

HOUSE RESEARCH

Bill Summary

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Overview

When two or more school districts consolidate, the Legislature authorizes the districts certain account and fund flexibility when combining the districts' finances. Once the district is consolidated, the district may, on a one-time basis, move money among most of its accounts.

School funding formulas in the early childhood area (ECFE, community education, and school readiness) are subject to fund balance limitations. If a district's reserves for these programs exceeds 25 per cent of its spending for these programs, the district's current year aid for the programs is reduced.

This bill authorizes a consolidated school district to readjust its fund and account balances for the fiscal year that ended just prior to the consolidation so that the consolidated district can avoid fund balance penalties. The bill also makes a one-time adjustment for independent school district No. 2899, Plainview-Elgin-Millville.

Section

- 1 Account transfer for reorganizing school districts.** Changes the consolidation statute so that account balances and fund balances of consolidating districts can be adjusted by the new consolidated board for the year prior to the year of consolidation.
- 2 Plainview-Elgin-Millville; Fund Balance Calculations.** Removes the ECFE and school readiness fund balance penalties applied to the consolidated district of Plainview-Elgin-Millville for fiscal year 2007. Authorizes the school district to submit revised account

Section

information to the department of education for purposes of calculating the consolidated school districts fund balances.