

1 AN ACT relating to independent school districts.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 160 IS CREATED TO  
4 READ AS FOLLOWS:

5 *For the purposes of Sections 1 to 6 of this Act:*

6 *(1) "Altered originating school district" or "altered originating district" means the*  
7 *originating district as it exists after the new independent district is removed from*  
8 *its boundaries and which shall continue as the same legal entity as the*  
9 *originating district;*

10 *(2) "Interim school board" or "interim board" means the local board of education*  
11 *of the new independent district that is elected pursuant to Section 2 of this Act or*  
12 *any successor board elected, either of which are serving prior to the deadline to*  
13 *be fully operational established in subsection (4)(i) of Section 4 of this Act;*

14 *(3) "New independent school district" or "new independent district" means an*  
15 *independent school district that is created pursuant to Section 2 of this Act;*

16 *(4) "Originating school district" or "originating district" means an existing school*  
17 *district from which a new independent district is created pursuant to Section 2 of*  
18 *this Act; and*

19 *(5) "Qualifying city" means an incorporated city:*

20 *(a) That has no independent school district currently in existence within the*  
21 *city's boundaries;*

22 *(b) With boundaries that do not contain the entirety of the county in which the*  
23 *city is located; and*

24 *(c) Has a population based on the most recent decennial census conducted by*  
25 *the United States Bureau of the Census of at least five thousand (5,000)*  
26 *people.*

27 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 160 IS CREATED TO

1 READ AS FOLLOWS:

2 (1) The citizens of a qualifying city may petition to require an election on  
3 establishing a new independent school district within the boundaries of the  
4 qualifying city.

5 (2) A petition for an election establishing a new independent district shall be signed  
6 by the number of constitutionally qualified voters of the qualifying city, equal to  
7 twenty-five percent (25%) of the votes cast in the city at the last preceding regular  
8 election. The petition may consist of one (1) or more separate units, and shall be  
9 filed with the county clerk. The petition shall be in accordance with the  
10 following:

11 (a) Before a petition for an election may be presented for signatures, an intent  
12 to circulate the petition, including a copy of the unsigned petition, shall be  
13 filed with the county clerk by any person or group of persons seeking the  
14 establishment of a new independent district;

15 (b) After a petition for an election has received no fewer than the number of  
16 qualifying signatures required by this subsection, the signed petition shall  
17 be filed with the county clerk;

18 (c) The petition for an election, in addition to the signature and legibly printed  
19 name of each voter, shall also include the voter's residence address, year of  
20 birth, and the correct date upon which the voter's name was signed;

21 (d) No signer of the petition for election may withdraw his or her name or have  
22 it taken from the petition after the petition has been filed. If the name of any  
23 person has been placed on the petition for election without that person's  
24 authority, the person may appear before the county clerk before the election  
25 is ordered and upon proof that the person's name was placed on the petition  
26 without his or her authority, the person's name and personal information  
27 required in paragraph (c) of this subsection shall be eliminated by the

1           county clerk. When the person's name and personal information has been  
2           eliminated, he or she shall not be counted as a petitioner;

3           (e) A petition for election under this subsection shall state:

4           1. "We the undersigned registered voters hereby petition for an election  
5           on the following question: 'Are you in favor of the establishment of a  
6           new independent school district in (name of city) to serve the residents  
7           of the city and be governed by a local board of education with  
8           authority to tax for educational purposes?"; and

9           2. The projected date of the election;

10          (f) No petition for an election shall be circulated for more than six (6) months  
11          prior to its filing;

12          (g) Substantial compliance with the wording designated under this subsection  
13          for the petition is sufficient to validate the actual wording of the petition;  
14          and

15          (h) In order for the election to be held on the day fixed by law for a regular  
16          election, the petition shall be filed not later than the first Tuesday following  
17          the first Monday in June preceding the day fixed by law for holding the  
18          regular election.

19          (3) After a petition for an election has been filed in conformity with this section, the  
20          county clerk shall direct that the questions in subsections (8)(a) and (b)1. of this  
21          section shall be placed on the ballot for the next regular election to be held in that  
22          city.

23          (4) (a) Upon the determination by the county clerk that a petition for election has  
24          satisfied the requirements of subsection (2) of this section, the county clerk  
25          shall begin to accept petitions for nomination for the provisional election of  
26          members of the interim board of education that would be established upon  
27          the creation of the new independent school district as provided in subsection

1           (3) of this section.

2           (b) The eligibility requirements, number of members, and election requirements  
3           applied to other independent school districts under KRS Chapter 160 shall  
4           apply to the interim board provisional election as though the proposed new  
5           independent district were already in existence.

6           (5) The general election laws, including penalties for violations, shall apply to the  
7           election for the proposed new independent district and the provisional election of  
8           an interim board of the proposed new independent district required in this  
9           section, except where these laws are inconsistent with this section.

10          (6) No election establishing a new independent district shall be held in the same city  
11          more than once in every three (3) years.

12          (7) Not later than the fourth Tuesday preceding an election at which the proposition  
13          under this subsection is to be submitted to the voters, any committee that in good  
14          faith advocates or opposes the establishment of the new independent district may  
15          file a petition with the county clerk asking that the petitioners be recognized as  
16          the committee entitled to nominate challengers for the question in subsection  
17          (8)(a) of this section to serve at the election at which the proposition is to be voted  
18          on. The requirements and procedures regarding for challengers under this  
19          paragraph shall be the same as provided in KRS 117.315(4), (5), and (6) and  
20          117.316, 117.317, and 117.318.

21          (8) The proposition required by this section shall submit two (2) questions to the  
22          voters:

23          (a) The first question shall be on the establishment of the new independent  
24          school district. The question to be voted upon shall be stated without  
25          emblems and voters shall designate a "Yes" or a "No" vote. The form of the  
26          proposition shall be: "Are you in favor of the establishment of a new  
27          independent school district in (name of city) to serve the residents of the city

- 1           and be governed by a local board of education with authority to raise taxes  
2           for educational purposes?"; and
- 3           **(b) The second question shall be on the provisional membership of the interim**  
4           **board of education of the new independent district and shall be subject to**  
5           **the following:**
- 6           **1. The form the of proposition for the provisional election of the interim**  
7           **board members shall be: "If a new independent school district is**  
8           **established, who should serve as the members of the interim board of**  
9           **education for the district?" The five (5) candidates receiving the most**  
10           **votes shall be provisionally elected to the board, dependent on**  
11           **subparagraph 2. of this paragraph; and**
- 12           **2. If the majority of votes cast in the election on establishing a new**  
13           **independent district required in paragraph (a) of this subsection are:**
- 14           **a. "No", then the provisional election of the members of the board**  
15           **of education shall be void; or**
- 16           **b. "Yes", then the provisional election of the members of the board**  
17           **of education shall be binding and the board shall serve as an**  
18           **interim board.**
- 19           **(9) The ballot containing an election establishing a new independent school district**  
20           **and a provisional election of a board of education for the proposed independent**  
21           **school district shall have the proposition of the establishment of the district**  
22           **appear on the ballot before the provisional election of a board of education. The**  
23           **two propositions shall appear on the ballot in proximity to each other.**
- 24           **(10) The results of the election shall be certified by the county board of elections. The**  
25           **certificate of the result shall be immediately filed with the county clerk and the**  
26           **certificate, or an attested copy thereof, shall be prima facie evidence of the result**  
27           **of the election.**

1 (11) The proposition in subsection (8) of this section shall be subject to the same  
2 recount, contest, canvass, and recanvass provisions and procedures as set forth in  
3 KRS 242.120.

4 (12) (a) Any members elected under subsection (8)(b) of this section shall assume  
5 office upon certification of the election results and serve on the interim  
6 board until January 1 following the next regular election in an even year.

7 (b) Notwithstanding KRS 160.200, upon the end of the term of any members  
8 elected under subsection (8)(b) of this section, as set out in paragraph (a) of  
9 this subsection, the three (3) members elected during the regular election in  
10 an even year with the most votes shall then take office and serve four (4)  
11 year terms. The remaining members elected during that election shall serve  
12 an initial two (2) year term, with subsequent terms being for four (4) years.

13 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 160 IS CREATED TO  
14 READ AS FOLLOWS:

15 (1) Upon the certification of an election result that creates a new independent school  
16 district and establishes the district's interim board of education under Section 2  
17 of this Act, the interim board shall have all the powers, authorities, and  
18 responsibilities of any other board of education, except for the transitional  
19 provisions provided in this section and Section 4, 5, and 6 of this Act. Any  
20 vacancy in membership of an interim board shall be filled in the same manner as  
21 KRS 160.190.

22 (2) The board of education of the originating district shall continue serving as the  
23 board of education of the altered originating district. The board of education of  
24 the altered originating district shall conduct the process for dividing the district  
25 into new election divisions under KRS 160.210. If in dividing the altered  
26 originating district, if one (1) or more of its members reside in one (1) division, or  
27 if one (1) of its members reside in the new independent district, then

1 representation of over- and under-represented divisions shall be determined by lot  
2 and the members shall represent those divisions until their terms expire.  
3 Thereafter, members from those divisions shall be nominated and elected as  
4 provided in KRS 160.200, 160.220, 160.230, 160.240, and 160.250.

5 (3) Upon the certification of an election result that creates a new independent district  
6 and establishes the district's interim board under Section 2 of this Act, the  
7 Kentucky Department of Education shall conduct a calculation of the total assets  
8 and liabilities held by the originating district from which the territory of the new  
9 independent district was established and shall be made based on the election date  
10 the new independent district. The calculation shall comply with the following:

11 (a) The calculation shall be an amount in dollars for both total assets and total  
12 liabilities;

13 (b) The department shall develop a list of assets and liabilities and the values  
14 assigned to each. Classes of individual items may collectively be given an  
15 assigned value based on an average valuation;

16 (c) The assets shall exclude:

17 1. Any federal funds or grant funds given to the originating district when  
18 division would violate the conditions of the funds; and

19 2. Any property purchased with those funds when division would violate  
20 the condition of the funds;

21 (d) The liabilities shall include all the debt service of the originating district,  
22 including debt for construction or the purchase of equipment for the  
23 originating district;

24 (e) The Kentucky Department of Education shall then calculate the projected  
25 tax assessments for both the new independent school district and the altered  
26 originating district. Based on the proportion of the new independent school  
27 district's and altered originating district's projected tax assessments to the

1 originating district's overall tax assessments, the department shall assign an  
2 amount in dollars of both assets and liabilities. These shall be the initial  
3 assigned value of assets and liabilities for each district;

4 (f) Until the transfer of assets and liabilities outlined in subsection (8) of this  
5 section, and excluding any required funds transferred in Section 4 of this  
6 Act, the altered originating district shall maintain control and use of all the  
7 assets and shall be responsible for their maintenance. An amount of assets  
8 assigned to the new independent district in paragraph (e) of this subsection  
9 shall be restricted and shall only be used, disposed of, or expended to  
10 provide essential education services for currently enrolled students. The  
11 altered originating district's use of these funds shall require approval of the  
12 department. Any new debt acquired by the altered originating district shall  
13 not be assigned to the new independent district; and

14 (g) Prior to the deadline for new independent district to be fully operational  
15 established in subsection (4)(h) of Section 4 of this Act, as the altered  
16 originating district continues to make any payments on debts of the  
17 originating district, the amounts shall be attributed in the same proportional  
18 manner as in paragraph (e) of this subsection.

19 (4) The interim board of education of the new independent district and the board of  
20 education of the altered originating district shall conduct negotiations to agree to  
21 the division of the originating district's assets and liabilities. Each district shall be  
22 entitled to an amount of assets assigned by the department under subsection (3)  
23 of this section. The negotiation shall resolve:

24 (a) The disposition of any of the originating district's real properties and  
25 buildings that are located within the boundaries of the new independent  
26 district;

27 (b) The division of any monies held by or owed to the originating district;



- 1        (b) The specific debts each district shall receive individually or shall share  
2            between the districts;
- 3        (c) The division, in bulk or individually, of the originating district's desks,  
4            books, computers, projectors, televisions, phones, school buses,  
5            automobiles, furniture, equipment, supplies, and other tangible personal  
6            property owned by the originating school district; and
- 7        (d) The continuation, modification, assignment, or termination of  
8            nonemployment contracts agreed to by the originating district.
- 9        (5) The boards of education shall conclude negotiations and enter an agreed division  
10           of the originating district's assets and debts by the first November 1 following the  
11           establishing of the new independent district. The agreement may provide a  
12           timeline for the general transfer of assets and debts and may also provide for a  
13           timeline for the transfer of specific assets. If any matter remains unresolved after  
14           the deadline established in this subsection, the matters shall be presented to the  
15           commissioner of education or designee for resolution pursuant to subsection (6)  
16           of this section. Any proposed agreement to the division of the originating district's  
17           assets shall be agreed to by a majority vote of each district's board of education.
- 18        (6) On issues the boards cannot come to agreement under subsections (4) or (5) of  
19           this section, a board may appeal to the commissioner of education or designee to  
20           determine an equitable resolution of the disagreement. In any determination, the  
21           decision shall prioritize the successful operation of both districts. The matter  
22           shall be decided within thirty (30) days of the submission. The commissioner or  
23           designee shall notify the districts of the decision. The decisions may be appealed  
24           to the state board at the next regular meeting.
- 25        (7) If, after the November 1 deadline in subsection (5) of this section and any thirty  
26           (30) day review period for the commissioner in subsection (6) of this section, any  
27           disagreement between the boards remains unresolved, the Kentucky Department

1 of Education shall assess a fine to the districts in the amount of the dispute in  
 2 question with the fine divided proportionally in the same manner as in subsection  
 3 (3)(e) of this section and shall be placed in the support education excellence in  
 4 Kentucky fund.

5 (8) By the second June 30 following the establishment of the new independent school  
 6 district, the transfer of all assets and debts identified in the agreement made in  
 7 subsection (5) of this section or resolved under subsection (6) of this section shall  
 8 be determined and completed.

9 (9) The altered originating district shall continue to exercise taxing authority over  
 10 both the altered originating district and the new independent district and shall  
 11 collect revenues in the same manner as the originating district. For the tax year  
 12 in which the deadline to be fully operational established in subsection (4)(h) of  
 13 Section 4 of this Act occurs, the amounts collected by the altered originating  
 14 district shall first be divided by two (2). The quotient shall then be distributed  
 15 proportionally between the two districts in the same manner as in subsection  
 16 (3)(e) of this section. Upon the close of that tax year, the new independent district  
 17 shall be responsible for collecting the taxes within the boundaries of the district  
 18 as otherwise provided by law.

19 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 160 IS CREATED TO  
 20 READ AS FOLLOWS:

21 (1) When a new independent school district is established under Section 2 of this Act,  
 22 the mayor of the qualifying city in which it is established shall call the interim  
 23 local board of education to meet within ten (10) days.

24 (2) At the first meeting, the interim board shall only:

25 (a) Take the oath of office;

26 (b) Elect a chair and vice-chair;

27 (c) Discuss potential policies of the interim board;

- 1 (d) Discuss the appointment of a superintendent, secretary, and treasurer under  
2 KRS Chapter 160; and
- 3 (e) Determine whether the board shall seek assistance from the commissioner  
4 of education pursuant to subsection (3) of this section.
- 5 (3) An interim board may request technical assistance from the Kentucky  
6 Department of Education by submitting a request to the commissioner of  
7 education. Upon receiving a request, the commissioner shall direct department  
8 staff to provide technical assistance to the board in developing the transition  
9 required in subsection (4) of this section.
- 10 (4) In transitioning the new independent district into a fully functional district, the  
11 interim board and new independent district shall conform with the following:
- 12 (a) Develop, adopt, maintain, and comply with the transition plan required  
13 under Section 6 of this Act;
- 14 (b) By January 1 after its establishment, the interim board shall develop an  
15 interim budget for the operations of the new independent district for the  
16 remainder of the fiscal year that will only include the costs of critical  
17 operations of the board, such as salaries, supplies, offices, and other  
18 expenses necessary for the board to function. The chair of the board shall  
19 submit the interim budget to the commissioner of education for approval.  
20 Within five (5) days, the commissioner shall approve or disapprove the  
21 proposed budget. If the proposed budget is disapproved, the interim board  
22 may resubmit an amended budget or appeal the commissioner's decision to  
23 the state board of education at its next regular meeting. Once a budget has  
24 been approved, the department shall require the altered originating district  
25 to transfer the approved amounts to the new independent district in regular  
26 installments. If the altered originating district fails to transfer the funds, the  
27 amounts shall be deducted from the funds transferred to the altered

1 originating district from the support education excellence in Kentucky fund.  
2 These amounts shall be deducted from the new independent district's assets  
3 assigned in subsection (3) of Section 3 of this Act;

4 (c) In a timely manner, the interim board shall:

5 1. Appoint a superintendent on an interim basis for the new independent  
6 district to assist the board in executing the transition. Any contract  
7 between an interim superintendent and an interim board shall not  
8 extend past the deadline for the new independent district to be fully  
9 operational established in paragraph (h) of this subsection, but may  
10 subsequently be renewed by the board;

11 2. Appoint a secretary and a treasurer for the board; and

12 3. Select counsel for the board;

13 (d) Upon the direction of the interim board, the interim superintendent shall  
14 hire district staff critical for the operations of the interim board, such as a  
15 district finance officer. Notwithstanding any statute to the contrary, any  
16 hiring or dismissal made by the superintendent prior to the deadline  
17 established in paragraph (h) of this subsection shall be subject to the  
18 ratification of the interim board;

19 (e) By May 1 following the creation of the new independent district, the interim  
20 board shall develop a budget for the operations of the district for the  
21 following fiscal year. The chair of the board shall submit the budget to the  
22 commissioner of education for approval. The budget under this paragraph  
23 shall be subject to the same provisions as the interim budget in paragraph  
24 (b) of this subsection but shall include additional district staff required for  
25 the continued development of district operations;

26 (f) By the second January 1 following the establishment of the new  
27 independent district, the interim board shall:

- 1           1. Identify the schools that the board intends to establish within the  
2           district at the start of the next school year, the grades and programs to  
3           be placed within those schools, and the number of staff and the staff  
4           positions that will be placed at those schools; and
- 5           2. Develop a special budget designed to build up the district's operations  
6           necessary to provide a minimum school term as defined in KRS  
7           158.070 during the following school year. The budget under this  
8           paragraph shall be subject to the same provisions as the interim  
9           budget in paragraph (b) of this subsection but shall include funds  
10           needed prior to the beginning of the next school year for:
- 11           a. The hiring of principals and other school staff required for  
12           preparations;
- 13           b. District and school facilities and additional supplies or tangible  
14           personal property not provided for in the agreement in  
15           subsection (4) of Section 3 of this Act; and
- 16           c. Contract services that are needed to support district and school  
17           operations;
- 18           (g) Notwithstanding KRS 160.345, upon the authorization by the interim board:
- 19           1. The interim superintendent shall select and hire the principals for the  
20           district's schools, subject to the ratification of the board; and
- 21           2. The principals shall begin hiring school staff for the following school  
22           year, with the hiring subject to the ratification of the superintendent;  
23           and
- 24           (h) The second July 1 following the establishment of the new independent  
25           school district shall serve as the deadline for the district to be fully  
26           operational and the interim board shall ensure the district is prepared to  
27           provide full services to the students of the district for the coming school

1           year.

- 2   (5) A local board of a new independent district may request a waiver of the timeline  
3   established in subsection (4) of this section to the commissioner of education or  
4   designee. However, no waiver shall be granted to alter the deadline established in  
5   subsection (4)(h) of this section. The commissioner or designee shall approve or  
6   deny the request within five (5) days of the submission. A denial may be appealed  
7   to the state board at its next regular meeting.
- 8   (6) If during the transition established in this section the interim board identifies a  
9   statute or administrative regulation that inhibits the district's ability to be fully  
10   operational as required under subsection (4)(h) of this section, the board may  
11   submit a request to the Kentucky Board of Education to temporarily waive the  
12   statute or administrative regulation. The request shall identify the specific statute  
13   or administrative regulation, the rationale for the needed waiver, and the  
14   duration the waiver is needed. The Kentucky Board of Education shall consider  
15   the request at its next regular meeting and, if approved, the state board shall  
16   identify the duration of the waiver, which shall not extend past the conclusion of  
17   the first operational school year.
- 18   (7) The interim board may enter a contract with another school district to provide  
19   support services for the new independent district, including financial  
20   management and payroll services. However, the contract shall not extend beyond  
21   the deadline established in subsection (4)(h) of this section. However, the contract  
22   may subsequently be renewed by the board.
- 23   (8) Notwithstanding any other provision of this Act, if, prior to the deadline  
24   established in subsection (4)(h) of this section, the interim board determines by a  
25   four-fifths (4/5) vote that the establishment of the new independent district is not  
26   financially viable, then the chair of the interim board shall submit notice of the  
27   vote to the board of the altered originating district and the commissioner of

1 education. The commissioner shall establish the timeline and the process for the  
2 new independent district and interim board to cease functions and merge back  
3 into the originating school district.

4 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 160 IS CREATED TO  
5 READ AS FOLLOWS:

6 (1) Upon the deadline to become fully functional in subsection (4)(h) of Section 4 of  
7 this Act, the district shall be prepared to provide services to the students of the  
8 district and the interim board shall no longer serve as an interim, but shall  
9 exercise the full authorities of a local board of education, except for the  
10 provisions of this section and Section 6 of this Act.

11 (2) For any debts assessed to the new independent district pursuant to subsection (4)  
12 of Section 3 of this Act, any tax levied by the originating district that was  
13 authorized for the purposes of paying a specific debt or interest shall continue to  
14 be levied and collected within the boundaries of the independent district by the  
15 district's board in accordance with the laws under which the levies were  
16 originally made until all the associated obligations of the originating district have  
17 been retired.

18 (3) Notwithstanding the requirements under KRS 160.345, the new independent  
19 district shall not be required to implement school-based decision making in the  
20 district for the first operational school year, but shall adopt a process to seek the  
21 advice of parents and school faculty during that year. The district shall be subject  
22 to KRS 160.345 with the start of the second operational year.

23 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 160 IS CREATED TO  
24 READ AS FOLLOWS:

25 (1) The interim board shall develop, adopt, and maintain a transition plan for the  
26 new independent district that shall guide the transition process for the new  
27 independent district until the close of the first operational school year.

- 1 (2) The interim board may request assistance in developing and maintaining the plan  
2 from the commissioner of education who shall provide expertise and guidance  
3 from the Kentucky Department of Education for the interim board's plan.
- 4 (3) The transition plan shall include, at a minimum:
- 5 (a) The details required in subsection (4) of Section 4 of this Act;  
6 (b) An assessment detailing the new independent district's number of school-  
7 aged residents and projections for the first operational school year's total  
8 enrollment and enrollment by grade;  
9 (c) The schools, grades, and programs the district shall offer;  
10 (d) The facilities that the district will maintain to house those schools, grades,  
11 and programs that includes a facilities plan for the first operational year;  
12 (e) The transportation services the district shall provide to students that  
13 includes a transportation plan for the first operational year;  
14 (f) The food services the district shall provide to students that includes a food  
15 services plan for the first operational year;  
16 (g) The process the district shall follow in conforming to the Individuals with  
17 Disabilities Education Act, the Americans with Disabilities Act, and the  
18 Rehabilitation Act of 1973;  
19 (h) The staffing plan for the district that includes teacher and staff assignments  
20 to specific schools for the first operational year;  
21 (i) The procedures and advisory bodies established to seek parent and school  
22 faculty feedback during the first operational year as required under Section  
23 5 of this Act;  
24 (j) Notwithstanding the requirements in KRS 158.070 for a school district  
25 calendar committee, establish the school calendar for the first operational  
26 school year;  
27 (k) A district technology plan that provides for the technological needs of the



1 district and schools throughout the interim and the first operational school  
2 year;

3 (l) Transition services for high school students to ensure that students remain  
4 on track to graduate during the transition and the first operational school  
5 year; and

6 (m) During the first operational school year, whether or how the new  
7 independent district will offer the following

8 1. Preschool and kindergarten;

9 2. Career and technical education;

10 3. Student health services; and

11 4. Family resource and youth service centers.

12 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 157 IS CREATED TO  
13 READ AS FOLLOWS:

14 (1) For the purposes of this section, "altered originating school district" and "new  
15 independent school district" mean the same as in Section 1 of this Act.

16 (2) Notwithstanding the provisions of this chapter to the contrary, when a new  
17 independent school district is created pursuant to Section 3 of this Act, the  
18 calculation of the funds due from the support education excellence in Kentucky  
19 fund to both the new independent school district and the altered originating  
20 school district for the first operational school year shall:

21 (a) For the purposes of average daily attendance, be based on both districts'  
22 projected enrollment and the originating district's average daily attendance  
23 from the prior school year; and

24 (b) For the purposes of aggregate daily attendance of students transported, be  
25 based on both district's projected enrollment and a transportation plan  
26 submitted to the Kentucky Department of Education by both districts.

27 (3) The calculations required in subsection (2) of this section shall be adjusted by the

1        *Kentucky Department of Education in January of the first operational school*  
2        *year to reflect the first semester's actual data. Subsequent years of operation shall*  
3        *be calculated as otherwise provided by this chapter.*