

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Action/Discussion Item:

Approval of the Kentucky Department of Education (KDE) Capital Funds Request (CFR) Guidelines for Fiscal Year 2018-19, as Required by HB 200 (2018 Regular Session)

Commissioner's Recommendation:

The Commissioner recommends that the attached CFR Guidelines be approved. The guidelines are attached.

Rationale:

To meet the requirements of HB 200 the Kentucky Board of Education (KBE) must approve CFR guidelines for local school district use of capital funds for fiscal year 2018-19, prior to August 1, 2018.

Action Question:

Should the KBE approve the fiscal year 2018-19 CFR guideline recommendations?

Applicable Statute or Regulation:

HB 200 (2018 Regular Session); KRS 157.420

History/Background:

Existing Policy: HB 471 (2017 Regular Session) expands the permissible statutory uses for capital outlay funds for FY 2017-18. The bill allows capital outlay funds to be used for operating expenses; however, it prohibits the Commissioner from approving CFR requests that exceed 50% of a local board's current trailing three-year average. HB 471 amended the 2016-2018 biennial budget (HB 303 2016 Regular Session) and expires on June 30, 2018.

Summary HB 200 (2018 Regular Session) expands the permissible statutory uses for capital outlay funds for FY 2018-2019. The bill allows capital outlay funds to be used for operating expenses equal to, but not to exceed, 25% of a local board of education's available capital funds. It states the following:

Use of Local District Capital Funds: Notwithstanding KRS 157.420(4) and (6), 157.440, and 157.621, a local board of education may submit a request to the Commissioner of Education to utilize any capital funds for general operating expenses in fiscal year 2018-2019 without forfeiting the district's eligibility to participate in the School Facilities Construction Commission Program. The Commissioner of Education shall not approve any capital funds request that exceeds 25% of a local board of education's available capital funds in fiscal year 2018-2019. Prior to August 1, 2018, the Kentucky Board of Education shall approve guidelines for requests from local boards of education. Notwithstanding KRS 157.615(14) and 157.622, the School

Facilities Construction Commission shall include the capital funds transferred under the provisions of this subsection among the local board of education's available local revenue for the purposes of calculating unmet facilities need for the 2018-2020 fiscal biennium. Notwithstanding KRS 157.618, no local school district shall be eligible for a grant from the Emergency and Targeted Investment Fund in fiscal year 2018-2019 if any of its capital funds have been transferred under the provisions of this subsection.

The impact of HB 200 is to preserve a district's ability to use capital outlay funds for general operating expenses. However, the amount of capital outlay funds available to the district for operating expenses is restricted to 25% of the district's available capital outlay funds.

HB 200 contains no provision for the usage of capital outlay funds for operating expenses in FY 2020.

Budget Impact: There is no fiscal impact to the Kentucky Department of Education's (KDE) budget.

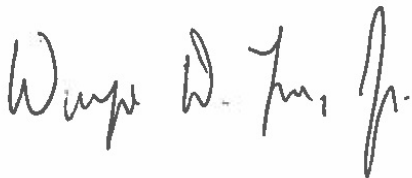
Groups Consulted and Brief Summary of Responses:

The Local Superintendents Advisory Council will review the guidelines at its upcoming meeting and comments will be reported at the board meeting. The approval of the attached guidelines will allow school districts to retain flexibility in requesting capital outlay funds for uses which require approval by the Commissioner of Education.

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Interim Commissioner of Education

Date:

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