

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Action/Discussion Item:

Request for Approval of Capital Funds Request Guidelines

Commissioner's Recommendation:

The Commissioner recommends approval of the Capital Funds Request (CFR) guidelines as presented.

Rationale:

To allow districts to maintain flexibility in using capital funds for general operating expenses. The Kentucky Board of Education (KBE) is required by the enacted 2016-2018 biennial budget (HB 303) to approve guidelines, by August 1, 2016, to be followed in considering CFR requests from the school districts in fiscal year 2017. In addition to the approved guidelines, HB 303 also requires the Kentucky Department of Education (KDE) to provide recommendations regarding the CFR in December 2016 to the Appropriations and Revenue Committee for the FY 2018 CFR.

Action Question:

Should the KBE approve the CFR guidelines?

Applicable Statute or Regulation:

HB 303 (2016 Regular Session); KRS 157.420

History/Background:

Existing Policy: With approval of the Commissioner of Education, KRS 157.420 allows flexibility in the expenditure of capital outlay for plant maintenance, repair, insurance on buildings, replacement of equipment, purchase of school buses, and the purchase of technology. HB 303 (2016 Regular Session) adds further flexibility which allows districts to request use of capital outlay funds for general operating expenses. Previous to the enactment of HB 303 (2016 Regular Session), KDE was not required to have guidelines approved by the KBE.

Summary: KRS 157.420 allows, with approval of the Commissioner of Education, districts to have flexibility in the use of capital funds. This flexibility may include using capital funds for plant maintenance, repair, insurance on buildings, replacement of equipment, purchase of school buses, and the purchase of technology. However, HB 303 (2016 Regular Session) and previous enacted budget bills have included language which further extends this flexibility to operating expenses. These operating expenses may include, but are not limited to, salaries, liability insurance, fuel, or utilities. The CFR guidelines are attached.

Budget Impact: No budget impact occurs to KDE. The approval of these guidelines will allow school districts to retain flexibility in requesting capital outlay funds for uses which require approval by the Commissioner of Education.

Groups Consulted and Brief Summary of Responses:

KDE solicited comments from district superintendents, finance officers and the Kentucky Association of School Superintendents and considered them in finalizing the guidelines.

Contact Person:

Robin Fields Kinney, Associate Commissioner
Office of Administration and Support
502/564-1976
Robin.Kinney@education.ky.gov

Donna E. Duncan, Director
Division of District Support
502/564-3930
Donna.Duncan@education.ky.gov



Commissioner of Education

Date:

June 2016