

1 AN ACT relating to educational cooperatives.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 160.290 is amended to read as follows:

4 (1) Each board of education shall have general control and management of the public
5 schools in its district and may establish schools and provide for courses and other
6 services as it deems necessary for the promotion of education and the general health
7 and welfare of pupils, consistent with the administrative regulations of the
8 Kentucky Board of Education. Each board shall have control and management of
9 all school funds and all public school property of its district and may use its funds
10 and property to promote public education. Each board shall exercise generally all
11 powers prescribed by law in the administration of its public school system, appoint
12 the superintendent of schools, and fix the compensation of employees.

13 (2) Each board shall make and adopt, and may amend or repeal, rules, regulations, and
14 bylaws for its meetings and proceedings for the management of the schools and
15 school property of the district, for the transaction of its business, and for the
16 qualification and duties of employees and the conduct of pupils. The rules,
17 regulations, and bylaws made by a board of education shall be consistent with the
18 general school laws of the state and shall be binding on the board of education and
19 parties dealing with it until amended or repealed by an affirmative vote of a
20 majority of the members of the board. The rules, regulations, and bylaws shall be
21 spread on the minutes of the board and be open to the public. The rules, regulations,
22 and bylaws may include the use of reverse auctions as defined in KRS 45A.070 in
23 the procurement of goods and leases.

24 (3) (a) Local boards of education electing to enter into agreements pursuant to the
25 Interlocal Cooperation Act, KRS 65.210 to 65.300, with other local boards of
26 education to establish consortia to provide services~~[in accordance with the~~
27 ~~Kentucky Education Reform Act of 1990, 1990 Ky. Acts Ch. 476,]~~ may

1 transfer real or personal property to the consortia without receiving fair
2 market value compensation.

3 **(b)** The joint or cooperative action may employ employees transferred from
4 employment of a local board of education, and the employees shall retain their
5 eligibility for the Kentucky Teachers' Retirement System.

6 **(c)** The chief state school officer, under administrative regulations of the
7 Kentucky Board of Education, may allot funding to an interlocal cooperative
8 board created by two (2) or more local school districts pursuant to KRS
9 65.210 to 65.300 to provide educational services for the mutual advantage of
10 the students in the representative districts.

11 **(d)** **Interlocal cooperative boards created by a local school district pursuant to**
12 **KRS 65.210 to 65.300 shall constitute extensions of each local school**
13 **district that is a party to the agreement.** All statutes and administrative
14 regulations that:

15 **1.** Apply to the use of these funds in local school districts shall~~[-also]~~
16 **extend[+apply]** to **interlocal** cooperative boards;~~[-]~~

17 **2.** **Impose requirements or restrictions upon a school district or services**
18 **rendered by a school district shall extend to interlocal cooperative**
19 **boards or services rendered by interlocal cooperative boards;**

20 **3.** **Impose reporting requirements upon school districts shall extend to**
21 **interlocal cooperative boards, including but not limited to all financial**
22 **reporting requirements that apply to a school district. The reporting**
23 **requirements shall extend to all:**

24 **a.** **Fund balances, revenues and expenditures, and other key**
25 **financial indicators of the interlocal cooperative board;**

26 **b.** **Fund sources, including the dues paid to the cooperative on**
27 **behalf of each member district of the interlocal cooperative**

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board;

c. Educational programs being executed on behalf of member districts of the interlocal cooperative board;

d. Capital funding and bond obligations of the interlocal cooperative board; and

e. Personnel information of classified and certified staff and contracted employees of the interlocal cooperative board, including but not limited the total number, amount and type of compensation, health and life insurance benefits, flexible spending accounts, and job descriptions of classified and certified staff and contracted employees; and

4. Grant oversight authority over a school district to the Kentucky Department of Education, the Kentucky Board of Education, the commissioner of education, or any other entity shall extend to interlocal cooperative boards.

➔Section 2. KRS 156.070 is amended to read as follows:

- (1) The Kentucky Board of Education shall have the management and control of the common schools and all programs operated in these schools, including interscholastic athletics, the Kentucky School for the Deaf, the Kentucky School for the Blind, ~~and~~ community education programs and services, and interlocal cooperative boards created by an interlocal cooperative agreement entered into by a local school district pursuant to Section 1 of this Act and KRS 65.210 to 65.300; including but not limited to special education cooperatives and regional education cooperatives.
- (2) The Kentucky Board of Education may designate an organization or agency to manage interscholastic athletics in the common schools, provided that the rules, regulations, and bylaws of any organization or agency so designated shall be

1 approved by the board, and provided further that any administrative hearing
2 conducted by the designated managing organization or agency shall be conducted in
3 accordance with KRS Chapter 13B.

4 (a) The state board or its designated agency shall assure through promulgation of
5 administrative regulations that if a secondary school sponsors or intends to
6 sponsor an athletic activity or sport that is similar to a sport for which
7 National Collegiate Athletic Association members offer an athletic
8 scholarship, the school shall sponsor the athletic activity or sport for which a
9 scholarship is offered. The administrative regulations shall specify which
10 athletic activities are similar to sports for which National Collegiate Athletic
11 Association members offer scholarships.

12 (b) Beginning with the 2003-2004 school year, the state board shall require any
13 agency or organization designated by the state board to manage interscholastic
14 athletics to adopt bylaws that establish as members of the agency's or
15 organization's board of control one (1) representative of nonpublic member
16 schools who is elected by the nonpublic school members of the agency or
17 organization from regions one (1) through eight (8) and one (1) representative
18 of nonpublic member schools who is elected by the nonpublic member
19 schools of the agency or organization from regions nine (9) through sixteen
20 (16). The nonpublic school representatives on the board of control shall not be
21 from classification A1 or D1 schools. Following initial election of these
22 nonpublic school representatives to the agency's or organization's board of
23 control, terms of the nonpublic school representatives shall be staggered so
24 that only one (1) nonpublic school member is elected in each even-numbered
25 year.

26 (c) The state board or any agency designated by the state board to manage
27 interscholastic athletics shall not promulgate rules, administrative regulations,

1 or by laws that prohibit pupils in grades seven (7) to eight (8) from
2 participating in any high school sports except for high school varsity soccer
3 and football, or from participating on more than one (1) school-sponsored
4 team at the same time in the same sport. The Kentucky Board of Education, or
5 an agency designated by the board to manage interscholastic athletics, may
6 promulgate administrative regulations restricting, limiting, or prohibiting
7 participation in high school varsity soccer and football for students who have
8 not successfully completed the eighth grade.

- 9 (d) 1. The state board or any agency designated by the state board to manage
10 interscholastic athletics shall allow a member school's team or students
11 to play against students of a nonmember at-home private school, or a
12 team of students from nonmember at-home private schools, if the
13 nonmember at-home private schools and students comply with this
14 subsection.
- 15 2. A nonmember at-home private school's team and students shall comply
16 with the rules for student-athletes, including rules concerning:
- 17 a. Age;
- 18 b. School semesters;
- 19 c. Scholarships;
- 20 d. Physical exams;
- 21 e. Foreign student eligibility; and
- 22 f. Amateurs.
- 23 3. A coach of a nonmember at-home private school's team shall comply
24 with the rules concerning certification of member school coaches as
25 required by the state board or any agency designated by the state board
26 to manage interscholastic athletics.
- 27 4. This subsection shall not allow a nonmember at-home private school's

- 1 team to participate in a sanctioned:
- 2 a. Conference;
- 3 b. Conference tournament;
- 4 c. District tournament;
- 5 d. Regional tournament; or
- 6 e. State tournament or event.
- 7 5. This subsection does not allow eligibility for a recognition, award, or
- 8 championship sponsored by the state board or any agency designated by
- 9 the state board to manage interscholastic athletics.
- 10 6. A nonmember at-home private school's team or students may participate
- 11 in interscholastic athletics permitted, offered, or sponsored by the state
- 12 board or any agency designated by the state board to manage
- 13 interscholastic athletics.
- 14 (e) Every local board of education shall require an annual medical examination
- 15 performed and signed by a physician, physician assistant, advanced practice
- 16 registered nurse, or chiropractor, if performed within the professional's scope
- 17 of practice, for each student seeking eligibility to participate in any school
- 18 athletic activity or sport. The Kentucky Board of Education or any
- 19 organization or agency designated by the state board to manage interscholastic
- 20 athletics shall not promulgate administrative regulations or adopt any policies
- 21 or bylaws that are contrary to the provisions of this paragraph.
- 22 (f) Any student who turns nineteen (19) years of age prior to August 1 shall not
- 23 be eligible for high school athletics in Kentucky. Any student who turns
- 24 nineteen (19) years of age on or after August 1 shall remain eligible for that
- 25 school year only. An exception to the provisions of this paragraph shall be
- 26 made, and the student shall be eligible for high school athletics in Kentucky if
- 27 the student:

- 1 1. Qualified for exceptional children services and had an individual
2 education program developed by an admissions and release committee
3 (ARC) while the student was enrolled in the primary school program;
 - 4 2. Was retained in the primary school program because of an ARC
5 committee recommendation; and
 - 6 3. Has not completed four (4) consecutive years or eight (8) consecutive
7 semesters of eligibility following initial promotion from grade eight (8)
8 to grade nine (9).
- 9 (g) The state board or any agency designated by the state board to manage
10 interscholastic athletics shall promulgate administrative regulations or bylaws
11 that provide that:
- 12 1. A member school shall designate all athletic teams, activities, and sports
13 for students in grades six (6) through twelve (12) as one (1) of the
14 following categories:
 - 15 a. "Boys";
 - 16 b. "Coed"; or
 - 17 c. "Girls";
 - 18 2. The sex of a student for the purpose of determining eligibility to
19 participate in an athletic activity or sport shall be determined by:
 - 20 a. A student's biological sex as indicated on the student's original,
21 unedited birth certificate issued at the time of birth; or
 - 22 b. An affidavit signed and sworn to by the physician, physician
23 assistant, advanced practice registered nurse, or chiropractor that
24 conducted the annual medical examination required by paragraph
25 (e) of this subsection under penalty of perjury establishing the
26 student's biological sex at the time of birth;
 - 27 3. a. An athletic activity or sport designated as "girls" for students in

1 grades six (6) through twelve (12) shall not be open to members of
2 the male sex.

3 b. Nothing in this section shall be construed to restrict the eligibility
4 of any student to participate in an athletic activity or sport
5 designated as "boys" or "coed"; and

6 4. Neither the state board, any agency designated by the state board to
7 manage interscholastic athletics, any school district, nor any member
8 school shall entertain a complaint, open an investigation, or take any
9 other adverse action against a school for maintaining separate
10 interscholastic or intramural athletic teams, activities, or sports for
11 students of the female sex.

12 (h) 1. The state board or any agency designated by the state board to manage
13 interscholastic athletics shall promulgate administrative regulations that
14 permit a school district to employ or assign nonteaching or noncertified
15 personnel or personnel without postsecondary education credit hours to
16 serve in a coaching position. The administrative regulations shall give
17 preference to the hiring or assignment of certified personnel in coaching
18 positions.

19 2. A person employed in a coaching position shall be a high school
20 graduate and at least twenty-one (21) years of age and shall submit to a
21 criminal background check in accordance with KRS 160.380.

22 3. The administrative regulations shall specify post-hire requirements for
23 persons employed in coaching positions.

24 4. The regulations shall permit a predetermined number of hours of
25 professional development training approved by the state board or its
26 designated agency to be used in lieu of postsecondary education credit
27 hour requirements.

- 1 5. A local school board may specify post-hire requirements for personnel
2 employed in coaching positions in addition to those specified in
3 subparagraph 3. of this paragraph.
- 4 (i) Unless permitted to be eligible for varsity athletics by any transfer rule,
5 policy, or administrative regulation promulgated by the state board or any
6 agency designated by the state board to manage interscholastic athletics, any
7 student who transfers enrollment from a district of residence to a nonresident
8 district under KRS 157.350(4)(b) after enrolling in grade nine (9) and
9 participating in a varsity sport shall be ineligible to participate in
10 interscholastic athletics for one (1) calendar year from the date of the transfer.
11 The state board or any agency designated by the state board to manage
12 interscholastic athletics may adopt rules, policies, and bylaws and promulgate
13 administrative regulations necessary to carry out this paragraph.
- 14 (j) No member school shall grant a student-athlete the right to use the member
15 school's intellectual property, such as trademarks, school uniforms, and
16 copyrights, in the student's earning of compensation through name, image,
17 and likeness activities. No student-athlete shall use such intellectual property
18 in earning compensation through name, image, and likeness activities. The
19 state board or any agency designated by the state board to manage
20 interscholastic athletics shall promulgate administrative regulations to govern
21 and enforce this paragraph.
- 22 (3) **The Kentucky Board of Education shall manage interlocal cooperative boards as**
23 **an extension of each school district that is a party to the interlocal cooperative**
24 **agreement that created the interlocal cooperative board. The Kentucky Board of**
25 **Education shall:**
- 26 **(a) Exercise the board's management and control over interlocal cooperative**
27 **boards in the same manner and method as school districts;**

1 (b) Monitor use of these funds by interlocal cooperative boards in the same
2 manner and method as school districts;

3 (c) Monitor the services rendered by interlocal cooperative boards in the same
4 manner and method as school districts;

5 (d) Collect and review the reports required of interlocal cooperative boards
6 pursuant to subsection (3)(d) of Section 1 of this Act in the same manner
7 and method as corresponding reports required of school districts; and

8 (e) Publish the reports required of interlocal cooperative boards pursuant to
9 Subsection (3)(d) of Section 1 of this Act in the same manner and to the
10 same location as corresponding reports required of school districts.

11 **(4)** (a) The Kentucky Board of Education is hereby authorized to lease from the State
12 Property and Buildings Commission or others, whether public or private, any
13 lands, buildings, structures, installations, and facilities suitable for use in
14 establishing and furthering television and related facilities as an aid or
15 supplement to classroom instruction throughout the Commonwealth and for
16 incidental use in any other proper public functions. The lease may be for any
17 initial term commencing with the date of the lease and ending with the next
18 ensuing June 30, which is the close of the then-current fiscal biennium of the
19 Commonwealth, with exclusive options in favor of the board to renew the
20 same for successive ensuing bienniums, July 1 in each even year to June 30 in
21 the next ensuing even year; and the rentals may be fixed at the sums in each
22 biennium, if renewed, sufficient to enable the State Property and Buildings
23 Commission to pay therefrom the maturing principal of and interest on, and
24 provide reserves for, any revenue bonds which the State Property and
25 Buildings Commission may determine to be necessary and sufficient, in
26 agreement with the board, to provide the cost of acquiring the television and
27 related facilities with appurtenances and costs as may be incident to the

1 issuance of the bonds.

2 (b) Each option of the Kentucky Board of Education to renew the lease for a
3 succeeding biennial term may be exercised at any time after the adjournment
4 of the session of the General Assembly at which appropriations shall have
5 been made for the operation of the state government for such succeeding
6 biennial term, by notifying the State Property and Buildings Commission in
7 writing, signed by the chief state school officer, and delivered to the secretary
8 of the Finance and Administration Cabinet as a member of the commission.
9 The option shall be deemed automatically exercised, and the lease
10 automatically renewed for the succeeding biennium, effective on the first day
11 thereof, unless a written notice of the board's election not to renew shall have
12 been delivered in the office of the secretary of the Finance and Administration
13 Cabinet before the close of business on the last working day in April
14 immediately preceding the beginning of the succeeding biennium.

15 (c) The Kentucky Board of Education shall not itself operate leased television
16 facilities, or undertake the preparation of the educational presentations or
17 films to be transmitted thereby, but may enter into one (1) or more contracts
18 to provide therefor, with any public agency and instrumentality of the
19 Commonwealth having, or able to provide, a staff with proper technical
20 qualifications, upon which agency and instrumentality the board, through the
21 chief state school officer and the Department of Education, is represented in
22 such manner as to coordinate matters of curriculum with the curricula
23 prescribed for the public schools of the Commonwealth. Any contract for the
24 operation of the leased television or related facilities may permit limited and
25 special uses of the television or related facilities for other programs in the
26 public interest, subject to the reasonable terms and conditions as the board and
27 the operating agency and instrumentality may agree upon; but any contract

1 shall affirmatively forbid the use of the television or related facilities, at any
2 time or in any manner, in the dissemination of political propaganda or in
3 furtherance of the interest of any political party or candidate for public office,
4 or for commercial advertising. No lease between the board and the State
5 Property and Buildings Commission shall bind the board to pay rentals for
6 more than one (1) fiscal biennium at a time, subject to the aforesaid renewal
7 options. The board may receive and may apply to rental payments under any
8 lease and to the cost of providing for the operation of the television or related
9 facilities not only appropriations which may be made to it from state funds,
10 from time to time, but also contributions, gifts, matching funds, devises, and
11 bequests from any source, whether federal or state, and whether public or
12 private, so long as the same are not conditioned upon any improper use of the
13 television or related facilities in a manner inconsistent with the provisions of
14 this subsection.

15 ~~(5)~~~~(4)~~ The state board may, on the recommendation and with the advice of the chief
16 state school officer, prescribe, print, publish, and distribute at public expense such
17 administrative regulations, courses of study, curriculums, bulletins, programs,
18 outlines, reports, and placards as each deems necessary for the efficient
19 management, control, and operation of the schools and programs under its
20 jurisdiction. All administrative regulations published or distributed by the board
21 shall be enclosed in a booklet or binder on which the words "informational copy"
22 shall be clearly stamped or printed.

23 ~~(6)~~~~(5)~~ Upon the recommendation of the chief state school officer or his or her
24 designee, the state board shall establish policy or act on all matters relating to
25 programs, services, publications, capital construction and facility renovation,
26 equipment, litigation, contracts, budgets, and all other matters which are the
27 administrative responsibility of the Department of Education.

1 ➔Section 3. KRS 156.010 is amended to read as follows:

- 2 (1) The commissioner of education shall be the chief executive of the Department of
3 Education. The commissioner shall be responsible for administering, structuring,
4 and organizing the department and its services, including~~[,]~~ but not limited to~~[,]~~ the
5 following:
- 6 (a) Technical assistance with curriculum design, school administration and
7 finance, computer and technology services, media services, community
8 education, secondary vocational education, education for exceptional children,
9 and professional development;
 - 10 (b) Compensatory education;
 - 11 (c) Research and planning, which shall include, but not be limited to, a statewide
12 research and development effort to identify or develop the best educational
13 practices to be used in the public schools of the Commonwealth. Appropriations for this purpose may be used within the department or for
14 contracting with other individuals, agencies, universities, laboratories, or
15 organizations;
 - 17 (d) Kentucky School for the Blind and the Kentucky School for the Deaf;
 - 18 (e) Performance and outcome assessments;
 - 19 (f) Monitoring the management of school districts, including administration and
20 finance, implementation of state laws and regulations, and student
21 performance;~~[and]~~
 - 22 (g) **Monitoring the management of interlocal cooperative boards created by an**
23 **interlocal cooperative agreement entered into by a local school district**
24 **pursuant to Section 1 of this Act and KRS 65.210 to 65.300, including**
25 **administration and finance, and the implementation of state laws and**
26 **regulations; and**
 - 27 (h) Implementing state laws and the policies promulgated thereunder by the

1 Kentucky Board of Education and the Education Professional Standards
2 Board.

3 (2) The commissioner of education may delegate to his assistants any authority to act
4 for him in the supervision, inspection, and administration of the schools to the
5 extent he has supervisory and administrative control.

6 (3) All employees of the Department of Education shall be reimbursed for necessary
7 traveling expenses incurred in the performance of their official duties, and no part
8 of the reimbursement shall be included in or accounted as a part of their salaries.

9 (4) The State Department of Education, in the operation and management of its schools
10 and the programs at these schools, shall meet all required federal and state standards
11 relating to facilities and personnel qualifications; however, no license or license fee
12 shall be required for any school or program operated by the State Department of
13 Education.

14 (5) The Department of Education shall be the sole state agency for the purpose of
15 developing and approving state plans required by state or federal laws and
16 regulations as prerequisites to receiving federal funds for elementary and secondary
17 education.

18 ➔Section 4. KRS 156.200 is amended to read as follows:

19 The chief state school officer shall receive and examine all reports required by law or by
20 the Kentucky Board of Education and, in person or through his *or her* assistants, shall
21 examine and advise on the expenditures, business methods, and accounts of all boards of
22 education, *interlocal cooperative boards*, and all *other* institutions placed under the
23 management and control of the Department of Education as established in KRS 156.010.
24 *The chief state school officer* ~~He~~ shall see that all financial and educational accounts are
25 accurately and neatly kept and that all reports are made according to the forms adopted
26 by the Kentucky Board of Education.

27 ➔Section 5. KRS 158.785 is amended to read as follows:

- 1 (1) The Kentucky Board of Education shall establish a program to improve specific
2 aspects of the management of local school districts as described in KRS 158.780.
- 3 (2) The State Department of Education shall, pursuant to administrative regulations
4 promulgated by the Kentucky Board of Education, collect and review data relative
5 to the instructional and operational performance of local school districts. When a
6 review of the data or of any other information, including site investigations of local
7 management practices, indicates the presence of critically ineffective or inefficient
8 management, the chief state school officer shall order a management audit of the
9 governance and administration of the district. A local school board or
10 superintendent may also request a management audit of the district.
- 11 (3) If a management audit, conducted for any of the reasons set forth in subsection (2)
12 of this section, indicates that there is a pattern of a significant lack of efficiency and
13 effectiveness in the governance or administration of a school district, the chief state
14 school officer shall recommend the district to the Kentucky Board of Education
15 either as a "state assisted district" or a "state managed district."
- 16 (4) The Kentucky Board of Education shall promulgate an administrative regulation
17 establishing a procedure for considering the recommendation of the chief state
18 school officer to declare a district a "state assisted district" or a "state managed
19 district." This procedure shall fully comply with the procedures for administrative
20 hearings established in KRS Chapter 13B.
- 21 (5) When the chief state school officer presents a recommendation to the state board for
22 designation as a "state assisted district" or a "state managed district," he or she shall
23 establish the following:
- 24 (a) Existence of a pattern of a significant lack of efficiency and effectiveness in
25 the governance or administration of the school district, including the
26 *governance and administration of any interlocal cooperative board that is*
27 *an extension of that school district pursuant to Section 1 of this Act;*

- 1 (b) The pattern of a significant lack of efficiency and effectiveness in the
2 governance or administration of the school district continues to exist; and
- 3 (c) State assistance or state management is necessary to correct the inefficiencies
4 and ineffectiveness.
- 5 (6) When a district is designated a "state assisted district" under subsection (4) of this
6 section, the following actions shall be required of the chief state school officer:
- 7 (a) Management assistance shall be provided to the district to develop and
8 implement a plan to correct deficiencies found in the management audit.
- 9 (b) The Department of Education shall monitor the development and
10 implementation of the correctional plan to improve the governance or
11 administration of the school district. If the chief state school officer
12 determines that the plan is being inadequately developed or implemented, he
13 or she shall make a recommendation to the Kentucky Board of Education to
14 declare the district a "state managed district."
- 15 (7) If the state board designates a district a "state managed district" under subsection
16 (4) of this section, the following actions shall be required of the chief state school
17 officer:
- 18 (a) All administrative, operational, financial, personnel, and instructional aspects
19 of the management of the school district formerly exercised by the local
20 school board and the superintendent shall be exercised by the chief state
21 school officer or his or her designee.
- 22 (b) The local superintendent may be removed from office by the Kentucky Board
23 of Education pursuant to KRS 156.132.
- 24 (c) Notwithstanding any statute to the contrary, after thirty (30) days after a
25 district becomes a "state managed district" any appointment to an
26 administrative position may be revoked by the chief state school officer and
27 the individual employee may be reassigned to any duty for which that person

1 is qualified. The chief state school officer shall provide to the reassigned
2 employee written reasons for the reassignment. The individual shall not be
3 dismissed from subsequent employment except as provided by KRS 156.132
4 and 161.790.

5 (d) The chief state school officer shall make the administrative appointments as
6 necessary to exercise full and complete control of all aspects of the
7 management of the district. The chief state school officer, through the
8 appointments, may make any and all decisions previously made by the local
9 school board and the local superintendent. The chief state school officer shall
10 retain clear supervisory and monitoring powers over the operation and
11 management of the district.

12 (8) A school district shall be designated as a "state managed district" until the
13 Kentucky Board of Education determines that the pattern of ineffective and
14 inefficient governance or administration and the specific deficiencies determined by
15 the management audit have been corrected. Each year following the school year in
16 which the designation of a "state managed district" was made, the chief state school
17 officer shall report the status of the corrective action being taken to the Kentucky
18 Board of Education. No local school district shall remain in the status of a "state
19 managed district" longer than three (3) consecutive school years unless the
20 Kentucky Board of Education extends the time after a complete review of a new
21 management audit. Any judicial review of actions taken by the chief state school
22 officer or the board under KRS 158.780 or this section shall be in accordance with
23 the provisions for conducting judicial review of administrative hearings outlined in
24 KRS Chapter 13B.

25 ➔Section 6. KRS 156.255 is amended to read as follows:

26 As used in KRS 156.255 to 156.295:

27 (1) "Accountant" means a certified public accountant or a public accountant registered

1 with the State Board of Accountancy;[]

2 (2) "Board" means the board of education of a school district;[]

3 (3) "Committee" means the State Committee for School District Audits;[]

4 (4) **"Interlocal cooperative board" means an interlocal cooperative board created by**
 5 **an interlocal cooperative agreement entered into by a local school district**
 6 **pursuant to Section 1 of this Act and KRS 65.210 to 65.300, including but not**
 7 **limited to special education cooperatives and regional education cooperatives;**
 8 **and**

9 (5) "State board" means the Kentucky Board of Education.

10 ➔Section 7. KRS 156.265 is amended to read as follows:

11 (1) There shall be a State Committee for School District Audits comprised of the
 12 Governor, or a person designated by him, the Attorney General, the Auditor of
 13 Public Accounts, a person designated by the Legislative Research Commission to
 14 represent the Office of Education Accountability, and the commissioner of
 15 education. The Auditor of Public Accounts shall be the chair of the committee.

16 (2) The committee shall have the accounts of each board **and interlocal cooperative**
 17 **board** audited not less than once every fiscal year. The committee also may, at any
 18 time, cause to be made a comprehensive and complete audit of any board **or**
 19 **interlocal cooperative board**. Upon the written request of the state board, the
 20 commissioner of education, the Attorney General, the Auditor of Public Accounts,
 21 the Governor, or the Office of Education Accountability, the committee may cause
 22 the accounts of a board **or interlocal cooperative board** to be audited. Each audit
 23 shall cover such period of time, and shall include such auditing procedures and
 24 standards, as the committee may designate.

25 (3) Audits authorized under this section are in addition to any audits contemplated
 26 under KRS 11.090 or 156.200 or KRS Chapter 43.

27 (4) (a) The actual expense of any **school district** audit authorized under this section

1 shall be borne equally by the district board of education and by the committee
2 from funds allocated to it.

3 **(b) If an interlocal agreement entered into by a local school district pursuant to**
4 **Section 1 of this Act and KRS 65.210 to 65.300 is silent on the issue, the**
5 **actual expense of any interlocal cooperative board audit authorized under**
6 **this section shall be borne by the interlocal cooperative board and by the**
7 **committee from funds allocated to it.**

8 (5) The committee shall meet at least quarterly. Additional or special meetings may be
9 called by the chair.

10 ➔Section 8. KRS 156.275 is amended to read as follows:

11 (1) The committee shall select, to make the audit authorized under KRS 156.265,
12 accountants who are qualified under KRS Chapter 325 and the administrative
13 regulations promulgated by the Kentucky State Board of Accountancy.

14 (2) Immediately upon completion of each audit, the accountant shall prepare a report of
15 ~~the~~^{his} findings and recommendations in such form and in such detail as the
16 committee may prescribe. The report shall be to the committee and in such number
17 of copies as specified by the committee. The committee shall furnish one (1) copy
18 to the Kentucky Board of Education, one (1) copy to the district board of education
19 **or interlocal cooperative board** to which the report pertains, one (1) copy to the
20 chief state school officer and one (1) copy to the Auditor of Public Accounts.
21 ~~A~~^{The} district board of education shall keep a copy of the report on file in the
22 office of the superintendent of schools of the district. **An interlocal cooperative**
23 **board shall keep a copy of the report on file in the office of the executive director**
24 **of the interlocal cooperative agency.**~~and~~ The report shall be open to inspection
25 by any interested person, subject to reasonable rules as to time and place of
26 inspection.

27 ➔Section 9. KRS 156.285 is amended to read as follows:

1 (1) The accountant shall have access to and may examine all books, accounts, reports,
2 vouchers, correspondence files, records, money, and property of any board or
3 interlocal cooperative board. Every officer or employee of any such board or
4 interlocal cooperative board having such records or property in his or her
5 possession or under his or her control shall permit access to and examination of
6 them upon the request of the accountant.

7 (2) The committee may require information on oath from any person touching any
8 matters relative to any account that the accountant is required to audit. The
9 committee may administer the oath, or have it done by any officer authorized to
10 administer an oath.

11 (3) The committee may issue process and compel the attendance of witnesses before it,
12 and administer oaths and compel witnesses to testify in any of the investigations the
13 accountant is authorized to make.

14 ➔Section 10. KRS 156.295 is amended to read as follows:

15 (1) Any officer or employee of a board or interlocal cooperative board or any other
16 person who prevents, attempts to prevent, or obstructs an examination by the
17 accountant made under KRS 156.265 and 156.275 is guilty of a high misdemeanor
18 and shall, upon indictment and conviction in the Circuit Court of competent
19 jurisdiction, be fined five hundred dollars (\$500).

20 (2) Any person who fails or refuses to permit the examination provided for in KRS
21 156.285 or who interferes with such examination shall be fined not less than one
22 hundred dollars (\$100) or imprisoned in the county jail for not less than one (1)
23 month nor more than twelve (12) months, or both. Each refusal shall constitute a
24 separate offense.

25 (3) Any person who has custody of any books, accounts, reports, vouchers,
26 correspondence, files, records, money, and property that the accountant is
27 authorized to examine under KRS 156.265 and 156.285 who fails or refuses when

1 called upon by the committee for that purpose to permit the accountant to inspect
2 any of such materials shall, upon conviction in the Circuit Court of competent
3 jurisdiction, be fined not more than five hundred dollars (\$500) and be subject to
4 removal as provided by law.

5 (4) Any person who refuses to be sworn when required by the committee to be sworn
6 for the purpose mentioned in subsection (2) of KRS 156.285 shall be fined not more
7 than five hundred dollars (\$500).

8 (5) Any witness called by the committee under subsection (3) of KRS 156.285 who
9 fails, without legal excuse, to attend or testify shall be fined not more than five
10 hundred dollars (\$500).