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AN ACT relating to education; authorizing the board of trustees of a school district to request a waiver from the required minimum expenditure for textbooks, instructional supplies and instructional hardware during an economic hardship; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Department of Education to develop a formula for determining the minimum amount of money that each school district is required to expend each fiscal year for textbooks, instructional supplies and instructional hardware. (NRS 387.206) **Section 1** of this bill authorizes a school district to request a waiver from all or a portion of the minimum expenditure requirements when a school district experiences an economic hardship. A request for a waiver must be reviewed by the Department of Education and the State Board of Examiners. The Interim Finance Committee makes the final determination regarding whether to grant a waiver. A school district that is granted a waiver is prohibited from using the money for collective bargaining with its licensed employees or for an adjustment of salaries and benefits of district employees.

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

Section 1. Chapter 387 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The board of trustees of a school district that experiences an economic hardship may submit a written request to the Department on a form prescribed by the Department for a waiver of all or a portion of the amount of money the school district is required to expend for textbooks, instructional supplies and instructional hardware pursuant to NRS 387.206 for the fiscal year.

2. Upon receipt of a written request pursuant to subsection 1, the Department shall consider the request and determine whether an economic hardship exists for the school district. The Department may request additional information from the school district in making the determination. If the Department determines that an economic hardship exists for the school district, the Department shall forward the request to the Interim Finance Committee and the State Board of Examiners, including the basis for its determination and any recommendations of the Department for the amount of a waiver.

3. Upon receipt of a written request from the Department pursuant to subsection 2, the State Board of Examiners shall



consider the request and determine whether an economic hardship exists for the school district. If the State Board of Examiners determines that an economic hardship exists, it shall determine whether the hardship justifies a waiver of all or a portion of the expenditure requirements established for that school district for the fiscal year pursuant to NRS 387.206. The State Board of Examiners may request additional information from the school district in making the determination. If the State Board of Examiners determines that an economic hardship exists for the school district and that a waiver from all or a portion of the expenditure requirements is justified, the State Board of Examiners shall forward the request to the Interim Finance Committee, including the basis for its determination and its recommendation for the amount of the waiver. The Interim Finance Committee is not bound to follow the recommendations of the State Board of Examiners.

4. Upon receipt of a written request from the State Board of Examiners pursuant to subsection 3, the Interim Finance Committee shall consider the request and determine whether an economic hardship exists for the school district. If the Interim Finance Committee determines that an economic hardship exists, it shall determine whether the hardship justifies a waiver of all or a portion of the expenditure requirements established for that school district for the fiscal year pursuant to NRS 387.206. The Interim Finance Committee may request additional information from the school district in making the determination. If the Interim Finance Committee grants a waiver, the Committee shall by resolution set forth the:

- (a) Grounds for its determination;
- (b) Amount of the waiver; and
- (c) Period for which the waiver is effective.

5. The board of trustees of a school district that is granted a waiver by the Interim Finance Committee pursuant to this section shall, upon expiration of the period for which the waiver is granted, provide a written accounting to the Interim Finance Committee and the Department that includes a:

(a) Reconciliation of the revenue and expenditures with the projections of revenue and expenditures that were used to determine whether an economic hardship existed for the school district; and

(b) Description of how the money from the waiver was used.

6. If the Interim Finance Committee grants a waiver pursuant to this section and subsequently the economic hardship



to the school district is mitigated because the actual revenue attributable to the school district exceeds projections or the actual expenses incurred by the school district are less than anticipated:

(a) The amount of the waiver must be reduced accordingly by the school district; and

(b) The amount of money the school district is required to expend for textbooks, instructional supplies and instructional hardware in the next fiscal year, as determined pursuant to subsection 1 of NRS 387.206, must be adjusted accordingly.

7. If a school district is granted a waiver pursuant to this section, the money that would have otherwise been expended by the school district to meet the requirements of NRS 387.206 for the fiscal year:

(a) May not be considered as financial ability to pay for the purposes of negotiation or arbitration regarding salaries and benefits.

(b) Must not be used to settle or arbitrate disputes or negotiate settlements between an organization that represents licensed employees of the school district and the school district.

(c) Must not be used to adjust the schedules of salaries and benefits of the employees of the school district.

8. For purposes of this section, an economic hardship exists for a school district if:

(a) Projections of revenue do not meet or exceed the revenue anticipated at the time the basic support guarantees are established for the fiscal year pursuant to NRS 387.122; or

(b) The school district incurs unforeseen expenses, including, without limitation, expenses related to a natural disaster.

Sec. 2. NRS 387.206 is hereby amended to read as follows:

387.206 1. On or before July 1 of each year, the Department, in consultation with the Budget Division of the Department of Administration and the Fiscal Analysis Division of the Legislative Counsel Bureau, shall develop or revise, as applicable, a formula for determining the minimum amount of money that each school district is required to expend each fiscal year for textbooks, instructional supplies and instructional hardware. The formula must be used only to develop expenditure requirements and must not be used to alter the distribution of money for basic support to school districts.

2. Upon approval of the formula pursuant to subsection 1, the Department shall provide written notice to each school district within the first 30 days of each fiscal year that sets forth the required minimum combined amount of money that the school district must expend for textbooks, instructional supplies and instructional



hardware for that fiscal year. *If a school district is granted a waiver pursuant to section 1 of this act, the Department shall provide written notice to the school district within 30 days after the Interim Finance Committee grants the waiver setting forth the revised amount of money that the school district must expend for textbooks, instructional supplies and instructional hardware for the fiscal year.*

3. On or before January 1 of each year, the Department shall determine whether each school district has expended, during the immediately preceding fiscal year, the required minimum amount of money set forth in the notice *or the revised notice, as applicable*, provided pursuant to subsection 2. In making this determination, the Department shall use the report submitted by the school district pursuant to NRS 387.303.

4. Except as otherwise provided in subsection 5, if the Department determines that a school district has not expended the required minimum amount of money set forth in the notice *or the revised notice, as applicable*, provided pursuant to subsection 2, a reduction must be made from the basic support allocation otherwise payable to that school district in an amount that is equal to the difference between the actual combined expenditure for textbooks, instructional supplies and instructional hardware and the minimum required combined expenditure set forth in the notice *or the revised notice, as applicable*, provided pursuant to subsection 2. A reduction in the amount of the basic support allocation pursuant to this subsection:

(a) Does not reduce the amount that the school district is required to expend on textbooks, instructional supplies and instructional hardware in the current fiscal year; and

(b) Must not exceed the amount of basic support that was provided to the school district for the fiscal year in which the minimum expenditure amount was not satisfied.

5. If the actual enrollment of pupils in a school district is less than the enrollment included in the projections used in the school district's biennial budget submitted pursuant to NRS 387.303, the required expenditure for textbooks, instructional supplies and instructional hardware pursuant to this section must be reduced proportionately.

Sec. 3. This act becomes effective on July 1, 2009.

