

SENATE BILL NO. 350—SENATORS PORTER, MCGINNESS,
RHOADS AND AMODEI

MARCH 10, 1999

JOINT SPONSORS: ASSEMBLYMEN DINI, NEIGHBORS, DE BRAGA, CARPENTER AND
COLLINS

Referred to Committee on Finance

SUMMARY—Creates rural education fund and provides for allocations of money to certain school districts. (BDR 34-1108)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: Yes.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to school finance; creating the rural education fund; requiring the legislative committee on education to administer the fund and grant allocations of money from the fund; requiring the state board of finance to issue general obligation bonds for the financial support of the fund; authorizing certain school districts to apply for an allocation from the fund; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE
AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** Chapter 387 of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 to 12, inclusive, of this act.
3 **Sec. 2.** *As used in sections 2 to 12, inclusive, of this act, unless the*
4 *context otherwise requires, the words and terms defined in sections 3 and*
5 *4 of this act have the meanings ascribed to them in those sections.*
6 **Sec. 3.** *“Committee” means the legislative committee on education.*
7 **Sec. 4.** *“Fund” means the rural education fund created pursuant to*
8 *section 5 of this act.*
9 **Sec. 5.** *1. The rural education fund is hereby created in the state*
10 *treasury, to be administered by the committee. All money received and*

1 *held by the state treasurer for the purpose of the fund must be deposited*
2 *in the fund.*

3 *2. The money in the fund must be invested as the money in other*
4 *state funds is invested. All interest and income earned on the money in*
5 *the fund must be credited to the fund and accounted for separately with*
6 *the money that is accounted for separately pursuant to subsection 2 of*
7 *section 9 of this act.*

8 *3. The committee shall grant allocations of money from the fund to*
9 *school districts whose applications have been approved pursuant to*
10 *section 8 of this act.*

11 *4. Claims against the fund must be paid as other claims against the*
12 *state are paid.*

13 *5. The committee may use not more than \$2,500 of the money in the*
14 *fund each calendar year to pay the administrative expenses to oversee the*
15 *school districts whose applications have been approved pursuant to*
16 *section 8 of this act for that year.*

17 **Sec. 6. 1.** *Except as otherwise provided in this subsection, the state*
18 *board of finance shall issue general obligation bonds of the State of*
19 *Nevada in the amount of \$1,000,000 to generate the amount to be*
20 *allocated by the committee for each calendar year and to pay the*
21 *expenses related to the issuance of the bonds. The state board of finance*
22 *may issue the bonds for more than 1 calendar year as it determines*
23 *appropriate. The expenses related to the issuance of bonds pursuant to*
24 *this section must be paid from the proceeds of the bonds and must not*
25 *exceed 2 percent of the face amount of the bonds sold.*

26 *2. No public debt is created, within the meaning of section 3 of*
27 *article 9 of the constitution of the State of Nevada, until the issuance of*
28 *the bonds.*

29 *3. The proceeds from the sale of the bonds issued pursuant to this*
30 *section, after deducting the expenses related to the issuance of the bonds,*
31 *must be deposited with the state treasurer for credit to the fund.*

32 *4. The provisions of the State Securities Law, contained in chapter*
33 *349 of NRS, apply to the issuance of bonds pursuant to this section.*

34 *5. The committee shall notify the state board of finance of the total*
35 *amount of money that it grants to school districts for each year.*

36 **Sec. 7. 1.** *A school district is eligible to receive an allocation from*
37 *the fund if the school district has a total enrollment of 2,100 pupils or*
38 *less, calculated pursuant to NRS 387.1233, on the last day of the first*
39 *month of the school year.*

40 *2. Except as otherwise provided in section 11 of this act, if a school*
41 *district has a total enrollment:*

42 *(a) Of 600 pupils or less, calculated pursuant to NRS 387.1233, on the*
43 *last day of the first month of the school year, the school district is eligible*

1 to receive an allocation from the fund of not more than \$300,000 for the
2 year in which the school district is eligible for an allocation.

3 (b) Of at least 601 pupils but not more than 1,300 pupils, calculated
4 pursuant to NRS 387.1233, the school district is eligible to receive an
5 allocation from the fund of not more than \$500,000 for the year in which
6 the school district is eligible for an allocation.

7 (c) Of at least 1,301 pupils but not more than 2,100 pupils, calculated
8 pursuant to NRS 387.1233, the school district is eligible to receive an
9 allocation from the fund of not more than \$700,000 for the year in which
10 the school district is eligible for an allocation.

11 3. On or before September 1 of each year, the committee shall select
12 two school districts from the school districts that are described in
13 subsection 1 to apply for an allocation from the fund for the immediately
14 succeeding calendar year. The committee shall establish criteria for
15 determining which two school districts will be selected. The committee
16 shall select the two school districts based upon the financial needs of the
17 school districts and any additional criteria established by the committee.
18 A school district that receives an allocation is not eligible to apply for
19 another allocation from the fund until the other school districts that are
20 eligible have applied for initial allocations from the fund. The committee
21 may appoint a subcommittee of its members to select the two school
22 districts that may apply each year.

23 **Sec. 8. 1.** On or before October 1 of each year, a school district
24 that has been selected by the committee, or subcommittee, if any, may
25 submit an application to the committee for an allocation from the fund.
26 Such an application must be endorsed by the board of trustees of the
27 school district. Upon receipt of such an application, the committee shall
28 review the application. The committee may appoint a subcommittee of its
29 members to review applications pursuant to this section.

30 2. An application must include a description of the proposed project
31 for which the school district requests an allocation and the financial
32 costs of the project. A proposed project may include more than one
33 phase, component or purpose for the use of the money. The committee
34 may approve all the proposals set forth in the application or select which
35 proposals it will approve for funding.

36 3. An allocation may be requested to provide financial support for:
37 (a) The existing financial needs and deficiencies of the school district
38 relating to the repair, maintenance and improvement of school facilities
39 and buildings that are necessary to comply with all applicable laws and
40 regulations of this state and the Federal Government, including, without
41 limitation, the Americans with Disabilities Act of 1990, 42 U.S.C. §§
42 12101 et seq., fire codes and electrical codes;

1 (b) Professional development of teachers and other educational
2 personnel that would not be carried out if the school district does not
3 receive an allocation;

4 (c) Special education if money is otherwise unavailable for the school
5 district to satisfy local, state or federal requirements relating to the
6 special education of pupils with disabilities;

7 (d) Advancements in educational technology which are part of an
8 existing educational technology plan, including, without limitation,
9 contracts for technical support and other related professional assistance;

10 (e) Any other project that will provide a direct educational benefit, as
11 demonstrated by the applicant; or

12 (f) Any combination of the purposes listed in this section.

13 4. The committee shall, if necessary, make recommendations to an
14 applicant concerning the proposals contained in the application.

15 5. The committee shall approve an application if the committee
16 determines that the proposed project qualifies for an allocation pursuant
17 to subsection 3. The committee shall not approve an application that
18 proposes to use an allocation to pay the costs of construction for new
19 school buildings or facilities. The committee shall specifically set forth
20 each proposal that it approves for inclusion in the project. The committee
21 shall give priority of funding to an application that proposes to use an
22 allocation for the purposes set forth in paragraph (a) of subsection 3.

23 6. A school district that receives an allocation shall not use the
24 money to:

25 (a) Settle or arbitrate disputes or negotiate settlements between an
26 organization that represents licensed employees of the school district and
27 the school district;

28 (b) Pay the salaries or benefits of the employees of the school district;
29 or

30 (c) Pay the costs of construction for new school buildings or facilities.

31 **Sec. 9. 1.** On or before December 1 of each year, the committee
32 shall determine the total amount of financial assistance it will grant for
33 the immediately succeeding calendar year pursuant to section 10 of this
34 act. Except as otherwise provided in section 11 of this act, the amount to
35 be granted must not exceed \$1,000,000 per year or \$12,000,000 in any
36 12-year period.

37 2. If the committee grants less than \$1,000,000 in any year, the
38 committee shall retain the remaining balance and account for it
39 separately.

40 **Sec. 10. 1.** The first allocation to a school district whose
41 application has been approved must not exceed an amount equal to 100
42 percent of the total cost of the project approved by the committee or the

1 *amount that the school district is eligible to receive pursuant to*
2 *subsection 2 of section 7 of this act, whichever is less.*

3 *2. Except as otherwise provided in subsection 3, if a school district*
4 *submits an application after its first allocation, the total allocation to the*
5 *school district must not exceed an amount equal to 80 percent of the total*
6 *cost of the project approved by the committee or of the amount that the*
7 *school district is eligible to receive pursuant to subsection 2 of section 7*
8 *of this act, whichever is less.*

9 *3. Except as otherwise provided in this subsection, if a school district*
10 *demonstrates to the satisfaction of the committee that the school district*
11 *has committed a matching sum of at least 20 percent of the total cost of*
12 *the project or at least 20 percent of the total amount that the school*
13 *district is eligible to receive pursuant to subsection 2 of section 7 of this*
14 *act from money available to the school district, including, without*
15 *limitation, money available from the issuance of bonds, the total*
16 *allocation must not exceed an amount equal to 100 percent of the total*
17 *cost of the project or the amount that the school district is eligible to*
18 *receive pursuant to subsection 2 of section 7 of this act, whichever is less.*
19 *If a school district demonstrates to the satisfaction of the committee that*
20 *the school district is unable to commit a matching sum of at least 20*
21 *percent of the total cost or amount but has committed a matching sum of*
22 *at least 10 percent, the committee may, based upon the financial needs*
23 *and circumstances of the school district, allocate, in addition to the*
24 *amount that the school district receives pursuant to subsection 2, a sum*
25 *of money matching the percentage that the school district was able to*
26 *commit.*

27 **Sec. 11.** *Notwithstanding the provisions of sections 7 and 10 of this*
28 *act, if there is a balance in the account of money that is accounted for*
29 *separately pursuant to subsection 2 of section 5 of this act or subsection 2*
30 *of section 9 of this act, the committee may grant an additional allocation*
31 *to a school district whose application for an allocation is approved upon*
32 *a determination by the committee that the total cost of the project for*
33 *which the application was approved exceeds the amount that the school*
34 *district is eligible to receive pursuant to subsection 2 of section 7 of this*
35 *act. After the first allocation to a school district pursuant to subsection 1*
36 *of section 10 of this act, an additional allocation pursuant to this section*
37 *must not be granted to a school district that does not commit a matching*
38 *sum pursuant to subsection 3 of section 10 of this act unless the*
39 *committee determines that the financial needs and circumstances of the*
40 *school district warrant an additional allocation.*

41 **Sec. 12. 1.** *A school district that receives an allocation of money*
42 *from the fund shall submit periodic reports of progress to the committee*
43 *in the time and manner specified by the committee. Each report must*

1 *describe the progress of the project for which the allocation was made,*
2 *the financial costs incurred by the school district for the project and the*
3 *management of the money allocated to the school district. The committee*
4 *shall, if necessary, make recommendations to the school district*
5 *concerning the progress of the project and the management of the money*
6 *by the school district.*

7 *2. A school district shall submit a final report after completion of a*
8 *project for which an allocation was made in the time and manner*
9 *specified by the committee. The final report must include a description of*
10 *the completed project and the total costs incurred by the school district*
11 *for the project.*

12 **Sec. 13.** As soon as practicable after July 1, 1999, the state board of
13 finance shall issue the general obligation bonds required by section 6 of this
14 act.

15 **Sec. 14.** This act becomes effective on July 1, 1999.