

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill No:** \*SB 74

**48th Legislature, 1st Session, 2007**

**Short Title:** New School Operation Costs

**Sponsor(s):** Senator Cynthia Nava

**Analyst:** Frances R. Maestas

**Date:** January 21, 2007

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**FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE**

**Bill Summary:**

SB 74 appropriates funds to the *New School Development Fund* to be distributed by the Public Education Department (PED) to school districts for certain one-time, start-up costs unique with the first year of operation of a new school.

\* The bill contains an emergency clause.

**Fiscal Impact:**

\$1.0 million is appropriated from the General Fund to the *New School Development Fund* for expenditure in FY 07 and subsequent fiscal years. Any unexpended or unencumbered balances remaining at the end of a fiscal year shall **not** revert to the General Fund.

In 2006, the Legislature amended the *Public School Capital Outlay Act* to create the *New School Development Fund*. Provisions of the current law require PED, upon application by a school district and subject to the availability of funds, to approve a distribution to a school district from the fund to supplement district funds needed to pay for supplies, equipment and operating costs unique to the first year of operation of a new school. It also prohibits approval of such distribution if there are reasonably available federal, private or other public sources for the needed funding.

Currently, the *New School Development Fund* does not contain any funds for distribution.

**Issues:**

- According to the 2005 annual report of the Public School Capital Outlay Oversight Task Force, the task force endorsed legislation to create a "new school development fund" in the 2006 legislative session based on testimony from school districts "so that districts opening new schools will not have to 'raid' other areas of the operational budget to absorb the one-time costs of opening a new school, especially with current restrictions on their cash balances." Allowances requested by school districts included supplies, equipment, and some operating costs, such as the hiring of a principal and clerical support before the school opens.

- Currently, a newly created district is eligible for additional program units, and subsequently additional funding, in the Public School Funding Formula; a new school within a school district, however, does not generate additional funding for the school district.

**Related Bills:**

None as of 01/23/06