mentor may request to be replaced by another mentor if the ~~[KFP]~~ Assessment Committee requires the internship to be repeated.

Section 6. Continuing Education.

- (1) Fully certified finance officers and those qualified under Section 2(1) of this administrative regulation shall meet the continuing education requirements of KRS

160.431(3). A break in service for any length of time for any finance officer shall not reduce the continuing education requirements of KRS 160.431(3).

(2)

(a) Each finance officer shall complete at least eighteen (18)~~twelve (12)~~ hours of continuing education by June 30 of each fiscal year; and

(b) Each finance officer shall complete at least forty-two (42) hours of continuing education in a biennium.

(3) The department shall approve continuing education courses offered by providers that:

(a) Include the following subject areas:

1. Evaluation of financial staff;
2. Financial system management, including payroll, purchasing, budgeting, general ledger, and financial reporting;
3. Alignment of the financial budget with federal and state law requirements;
4. Analysis of district financial data and provision of financial reports to the local board of education, school councils, and the department;
5. Comprehension of the district vision for education and the role of district finances in accomplishing that vision;
6. Interpretation, use, and communication of financial data and financial strengths and weaknesses of the district to the local board of education, school councils, and the community;~~or~~
7. Professional development designed to support any existing district improvement plan; or
8. Courses offered as Continuing Professional Education (CPE) provided by professional organizations;

(b) Adhere to research-based principles of adult learning;

(c) Reflect current thinking in the field and promote generally accepted accounting practices;

(d) Provide for active engagement of participants;~~and~~

(e) Extend participants' learning, financial, and leadership skills; and

(f) Contain course materials instructional in nature and not marketing or sales oriented.

(4) Continuing education course providers approved by the department shall~~[-]~~

~~[(a)] [Structure a training program so as to improve and maintain the quality and effectiveness of the financial operations in the public school districts of the Commonwealth;]~~

~~[(b)] [Ensure that training is intensive and designed specifically for finance officers;]~~

~~[(c)] [Have an established organizational structure or be an affiliate of this type of organization;]~~

~~[(d)] [Develop and submit programs to the department for approval at least thirty (30) days prior to the scheduled delivery of the continuing education program;]~~

~~[(e)]~~ maintain the necessary records to:

(a) ~~[(1)]~~ Evaluate every continuing education course session;

(b) ~~[(2)]~~ Track attendance;~~and~~

(c) ~~[(3)]~~ Evidence course completion consisting of a document prepared by the course sponsor indicating the attendee completed a formal program of learning including the:

1. Names of the attendee and program sponsor;
2. Program title and field of study;
3. Dates attended; and
4. Number of hours awarded.

(d) Maintain certificate of completion records for a period of five (5) years;

(e) Ensure assigned trainers have skill, knowledge, and experience relevant to the subject matter; and

- (f) Disclose the subject areas in which training is to be provided. ~~[Award certificates of completion to continuing education course attendees that provide the name of session, approval number, hours of continuing education credit awarded, and the name of the sponsor of the training;]~~
- ~~[(f)] [Provide evidence that the assigned trainers have knowledge, skill, and experience relevant to the particular training;]~~
- ~~[(g)] [Conduct training as approved; and]~~
- ~~[(h)] [Identify in all program promotional literature the following:]~~
- ~~[1.] [The two (2) year cycle for which training approval is granted;]~~
- ~~[2.] [The subject areas for which training is approved; and]~~
- ~~[3.] [The approval number assigned by the department for finance officer continuing education course eligibility.]~~

Section 7. Revocation and Appeal for Reinstatement of Full Certification.

- (1)
- (a) Failure to meet the annual requirement of eighteen (18)~~[twelve (12)]~~ hours of continuing education of Section 6(2) of this administrative regulation shall result in a temporary suspension of a finance officer's full certification.
- (b) The department shall notify the district superintendent of the temporary suspension.
- (c) The certificate holder shall complete the required number of hours of continuing education by the end of the biennial period.
- (d) Three (3) temporary suspensions shall result in revocation of the full certification.
- (2) Failure to meet the biennial requirement of forty-two (42) hours of continuing education shall result in revocation of the full certification.
- (3) The certificate holder may appeal to the department for reinstatement of a provisional or full certification which has been revoked under subsections (1) or (2) of this section if:
- (a) The certificate holder requests reinstatement and provides supporting documentation to the department; and
- (b) The certificate holder has fulfilled all requirements of the provisional or full certification including the required continuing education for the latest fiscal year.
- (4) The department shall review and decide~~[make a determination]~~ regarding reinstatement within thirty (30) days of receipt of the appeal. The department shall reinstate a certificate holder who has met the requirements of subsection (3) of this section.

Section 8. Grandfather Status.

- (1) An individual ~~[who is]~~ eligible for grandfather status pursuant to Section 2(1) of this administrative regulation shall submit the Provisional Certification Application Form~~[-KDE FOC-P-1,]~~ to the department.
- (2) An individual with grandfather status may obtain full certification if either:
- (a) The department approves the individual as a mentor in the Kentucky Finance Officer Program~~[K-FIP]~~ in accordance with the requirements of this administrative regulation; or
- (b) The individual meets all provisional and full certification requirements, including successful completion of the Kentucky Finance Officer Program~~[K-FIP]~~.

Section 9. Interim Finance Officer.

- (1) Upon written notice of a district's finance officer's departure, it shall be the responsibility of the superintendent to ensure the position vacancy is immediately posted and a search for a successor finance officer is undertaken.
- (2)
- (a) The search process shall continue until a qualified full-time applicant is hired by the district.

(b) During the search for a full-time finance officer, the district superintendent may extend a limited contract to employ an interim finance officer.

1. A limited contract with an interim finance officer shall expire upon the employment of a qualified full-time applicant or June 30 of each fiscal year.
2. If a district superintendent wishes to extend the contract of the interim finance officer beyond the end of the fiscal year, a request must be made to the Office of Finance and Operations, Division of District Support and;
3. The district may retain the former interim finance officer as a consultant as needed.

Section 10. Incorporation by Reference.

(1) The following material is incorporated by reference:

- (a) "Assessment Committee Report", May 2024;
- (b) "Curriculum Summary", May 2024;
- (c) "Finance Officer Curriculum", May 2024;
- (d) "Full Certification Application", May 2024;
- (e) "Mentor Application", May 2024;
- (f) "Mentor-Intern Agreement", May 2024; and
- (g) "Provisional Certification Application", May 2024.
- ~~[(a)] ["Provisional Certification Application", FOCP-1, July 2015;]~~
- ~~[(b)] ["Full Certification Application", FOCP-2, July 2015;]~~
- ~~[(c)] ["Intern Progress Report", FOCP-3, July 2015;]~~
- ~~[(d)] ["Assessment Committee Report", FOCP-4, July 2015;]~~
- ~~[(e)] ["Mentor Application", FOCP-5, July 2015; and]~~
- ~~[(f)] ["Finance Officer Curriculum", FOCP-6, July 2015.]~~

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Education, 300 Sower Boulevard, 4th Floor~~[500 Mero Street, First Floor, Capital Plaza Tower]~~, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m.

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).

ROBIN F. KINNEY, Interim Commissioner of Education

SHARON PORTER ROBINSON, Chair

APPROVED BY AGENCY: June 13, 2024

FILED WITH LRC: June 13, 2024 at 12:25 p.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this proposed administrative regulation shall be held August 28, 2024 at 10:00 a.m., 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 August 31, 2024. 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, Kentucky 40601, phone 502-564-4474, fax 502-564-9321, email regcomments@education.ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person:Todd G. Allen

(1) Provide a brief summary of:

(a) What this administrative regulation does:

The existing administrative regulation establishes the training requirements and certification process for school district finance officers.

(b) The necessity of this administrative regulation:

KRS 160.431(2) requires the Kentucky Board of Education to promulgate administrative regulations identifying and prescribing the criteria and procedures for school finance officer certification and continuing education. This administrative regulation establishes the standards for school finance officer certification and continuing education.

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

This administrative regulation establishes the standards for school finance officer certification and continuing education.

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

The regulation establishes standards for school finance officers as required by KRS 160.431.

(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:

Based on the experience of the Department of Education and at the request of school districts, the proposed amendment provides additional flexibility for school districts in the hiring of school district finance officer while maintaining necessary professionalism and skills required for district finance officers. The amendment permits districts to engage interim finance officers for temporary terms to fill needed gaps, it allows districts to hire finance officers possessing years of experience in school finance but without the previously required educational experience, increases required continuing education hours, requires finance officers to become certified within 3 years rather than 5 years, and increases stipend amounts for finance officer mentors.

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

Since the original promulgation of this regulation as required by KRS 160.431, it has become clear through the experience of school districts that it is necessary to revise and modernize the existing regulation.

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

This administrative regulation establishes the standards for school finance officer certification and continuing education as required by KRS 160.431.

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

This administrative regulation establishes the standards for school finance officer certification and continuing education as required by KRS 160.431.

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

Local school districts, district finance officers and the Kentucky Department of Education.

(4) Provide an analysis of how the entities identified in question (3) 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 (3) will have to take to comply with this administrative regulation or amendment:

Changes to the regulation should provide additional flexibility to school districts in hiring qualified school district finance officers. Districts will not have to change current procedures. However, districts will be able to employ interim finance officers for temporary terms and they will be able to employ finance officers based on years of experience in school finance and not just on educational attainment. Finance officers will have to obtain full certification in 3 years rather than 5 years and will need to acquire additional continuing education hours. Finance officers serving as mentors will be eligible for an increase in their stipend.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

There is no additional cost to school districts. District finance officers will need to obtain additional continuing education. The cost of the continuing education is unknown. District finance officers can obtain free as well as paid professional development.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

School districts will have increased flexibility to find and hire school district finance officers through increased eligibility options for potential finance officers.

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

(a) Initially:

The initial cost to the Kentucky Department of Education will be a minimal increase in costs related to stipends for current district finance officers that serve as mentors for new finance officers.

(b) On a continuing basis:

The ongoing cost to the Kentucky Department of Education will be a minimal increase in costs related to stipends for current district finance officers that serve as mentors for new finance officers.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

General Funds

(7) 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:

There are no fees associated with this regulation.

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

There are no fees associated with this regulation.

(9) TIERING: Is tiering applied?

Tiering is not applied. The regulation applies uniformly.

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 160.431(2) requires the Kentucky Board of Education to promulgate administrative regulations identifying and prescribing the criteria and procedures for school finance officer certification and continuing education. This administrative regulation establishes the standards for school finance officer certification and continuing education.

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

The Kentucky Board of Education, the Department of Education and local school districts.

(a) Estimate the following for the first year:

Expenditures:The additional costs are expected to be minimal. Any additional costs are related to the increase in stipend amounts for existing local school district finance officers that serve as mentors for new local district finance officers pursuing certification.

Revenues:The proposed amendment is not expected to generate revenue for the state agency or local school districts.

Cost Savings:Any cost savings will result from a more professional and qualified cadre of school district finance officers that generate cost savings to school districts through being more effective at their jobs.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

Expenditures are dependent on the number of new school district finance officers requiring mentors. Costs are expected be minimal. The increase in stipends is from \$1,000 to \$1,500 per year of mentorship.

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

Local school districts.

(a) Estimate the following for the first year:

Expenditures:There are no expected costs to school districts.

Revenues:The regulation is not expected to generate revenue for local school districts.

Cost Savings:Costs savings may be realized as a result of more effective school district finance officers.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

They are all expected to remain consistent and as previously described.

(4) Identify additional regulated entities not listed in questions (2) or (3):

School district finance officers.

(a) Estimate the following for the first year:

Expenditures:District finance officers may experience an unknown increase in costs due to increased continuing education requirements. However, the regulation permits additional sources of continuing education some of which

may be provided free of charge to finance officers. Any additional cost is expected to be minimal.

Revenues: The proposed regulation is not expected to generate revenue.

Cost Savings:

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

All expenditures, revenues or costs are expected to remain consistent as described herein.

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:

The costs of this regulation are expected to be minimal and related to two areas - (1st) the Kentucky Department of Education provides a supplement to experienced finance officers to serve as mentors for new district finance officers pursuing certification. The proposed regulation increases the stipend from \$1,000 to \$1,500 per year of mentorship. The costs associated with this is expected to be minimal with approximately 15 mentors serving during any year. The (2nd) source of potential costs is associated with additional continuing education requirements for finance officers. Whether there will be an additional cost or whether the continuing learning will be provided without cost is unknown. Costs are expected to be minimal.

(b) Methodology and resources used to determine the fiscal impact:

The estimates contained herein are based on prior program operations.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate)

The administrative regulation is not expected to have an overall negative or adverse major economic impact.

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

Given the nature of the proposed amendments with limited revisions impacting costs, expenditures are expected to only slightly increase over current program expenses.