

## KENTUCKY DEPARTMENT OF EDUCATION STAFF NOTE

**Topic:** New Emergency and Ordinary regulation, 701 KAR 8:050E and 701 KAR 8:050, Charter School Funding

**Date:** October 2022

**Action Requested:**  Review  Action/Consent  Action/Discussion

**Held In:**  Full Board  Curriculum, Instruction and Assessment  Operations

### SUMMARY OF ISSUE BEFORE THE BOARD:

To act on the proposed new emergency and ordinary regulations, 701 KAR 8:050E and 701 KAR 8:050, Charter school funding, to govern the calculation and distribution of funds as required pursuant to KRS 160.1596(16).

### COMMISSIONER'S RECOMMENDATION:

The Commissioner recommends approval of the proposed new regulations to conform with the requirements of HB 9 (RS 2022) and KRS 160.1596(16).

### APPLICABLE STATUTE OR REGULATION:

KRS 160.1596

### BACKGROUND:

#### *Existing Policy:*

During the 2022 Regular Session of the General Assembly, the legislature passed HB 9, an act relating to educational opportunities and making an appropriation therefor. The bill amended existing statutes and created new statutory sections related to charter schools. In particular, HB 9 included a funding mechanism for the transfer of state and local funds from school districts to charter schools. As amended by HB 9, KRS 156.1596(16)(b) requires the Kentucky Board of Education (KBE) to promulgate administrative regulations to, "Govern the calculation and distribution of funds due to public charter schools from school districts, the schedule of distribution of funds, and the imposition of fines for late distribution of funds."

#### *Summary of Issue:*

KRS 160.1596(16) requires the KBE to promulgate regulations regarding the calculation and distribution of funds for charter schools. For purposes of state and local funding, charter schools are considered schools of the district where they are located. For purposes of federal funding, charter schools are considered local education agencies (LEA). School districts are also LEAs for purposes of federal funding. Charter schools will receive federal funds pursuant to the federal requirements for grants and/or categorical aid programs. The proposed regulation governs the transfer and distribution of state and local funds to charter schools.

The emergency administrative regulation is necessary to meet statutory deadlines outlined in KRS 160.1591 KRS and KRS 160.15911. Pursuant to KRS 160.1591, "beginning in academic year 2022-2023, any authorizer may authorize an unlimited number of public charter schools."

Further, pursuant to KRS 160.15911, the Kentucky public charter school pilot project, requires certain authorizers located in the pilot project area to “solicit, review, and approve at least one charter application for a public charter school” before July 1, 2023.

*Budget Impact:*

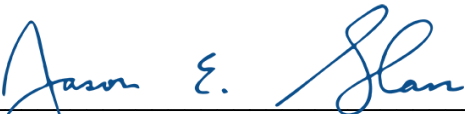
School districts where charter schools are located are required to transfer a proportional share of state and local funds to the charter school. If the district loses students to the charter school, then the district’s funding will decrease proportionally with the funds the district previously received being transferred to the charter school. The amount of funds will depend on the number of students enrolled. Charter applications are required to demonstrate a plan for recruiting at least one hundred (100) students unless the application focuses on special needs, at-risk or career readiness students.

**GROUPS CONSULTED AND BRIEF SUMMARY OF RESPONSES:**

This proposed regulation is scheduled to go before the Local Superintendents Advisory Council (LSAC) on September 27, 2022, and their approval and/or recommendations will be shared.

**CONTACT PERSON(S):**

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Commissioner of Education

Category: <input type="checkbox"/> Educator Workforce Diversity <input type="checkbox"/> Portrait of a Graduate Partnerships <input type="checkbox"/> Racial Equity Commitment <input type="checkbox"/> Student-Centered Accountability System <input type="checkbox"/> Early Childhood <input checked="" type="checkbox"/> District Support
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