

**Excerpts from Chapter 899, 2002 Acts of Assembly regarding
Required Local Effort for Mandatory Standards of Quality
Programs:**

Item 147 B.7., Chapter 899, 2002 Acts of Assembly

7. The Department of Education shall make calculations at the start of the school year to ensure that an operational school division has appropriated adequate funds to support its estimated required local expenditure. The Department of Education shall also make calculations after the close of the school year to verify that the required local effort level, based on actual March 31st Average Daily Membership, was met. To determine if an operational school division has appropriated and expended its required local expenditure for the Standards of Quality, the Department of Education shall make the following calculations:

- a. The total cost of operation less all capital outlays, debt service expenditures and refunds of state or federal revenue (prior periods), will be calculated; then
- b. From this amount calculated in paragraph a will be deducted receipts from state funds (other than for capital outlays and refunds of revenue from prior periods), receipts from federal funds other than for capital outlays and P.L. 95-561 (formerly P.L. 81-874 and P.L. 81-815), Forest Reserve receipts, tuition from another county or city, and payments from other state agencies and others, all as stipulated by the Superintendent of Public Instruction; then
- c. From this amount calculated in paragraph b will be deducted the estimated revenues from the state sales and use tax (returned on the basis of the latest triennial count of school age population) for sales in the fiscal year in which the school year begins.
- d. The amount calculated in paragraph c must be equal to or greater than the required local expenditure defined in paragraph A 5.
- e. The Department of Education shall collect the data necessary to perform the calculations of required local expenditure as required by this section.

f. A locality whose expenditure in fact exceeds the required amount from local funds may not reduce its expenditures unless it first complies with all of the Standards of Quality.

Item 147 B.8., Chapter 899, 2002 Acts of Assembly

8.a. Any sum which a locality, as of the end of a school year, has not expended, pursuant to paragraph B 7 above, for the Standards of Quality shall be paid by the locality into the general fund of the state treasury. Such payments shall be made not later than the end of the school year following that in which the under expenditure occurs.

b. Whenever the Department of Education has recovered funds as defined in the preceding paragraph a, the Secretary of Education is authorized to repay to the locality affected by that action, seventy-five percent (75%) of those funds upon his determination that:

- 1) The local school board agrees to include the funds in its June 30 ending balance for the year following that in which the under expenditure occurs;
- 2) The local governing body agrees to reappropriate the funds as a supplemental appropriation to the approved budget for the second year following that in which the under expenditure occurs, in an appropriate category as requested by the local school board, for the direct benefit of the students;
- 3) The local school board agrees to expend these funds, over and above the funds required to meet the required local expenditure for the second year following that in which the under expenditure occurs, for a special project, the details of which must be furnished to the Department of Education for review and approval;
- 4) The local school board agrees to submit periodic reports to the Department of Education on the use of funds provided through this project award; and
- 5) The local governing body and the local school board agree that the project award will be cancelled and the funds withdrawn if the above conditions have not been

met as of June 30 of the second year following that in which the under expenditure occurs.

c. There is hereby appropriated, for the purposes of the foregoing repayment, a sum sufficient, not to exceed 75 percent of the funds deposited in the general fund pursuant to the preceding paragraph a.