

Education

Governor Fletcher continues his strong commitment to education in this recommended budget by introducing new and expanded initiatives. In addition, education will receive 57.5 percent of the additional \$823 million in new revenues, which were the result of revised forecasts, additional fund transfers and a budget stability initiative undertaken by the Administration.

Elementary and Secondary

- There are four important improvements in Governor's budget:
 1. **A Flexible Compensation Fund** that dedicates almost \$26 million in fiscal year 2006 to recruit and retain teachers in critical shortage areas; provide incentives for teachers to serve in difficult assignments; reduce the numbers of emergency certified teachers; provide voluntary career advancement opportunities; and reward teachers who increase their knowledge, skills and instructional leadership.
 2. **A School Learning Performance Fund** that invests \$8 million in fiscal year 2006 in new General Fund (coal severance) support to advance the learning progress of students in schools located within coal-producing counties. It will identify gaps in student preparation and develop skills needed to perform more effectively in postsecondary education, in the workforce and in the emerging knowledge-based economy. Emphasis will be placed on improving the high school learning experience in schools with high at-risk student populations.
 3. **Early reading initiatives** will receive \$3.1 million in fiscal year 2005 and approximately \$7.1 million in fiscal year 2006 for the Read To Achieve program. These funds -- including \$4 million in existing General Fund support each fiscal year for Early Reading Incentive Grants and federal Reading First grants -- will strengthen Kentucky's capacity to have all students reading at grade level or above by the time they enter fourth grade. In addition, \$500,000 in fiscal year 2006 is provided to expand the adult and family literacy efforts of the Governor's Early Reading Initiative.
 4. **Additional SEEK funding** to accommodate the increased number of projected students.
- For fiscal year 2005, the recommended budget provides a **2 percent pay increase** for the full school year for all local school district employees as well as an additional 1 percent pay increase effective January 1, 2005. Local districts will absorb the first 1.5 percent of the 2 percent pay increase for certified classroom teachers and classified employees in fiscal year 2005. State funds will cover the remainder of the raises.

In fiscal year 2006, the recommended budget provides state funding for the recurring cost of the pay raises mandated for fiscal year 2005 as well as additional mandated pay increases of 2 percent for certified and classified local school district personnel.

- The per pupil base guarantee was \$3,191 in fiscal year 2004. The recommended budget provides a per pupil guarantee of \$3,240 in fiscal year 2005 and \$3,379 in fiscal year 2006.
- \$4,031,800 in debt service for fiscal year 2005 and \$15,623,700 in fiscal year will help local school districts fund projects such as **local school construction** and renovation for schools that have been ranked as urgent because of their disrepair.
- The **Governor's Scholars Program** will receive \$1,897,300 for fiscal year 2005 and \$1,939,400 in fiscal year 2006 – representing an increase of \$282,700 in fiscal year 2005 and \$324,300 in fiscal year 2006 over fiscal year 2004 levels.

Postsecondary

- \$41 million in one-time funds was transferred to the General Fund as a result of a budget shortfall, and this recommended budget provides \$20 million in additional General Fund in fiscal year 2005 to the universities and KCTCS to be used for targeted programs. In fiscal year 2006, an additional \$11.7 million is provided to restore half of the recurring budget reductions from fiscal year 2004. The funds are distributed back to the institutions in the same proportion as the original fund transfers and reductions.
- \$5 million is provided in fiscal year 2006 to add to base funding for the universities and KCTCS. The Council on Postsecondary Education will allocate the additional funding among the institutions to rebalance the base funding as a result of significant and disproportionate student growth over the past several years.
- \$11,146,200 is provided in fiscal year 2006 for the costs associated with the maintenance and operations of 29 new facilities and 8 expanded facilities.
- \$3 million in fiscal year 2006 will be used to expand the capacity of the KCTCS system to train skilled employees in the mining industry.
- \$1 million in fiscal year 2006 from Tobacco Settlement – Phase I funds will fund salary bonuses for **University of Kentucky County Extension Agents**.
- As our troops return from active duty, the **Kentucky National Guard Tuition Award** Program will receive \$3,558,100 in restricted funds for fiscal year 2005 and \$4,358,100 million in fiscal year 2006 -- an increase of \$957,800 and \$1,757,800, respectively, over fiscal year 2004 levels.