

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 *As used in Sections 1 to 6 of this Act:*

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

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

16 *(4) "Originating school district" or "originating district" means an existing school*  
17 *district from which a new independent school district is created under Section 2*  
18 *of 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) That has a population based on the most recent decennial census conducted*  
25 *by 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) A petition for an election shall include, in addition to the signature and  
19 legibly printed name of each voter, 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 a petition for an election may withdraw his or her name or  
22 have it taken from the petition after the petition has been filed. If the name  
23 of any person has been placed on the petition for an election without that  
24 person's authority, the person may appear before the county clerk before  
25 the election is ordered and upon proof that the person's name was placed on  
26 the petition without his or her authority, the person's name and personal  
27 information shall be eliminated by the county clerk. When the person's

1           *name and personal information has been eliminated, he or she shall not be*  
2           *counted as a petitioner;*

3           *(e) A petition for an 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 an elected 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 subsection (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 an election*  
24          *has satisfied the requirements of this section, the county clerk shall begin to*  
25          *accept petitions for nomination for the provisional election of members of*  
26          *the interim board of education that would be established upon the creation*  
27          *of the new independent school district as provided in subsection (8) of this*

1 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 provisional election of an interim board as though the proposed  
5 new 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 to establish a new independent district under this section shall be held  
11 in the same city more than once every three (3) years.

12 (7) No later than the fourth Tuesday preceding an election at which the proposition  
13 under this section 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 challengers under this  
19 subsection 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 under this section shall submit two (2) questions to the voters as  
22 follows:

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 an elected local board of education with authority to  
2           raise taxes 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 of the 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 under paragraph (a) of this subsection are:**
- 14           **a. "No", then the provisional election of the members of the**  
15           **interim board of education shall be void; or**
- 16           **b. "Yes", then the provisional election of the members of the**  
17           **interim board of education shall be binding and the board shall**  
18           **serve as an interim board.**
- 19           **(9) The ballot containing an election establishing a new independent school district**  
20           **and a provisional election of an interim board of education for the proposed new**  
21           **independent school district shall have the proposition of the establishment of the**  
22           **new independent district appear on the ballot before the provisional election of an**  
23           **interim board of education. The two (2) propositions shall appear on the ballot in**  
24           **proximity to each other.**
- 25           **(10) The results of the election shall be certified by the county board of elections. The**  
26           **certificate of the result shall be immediately filed with the county clerk and the**  
27           **certificate, or an attested copy thereof, shall be prima facie evidence of the result**

1 of the election.

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

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

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

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

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

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

1 its members reside in the new independent district, then representation of over-  
2 and under-represented divisions shall be determined by lot and the selected  
3 members shall represent those divisions until their terms expire. Thereafter,  
4 members from those divisions shall be nominated and elected as provided in KRS  
5 160.200, 160.220, 160.230, 160.240, 160.250, and 160.260.

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

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

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

17 (c) The assets shall exclude:

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

20 2. Any property purchased with funds when division would violate  
21 restrictions or condition of the funds or the property;

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

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

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

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

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

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

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



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

5 (8) By the second June 30 following the establishment of the new independent  
 6 district, the transfer of all assets and debts identified in the agreement made  
 7 under subsection (5) of this section or resolved under subsection (6) of this  
 8 section shall 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 under 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) The interim board shall develop, adopt, maintain, and comply with the  
13               transition plan required 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 Kentucky Board of Education at its next regular meeting. Once a budget  
24               has been approved, the department shall require the altered originating  
25               district to transfer the approved amounts to the new independent district in  
26               regular installments. If the altered originating district fails to transfer the  
27               funds, the amounts shall be deducted from the funds transferred to the

1 altered originating district from the fund to support education excellence in  
2 Kentucky. These amounts shall be deducted from the new independent  
3 district's assets 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, including  
15 but not limited to a district finance officer. Notwithstanding any statute to  
16 the contrary, any hiring or termination made by the interim superintendent  
17 prior to the deadline established in paragraph (h) of this subsection shall be  
18 subject to ratification by 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 operated 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           subparagraph 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 interim 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 interim  
23           superintendent; and
- 24           (h) The second July 1 following the establishment of the new independent  
25           school district shall be the deadline for the district to be fully operational  
26           and the interim board shall ensure the district is prepared to provide full  
27           services to the students of the district for the coming school year.

- 1 (5) An interim board of a new independent district may request a waiver of the  
2 timeline established in subsection (4) of this section to the commissioner of  
3 education or designee, except that no waiver shall be granted to alter the deadline  
4 established in subsection (4)(h) of this section. The commissioner or designee  
5 shall approve or deny the request within five (5) days of the submission. A denial  
6 may be appealed to the Kentucky Board of Education at its next regular meeting.
- 7 (6) If during the transition established under this section the interim board identifies  
8 a statute or administrative regulation that inhibits the district's ability to be fully  
9 operational as required under subsection (4)(h) of this section, the interim board  
10 may submit a request to the Kentucky Board of Education to temporarily waive  
11 the statute or administrative regulation. The request shall identify the specific  
12 statute or administrative regulation, the rationale for the needed waiver, and the  
13 duration the waiver is needed. The Kentucky Board of Education shall consider  
14 the request at its next regular meeting and, if approved, the state board shall  
15 identify the duration of the waiver that shall not extend past the conclusion of the  
16 first fully operational school year.
- 17 (7) The interim board may enter into a contract with another board of education to  
18 provide support services for the new independent district, including financial  
19 management and payroll services. The contract shall not extend beyond the  
20 deadline established in subsection (4)(h) of this section. However, the contract  
21 may subsequently be renewed by the board.
- 22 (8) Notwithstanding any other provision of Sections 1 to 6 of this Act, if, prior to the  
23 deadline established in subsection (4)(h) of this section, the interim board  
24 determines by a four-fifths (4/5) vote that the establishment of the new  
25 independent district is not financially viable, then the chair of the interim board  
26 shall submit notice of the vote to the board of education of the altered originating  
27 district and the commissioner of education. The commissioner shall establish the

1 timeline and the process for the new independent district and interim board to  
2 cease functions and merge back into the originating school district.

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

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

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

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

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

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

27 (2) The interim board may request assistance in developing and maintaining the

1 transition plan from the commissioner of education who shall provide expertise  
2 and guidance from the Kentucky Department of Education for the interim  
3 board's plan.

4 (3) The transition plan shall include, at a minimum:

5 (a) The aspects 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 fully operational school year's  
8 total enrollment and enrollment by grade;

9 (c) The schools, grades, and programs the district will 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 fully operational  
12 year;

13 (e) The transportation services the district will provide to students that includes  
14 a transportation plan for the first fully operational year;

15 (f) The food services the district will provide to students that includes a food  
16 services plan for the first fully operational year;

17 (g) The process the district will follow in conforming to the Individuals with  
18 Disabilities Education Act, the Americans with Disabilities Act, and the  
19 Rehabilitation Act of 1973;

20 (h) The staffing plan for the district that includes teacher and staff assignments  
21 to specific schools for the first fully operational year;

22 (i) The procedures and advisory bodies established to seek parent and school  
23 faculty feedback during the first fully operational year as required under  
24 Section 5 of this Act;

25 (j) Notwithstanding the requirements in KRS 158.070 for a school district  
26 calendar committee, establish the school calendar for the first fully  
27 operational school year;



1 (k) A district technology plan that provides for the technological needs of the  
 2 district and schools throughout the transition and the first fully operational  
 3 school year;

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

7 (m) During the first fully operational school year, whether and how the new  
 8 independent district will offer the following:

9 1. Preschool and kindergarten;

10 2. Career and technical education;

11 3. Student health services; and

12 4. Family resource and youth service centers.

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

15 (1) As used in this section, "altered originating school district" and "new  
 16 independent school district" have the same meanings as in Section 1 of this Act.

17 (2) Notwithstanding any provisions of this chapter to the contrary, when a new  
 18 independent school district is created under Sections 1 to 6 of this Act, the  
 19 calculation of the funds from the fund to support education excellence in  
 20 Kentucky that are due to both the new independent school district and the altered  
 21 originating school district for the first fully operational school year shall:

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

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

1 (3) The calculations required in subsection (2) of this section shall be adjusted by the  
2 Kentucky Department of Education in January of the first fully operational  
3 school year to reflect the first semester's actual data.

4 (4) Following the first fully operational school year, funding for subsequent years of  
5 operation shall be calculated as otherwise provided in this chapter.