



HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	HF 565 (previously HF 446)	House Committee:	PASSED 22-0 (3/2/2017)
Committee:	Education	House Floor:	
Floor Manager:	Rep. Koester	Senate Floor:	
Date:	March 14, 2017	Governor:	
Staff:	Jason Chapman (1-3015)		

School District Flexibility Fund

- Allows for the creation of a Flexibility Account in each district, the purpose of which is to collect unexpended and unobligated funds from a few different sources of categorical funding and allow the district to use those funds for purposes of the original source or other general fund purposes.
- The Account is set up as a partition of the district’s General Fund. It will consist of transfers of unobligated and unexpended funds FROM (and statewide FY15 fund balances):
 - Home School Assistance Program (\$8.8 million)
 - At-risk/Dropout Prevention Funds (\$14.7 million)
 - Preschool Funds (\$22.8 million)
 - Professional Development Funds (\$27.1 million)
 - Any program for which authorizing language is no longer in statute
 - Market Factor Incentives/Grant (\$800,000) and other minor funds

And use those funds FOR:

- Preschool programming
- Professional Development purposes
- Home School Assistance Program purposes
- At-risk/Dropout Prevention programming
- Talented and Gifted Programming
- Or other general fund purpose
- Any transfer of funds to this account will require that the statutory purposes of that funding have been met. Any use of funds from this account will require a public hearing, a resolution of the school board stating the original source and purpose of the funds and the proposed use of the funds.

Section-by Section Analysis

Section 1 – Preschool Funding

Allows a district to transfer unexpended or unobligated preschool funding to the Flexibility Fund at the end of the year.

Section 2 – Professional Development Funding

Allows a district to transfer unexpended or unobligated professional development funding to the Flexibility Fund at the end of the year.

Reiterates that any use of professional development funds are still at the discretion of the district's teacher quality committee, which dictates the use of PD funds.

Section 3 and 4 Dropout and At-Risk Funding

Allows a district to transfer unexpended or unobligated at-risk / dropout prevention funding to the Flexibility Fund at the end of the year.

Also allows a district to spend funding FROM the Flexibility Fund for at-risk / dropout prevention purposes.

Section 5 – Talented and Gifted Funding

Allows a district to spend funding FROM the Flexibility Fund for TAG purposes.

Section 6 – Professional Development Funding

Duplicate of Section 2: Allows a district to transfer unexpended or unobligated professional development funding to the Flexibility Fund at the end of the year.

Section 7 – Creation of School District Flexibility Fund

Creates the Flexibility Fund. Can receive funds from:

- Home School Assistance Fund
- At-risk / dropout funding
- Preschool Funds
- Professional Development
- Other funds for which the program, purpose, or requiring language has been struck from statute or is no longer in effect

Can spend the funds on:

- Startup costs for preschool
- Professional development
- Home School Assistance Program
- At-risk / Dropout
- TAG
- Any other general fund purpose

Any transfer of funds to this account will require that the statutory purposes of that funding have been met. Any use of funds from this account will require a public hearing, a resolution of the school board stating the original source and purpose of the funds and the proposed use of the funds.

Sections 8 through 12 – Home School Assistance Program

Allows a district to transfer unexpended or unobligated HSAP funding to the Flexibility Fund at the end of the year.

Also allows a district to spend funding FROM the Flexibility Fund for HSAP purposes.

Section-by Section Analysis

H-1190 by Koester – Changes the “fund” to an “account” within the general fund for more proper accounting procedures. Adds the language requiring the statutory requirements for the funds being transferred have been met prior to transfer. Strikes the ability to transfer at-risk/dropout funding to the flex account. Allows the funds to be used in the fiscal year following the fiscal year in which the transfer takes place.

H-1192 by Winckler – Allows a district to spend its cash reserve funds to increase their spending authority to the maximum District Cost Per Pupil (DCPP) amount in the state.