FCPS Board Finance & Accountability Committee (BFAC)

October 14, 2026

John D. Price Administration Building, Room 159

Attendance:

Members: Hunter Stout, Sophie Schwab, Jill Angelucci, Kiyon Jenkins, Gina Greathouse, Lamar Mason, Mike Foley

Nonvoting Members: Kyna Koch, Amy Smith, Tyler Murphy

Guests: Amy Green, Amy Smith, Martha Jones, Miranda Scully, Jennifer Wilson, media (WKYT, Fox56)

Call to Order:

The meeting started at 5:03 pm with Kyna Koch welcoming Lamar Mason and noting the absence of BFAC Chair, Jenna Jennings, and no vice chair. Hunter Stout self nominated as vice chair in order to chair the meeting in her absence.

Approval of Minutes:

The minutes from the September 09, 2026 meeting were reviewed. Motion to approve the minutes by Gina Greathouse, seconded by Sophie Schwab, none opposed.

Agenda Review:

Agenda reviewed, nothing added.

New Business:

1. Martha Jones, Director of Grants Programming presented a deep dive into FCPS FY27 grants.

Overview & Grant Framework

- **Formula & Distribution:** Grants are formula-based and bound by Congressional regulations (e.g., Title I requires a minimum of 85% allocation based on previous year funding).
- **Distinction in Totals:** Clarified that total amounts listed in school-level breakdowns reflect Title I only, as Title II, III, and IV are managed districtwide. Differences in totals stem from private school allotments and indirect costs.
- **Non-Public School Requirements:** FCPS is mandated to offer services to all qualifying homeschool and private school students within the district boundaries.

Title I: Funding, Allocation & Expansion Options

- **District Set-Aside ($3.9M Total):**
    - **Purpose:** Covers non-lunch operational expenditures before distributing remaining funds to individual schools.
    - **Funded Items:**
        - 5.5 District-level Instructional Specialists directly supporting Title I schools.
        - Over $1,000,000 for Preschool transportation.

        - 2 Tutors for McKinney-Vento homeless students.
        - Required transportation budget for foster care students to maintain access to their home schools.
- **Current Allocation (50% Threshold):**
    - Currently serves **28 schools** (approx. 8,200 qualifying Free/Reduced Lunch students out of total enrollment).
    - Serves 8 middle schools and 10 high schools.
- **Expansion Consideration (40% Threshold):**
    - Lowering the threshold to 40% would expand Title I eligibility to **54 total schools** (31 elementary, 10 middle, 13 high).
    - *Funding Impact:* Expanding the threshold does **not** increase total federal funding; it redistributes the existing pool of funds across more schools, resulting in reduced per-pupil allocations for currently funded schools.
- **Funding Stream Clarification:** Free and Reduced Lunch counts determine Title I allocations, but the lunch program itself is funded separately through the US Department of Agriculture (USDA).

Title II, III, & IV Status and Fiscal Contingencies

- **Federal Budget Uncertainty & Continuing Resolution:**
    - Federal funding operates under a Continuing Resolution through December 2026, holding Title I funding level temporarily.
    - Congress will determine post-election whether to pass formal appropriations or issue additional continuing resolutions.

- **Title II Risks & Options:**
    - Title II currently funds $500,000 in district salaries and programs like "Grow Your Own" (e.g., helping teachers obtain Special Education certification).
    - Recent federal proposals indicate Title II, III, and IV funding may be reduced or eliminated for FY28.
    - If Title II is eliminated, the district must absorb $500,000 in staff salaries elsewhere, alter staffing structures, or reduce district set-asides.
    - Moving Instructional Specialists from Title I to Title II was initially considered to free up Title I funds, but pending federal decisions pause this option.
- **Title III (English Learners):** No changes proposed if funded at current levels.
- **Title IV (Student Support & Academic Enrichment):**
    - Funds dual credit courses, stipends for Safe Schools teams, and GoGuardian student monitoring software.
    - Managed as a 27-month grant, allowing strategic carryover rather than spending all funds in a single year.

Budgeting Timeline, Staffing, & School-Level Autonomy

- **Draft vs. Tentative Budget Timing:**
    - Hold harmless calculations occur in March, but final federal award confirmations arrive in the December timeframe.
    - Draft budgets will likely assume Title II funding remains intact; necessary adjustments will be addressed in the tentative budget.
    - Staffing decisions must be made before tentative budget approval despite federal funding uncertainties.
- **School Autonomy & Allocations:**

    - School staffing and resource decisions based on Title I funds are determined at the individual school level using eligible expenditure guidelines.
    - Initial school staffing is based on 85% of the estimated award; allocations are adjusted once final numbers update.
    - School allocations are strictly "supplement, not supplant" to enhance student learning experiences.

Other Grant Highlights

- **Success Rate:** FCPS was the only district in the state to receive all grant awards applied for.
- **CTE & Reading Grants:** Noted significant funding streams for Career and Technical Education (CTE) as well as Read to Achieve (RTA) funding dedicated strictly to salaries.
- **Spreadsheet Availability:** Full grant breakdowns and itemized spreadsheets by school will be made available to board members.

2. Kyna Koch provided an overview of general fund revenue

Revenue Sources & Breakdown

- **Primary Funding Streams:** General Fund revenue is derived from three primary sources (Local, State, and Federal), with local funding representing the largest portion.
- **Local Revenue Mechanics:**
    - **Property Tax & The 4% Rate:** The Board levied a property tax rate designed to generate up to a 4% revenue increase from year to year. Any tax rate levied above 4% is subject to a public recall.
    - **Recall Risk & Compensating Rate:** A recalled tax rate creates a prolonged waiting period and risks failure. If failed, the district must fall back to the "compensating rate," resulting in a severe compounding revenue loss across subsequent years.
    - **Other Local Taxes:**
        - **Motor Vehicle Tax (MTV):** Set directly by the state with no local flexibility.
        - **Occupational License Tax (OLT):** An increase in OLT is currently off the table.
        - **Utilities Tax:** Provides additional local revenue.
    - **Collection Projections:** The district builds its budget assuming a conservative 98% property tax collection rate.
- **Fund 320 Transfer Requirements (Nickels):**
    - Local tax revenue is not fully retained in the General Fund. The district is required to levy specific 5-cent increments ("nickels") to participate in the Support Education Excellence in Kentucky (SEEK) / Facilities Support Program of Kentucky (FSPK) building fund.
    - **Nickel Breakdown:** Includes the original FSPK nickel, a safety nickel (retained in the General Fund), and additional building nickels (directed to Fund 320). The state provides matching funds on two of the four nickels.
    - While nickel values increase as local property assessment values rise, utilizing these funds for debt service or transferring them to balance the General Fund eats into capacity for future major capital projects.

SEEK & State/Federal Revenue Factors

- **SEEK Formula Complexity:** Base SEEK funding calculations rely on key district inputs, including Average Daily Attendance (ADA), Free/Reduced Lunch counts, transportation data, Home/Hospital services, and English as a Second Language (ESL) counts.
- **"Property-Rich" Local Deductions:** Because FCPS has high property values, the state formula deducts a significant "local contribution" amount from the district's baseline SEEK allocation.
- **Enrollment & Demographic Impacts:**
    - District projections show an overall loss in student enrollment, which directly reduces per-pupil state revenue.
    - Conversely, sub-populations requiring specialized services (e.g., English Learners and Special Education) are growing. While SEEK provides partial add-on funding, it does not cover full costs, forcing the General Fund to absorb the remaining expenditure growth.
- **On-Behalf Payments & Federal Grants:**
    - **On-Behalf Payments:** Payments made directly by the state for employee benefits are accounting entries only; no direct cash is received by the district.
    - **Federal General Fund Revenue:** Limited primarily to Medicaid reimbursements.

Deficit, Contingency, & Lease Proceeds Recap

- **FY26 Ending Deficit & Net Contingency:**
    - FCPS closed the prior fiscal year with a **$5.4 million deficit**.
    - While official books list an $11.4 million contingency, the $5.4 million deficit is already spent against it, reducing the true net contingency to approximately $6 million (well below the target 2% threshold).
- **Fund Transfers & Building Fund Reliance:**
    - To cover recurring operational obligations, the budget relies on transfers from the Building Fund (around $25 million).
    - Management noted that while putting the full $25 million back into the Building Fund is good financial practice, balancing the budget without revenue increases requires making significant operational and personnel reductions.
- **Capital Lease Proceeds (KISTA Bus Financing):**
    - Clarified that the $3.9 million in annual capital lease proceeds represents participation in the Kentucky Interlocal School Transportation Association (KISTA) financing cooperative for purchasing buses.
    - This function operates as a wash ($3.9 million in loan proceeds in, $3.9 million in bus costs) with KISTA debt service payments made over time - there is no cash received.

3. Kyna Koch provided a timetable for the FY28 budget

Task Forces & Budget Reduction Structure

- Acting Superintendent Dr. Bradford established two key internal task forces to address necessary budget reductions for the FY28 draft budget:
    1. **Budget Efficiency Task Force:** Co-chaired by Dr. Bradford and Kyna Koch (8 members, including school and district representation) focused on budget reductions not including school staffing allocations.

2. **Allocations to School Councils Task Force:** Co-chaired by Chief of Middle Schools Erika Bowles and Chief Human Resources Officer Jenny Dyar (10 members, including school and district representation) focused on revising school staffing allocation guidelines.

- **Task Force Focus:** Neither committee will evaluate or make recommendations regarding district revenue; their scope is strictly limited to expenditure and budget / personnel reductions.

FY28 Budget Development Schedule

Target Date	Milestone / Action Item
Nov 4, 2026	Work of the two Budget Task Forces officially concludes.
***Nov 11, 2026**	**Next Committee Meeting:** Task force leadership will present preliminary findings and reduction recommendations for collaborative feedback. **Requested, not confirmed.*
Nov 18, 2026	Final task force recommendations, having been considered by the Superintendent's Cabinet, and approved by the Superintendent, delivered to the Budget Office.
Dec 18, 2026	Draft Budget finalized prior to winter break for submission to the Board of Education.
Jan 5, 2027	Board receives the Draft FY28 Budget (2 days after return from winter break) to be considered at the January 11 Board Planning meeting. Final approval anticipated at the January 25 Regular meeting.
May 15, 2027	**Mandatory Staffing Deadline:** All personnel reduction notices must be formally issued to affected staff **prior** to final approval of the Tentative Budget.
May 2027	Tentative FY28 Budget must be approved by the Board.

June–July 2027	Employment contracts issued based on the finalized single salary schedule and approved task force reductions.

Draft Budget Parameters & Next Steps

- **Uncertainties & Assumptions:** The upcoming Draft Budget will be built conservatively, assuming the Board levies the standard 4% tax rate, while recognizing that final state tax yield calculations remain pending.
- **Exclusions:** The Draft Budget excludes special revenue funds and focuses strictly on general operational alignment.
- **Upcoming Meeting Request (Nov 11):** Kyna Koch agreed to invite task force chairs (Dr. Bradford, Erica Ball, and Jenny Dyar) to the next committee meeting for a collaborative discussion on the proposed personnel and operational reductions before recommendations are finalized for Cabinet review.

Old Business:

None.

Recommendations:

It was requested that representatives of the budget efficiency and school staffing task forces attend the November 11 meeting to engage in a collaborative discussion on the recommendations the task forces are putting forward for the FY28 budget.

Next Meeting:

November 11, 2026 at 5:00 pm, JDP Building, room 159.

Meeting Adjourned:

The meeting was adjourned at 6:34 pm by BFAC Vice Chair Hunter Stout