AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; CREATING THE DROPOUT
PREVENTION SCHOOLS ACT; AMENDING AND ENACTING CERTAIN SECTIONS
OF THE PUBLIC SCHOOL FINANCE ACT; AUTHORIZING A REDUCTION IN THE
STATE EQUALIZATION GUARANTEE DISTRIBUTION BASED ON SCHOOL
DISTRICT DROPOUT RATES IN CERTAIN SCHOOL DISTRICTS; PROVIDING
FOR A DISTRIBUTION TO CERTAIN SCHOOL DISTRICTS AND EXPENDITURE
OF FUNDS; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

    Section 1. [NEW MATERIAL] SHORT TITLE.--Sections 1
through 6 of this act may be cited as the "Dropout Prevention
Schools Act".

    Section 2. [NEW MATERIAL] DROPOUT PREVENTION SCHOOLS
AUTHORIZED.--

            A. The state board of education shall authorize the

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1   creation of a dropout prevention school for a period of five

2   years.   At the end of the five years, a dropout prevention

3   school shall reapply to the board to continue operation.

4   B.   The state board of education shall authorize the

5   existence of as many dropout prevention schools as are necessary

6   to address the student dropout problem.

7   Section 3.   [NEW MATERIAL]   DROPOUT PREVENTION SCHOOLS

8   CREATED.--

9   A.   The state board of education shall authorize the

10   existence of a dropout prevention school upon a finding that

11   there are two hundred or more students in grades seven to twelve

12   in a school district who are at risk of dropping out of school.

13   B.   The local school board shall appoint a five-

14   member board to govern dropout prevention schools.

15   C.   An annual evaluation shall be conducted by the

16   local school board based on the following:

17   (1)   academic achievement as measured by a five

18   percent improvement on a yearly basis based on state assessment

19   instruments currently used;

20   (2)   demonstrated improvement in student

21   attendance records; and

22   (3)   improvement in graduation rates.

23   D.   Teachers employed at a dropout prevention school

24   shall receive an annual one percent salary increase based on

25   merit as determined by the local school board.

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Section 4.   [NEW MATERIAL]   DROPOUT PREVENTION SCHOOLS--

COMPLIANCE WITH PUBLIC SCHOOL CODE.--If necessary for the

implementation of a dropout prevention school program, the local

school board may apply to the state board of education for a

waiver of Public School Code provisions relating to the length

of school day, staffing patterns, subject areas or purchase of

instructional material.   The state board of education may

approve a request for a waiver upon a finding that the local

school board has demonstrated accountability for student

learning through alternative planning and that the participating

teaching staff supports the implementation of a dropout

prevention school program.   The local school board shall provide

the state board with a program budget that shows the type and

number of students served, the type and number of personnel

involved and all expenditures of the waiver.

Section 5.   [NEW MATERIAL]   STATE BOARD OF EDUCATION

REGULATIONS.--The state board of education shall adopt and

publish rules to provide for the implementation of the Dropout

Prevention Schools Act.

Section 6.   [NEW MATERIAL]   FUND CREATED.--

A.   The "dropout prevention fund" is created in the

state treasury and shall be administered by the state department

of public education.   The fund shall consist of money

transferred to the fund pursuant to Paragraph (7) of Subsection

D of Section 22-8-25 NMSA 1978.   Balances in the fund at the end

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1   of any fiscal year shall not revert to the general fund.   Income

2   from investment of the fund shall be credited to the fund.

3   B.   Money in the fund is appropriated to the state

4   department of public education for the purpose of funding

5   dropout prevention programs in certain school districts.

6   Section 7.   A new section of the Public School Finance Act,

7   Section 22-8-24.1 NMSA 1978, is enacted to read:

8   "22-8-24.1.   [NEW MATERIAL]   SCHOOL DISTRICT DROPOUT

9   ADJUSTMENT--CALCULATION.--

10   A.   The school district dropout adjustment is

11   determined as follows: (% of prior year dropouts in grades 9-12

12   - 6%) x (prior year MEM for grades 9-12 x 1.25) x current year

13   program unit value.

14   B.   The state board shall establish by regulation the

15   method of calculating the prior year percentage dropout rate of

16   a school district to be utilized in making the calculations

17   required in Subsection A of this section."

18   Section 8.   Section 22-8-25 NMSA 1978 (being Laws 1981,

19   Chapter 176, Section 5, as amended by Laws 1993, Chapter 226,

20   Section 23 and also by Laws 1993, Chapter 231, Section 14) is

21   amended to read:

22   "22-8-25.   STATE EQUALIZATION GUARANTEE DISTRIBUTION--

23   DEFINITIONS--DETERMINATION OF AMOUNT.--

24   A.   The state equalization guarantee distribution is

25   that amount of money distributed to each school district to

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1   ensure that the school district's operating revenue, including

2   its local and federal revenues as defined in this section, is at

3   least equal to the school district's program cost.

4   B.   "Local revenue", as used in this section, means

5   ninety-five percent of receipts to the school district derived

6   from that amount produced by a school district property tax

7   applied at the rate of fifty cents ($.50) to each one thousand

8   dollars ($1,000) of net taxable value of property allocated to

9   the school district and to the assessed value of products

10 severed and sold in the school district as determined under the

11 Oil and Gas Ad Valorem Production Tax Act and upon the assessed

12 value of equipment in the school district as determined under

13 the Oil and Gas Production Equipment Ad Valorem Tax Act.

14   C.   "Federal revenue", as used in this section, means

15 ninety-five percent of receipts to the school district,

16 excluding amounts which, if taken into account in the

17 computation of the state equalization guarantee distribution,

18 result, under federal law or regulations, in a reduction in or

19 elimination of federal school funding otherwise receivable by

20 the school district, derived from the following:

21   (1)   the school district's share of forest

22 reserve funds distributed in accordance with Section 22-8-33

23 NMSA 1978; and

24   (2)   grants from the federal government as

25 assistance to those areas affected by federal activity

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1   authorized in accordance with Sections 236 through 240 of Title

2   20 of the United States Code (commonly known as "PL 874 funds")

3   or an amount equal to the revenue the district was entitled to

4   receive if no application was made for such funds but deducting

5   from those grants the additional amounts to which school

6   districts would be entitled because of the provisions of

7   Subparagraph (D) of Paragraph (2) of Subsection (d) of Section

8   238 of Title 20 of the United States Code.

9   D.   To determine the amount of the state equalization

10   guarantee distribution, the state superintendent shall:

11   (1)   calculate the number of program units to

12   which each school district is entitled using the membership of

13   the fortieth day of the school year, except for school districts

14   with a MEM of 200 or less where the number of program units

15   shall be calculated on the fortieth day membership of either the

16   prior year or the current year, whichever is greater, for all

17   programs except special education, which shall be calculated by

18   using the membership on December 1 of the school year; or

19   (2)   calculate the number of program units to

20   which a school district operating under an approved year-round

21   school calendar is entitled using the membership on an

22   appropriate date established by the state board;

23   (3)   using the results of the calculations in

24   Paragraph (1) or (2) of this subsection and the instructional

25   staff training and experience index from the October report of

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1   the prior school year, establish a total program cost of the

2   school district;

3   (4)   calculate the local and federal revenues as

4   defined in this section;

5   (5)   deduct the sum of the calculations made in

6   Paragraph (4) of this subsection from the program cost

7   established in Paragraph (3) of this subsection; [and]

8   (6)   deduct the total amount of guaranteed

9   energy savings contract payments that the state superintendent

10   determines will be made to the school district from the public

11   school energy efficiency fund during the fiscal year for which

12   the state equalization guarantee distribution is being computed;

13   and

14   (7)   deduct the amount calculated pursuant to

15   Section 22-8-24.1 NMSA 1978 to reflect the individual school

16   district's dropout adjustment and transfer this amount to the

17   dropout prevention fund.

18   E.   The amount of the state equalization guarantee

19   distribution to which a school district is entitled is the

20   balance remaining after the deductions made in Paragraphs (5),

21   [and] (6) and (7) of Subsection D of this section.

22   F.   The state equalization guarantee distribution

23   shall be distributed prior to June 30 of each fiscal year.   The

24   calculation shall be based on the local and federal revenues

25   specified in this section received from June 1 of the previous

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1   fiscal year through May 31 of the fiscal year for which the

2   state equalization guarantee distribution is being computed. In

3   the event that a district has received more state equalization

4   guarantee funds than its entitlement, a refund shall be made by

5   the district to the state general fund.

6   G.   Notwithstanding the methods of calculating the

7   state equalization guarantee distribution in this section and

8   Laws 1974, Chapter 8, Section 22, if a school district received

9   funds under Section 2391 of Title 42 U.S.C.A. and if the federal

10   government takes into consideration grants authorized by

11   Sections 236 through 240 of Title 20 of the United States Code

12   and all other revenues available to the school district in

13   determining the level of federal support for the school district

14   for the sixty-fourth and succeeding fiscal years, the state

15   equalization guarantee distribution for school districts

16   receiving funds under this subsection shall be computed as

17   follows:

$$\frac{\text{fiscal year program cost excluding special education for the year for which the state equalization guarantee } \underline{\text{distribution is being computed}}}{\text{prior fiscal year program cost excluding special education}} \times \begin{array}{l} \text{prior fiscal year} \\ \text{state equalization} \\ \text{guarantee distribution} \\ \text{excluding special} \\ \text{education} \end{array}$$

25   plus special education funding in accordance with Paragraphs (1)

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1   or (2) and (3) of Subsection D of this section and Section

2   22-8-21 NMSA 1978 plus an amount that would be produced by

3   applying a rate of eight dollars forty-two and one-half cents

4   ($8.425) to each one thousand dollars ($1,000) of net taxable

5   value of property as defined in the Property Tax Code for

6   property taxation purposes in the school district and to each

7   one thousand dollars ($1,000) of the assessed value of products

8   severed and sold in the school district as determined under the

9   Oil and Gas Ad Valorem Production Tax Act and upon the assessed

10   value of equipment in the school district as determined under

11   the Oil and Gas Production Equipment Ad Valorem Tax Act and then

12   reduced by the total amount of guaranteed energy savings

13   contract payments, if any, that the state superintendent

14   determines will be made to the school district from the public

15   school energy efficiency fund during the fiscal year for which

16   the state equalization guarantee distribution is being computed,

17   equals the fiscal year state equalization guarantee distribution

18   for the year for which the state equalization guarantee

19   distribution is being computed.

20   If at any time grants from the federal government as

21   assistance to those areas affected by federal activity

22   authorized in accordance with Sections 236 through 240 of Title

23   20 of the United States Code (commonly known as "PL 874 funds")

24   are reduced or are no longer available, the state equalization

25   guarantee distribution shall be computed by the formula

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1   contained in this subsection plus an increase by fifty percent

2   of the amount the prior year's PL 874 funds exceed PL 874 funds

3   for the year for which the state equalization guarantee

4   distribution is being computed."

5   Section 9.   A new section of the Public School Finance Act,

6   Section 22-8-25.2 NMSA 1978, is enacted to read:

7   "22-8-25.2.   [NEW MATERIAL]   SCHOOL DISTRICT DROPOUT

8   ADJUSTMENT--TRANSFER OF FUNDS.--

9   A.   The state superintendent, in calculating the

10   state equalization guarantee distribution pursuant to Section

11   22-8-25 NMSA 1978, shall determine and retain an amount equal to

12   the school district dropout adjustment for each individual

13   school district.

14   B.   The state superintendent shall distribute to each

15   district the amount retained for that school district's dropout

16   adjustment from the dropout prevention fund.   The local school

17   board in each district to which a distribution is made shall

18   expend the money to implement or support alternative education

19   programs in the district.   The local school board shall develop

20   an evaluation plan for alternative education programs in the

21   district as a condition precedent to expending the money.   In

22   developing an evaluation plan the board shall give consideration

23   to the following factors concerning the dropout rates in the

24   district:

25   (1)   socioeconomic background of students

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1   dropping out;

2   (2)   scholastic achievement of students dropping

3   out;

4   (3)   attendance of students dropping out;

5   (4)   percentage of students dropping out who

6   entered and remained in alternative education programs; and

7   (5)   comparison of dropout students' scholastic

8   achievement in regular public school programs and in alternative

9   education programs.

10   C.   Each local school board receiving a school

11   dropout adjustment payment pursuant to this section shall

12   prepare and submit to the state superintendent its evaluation

13   plan developed by July 1 of each year."

14   Section 10.   EFFECTIVE DATE.--The effective date of the

15   provisions of this act is July 1, 1998.

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FORTY-THIRD LEGISLATURE   **SB 950/a**

FIRST SESSION, 1997

March 7, 1997

Mr. President:

Your **EDUCATION COMMITTEE**, to whom has been referred

SENATE BILL 950

has had it under consideration and reports same with

recommendation that it **DO PASS**, amended as follows:

1.   On page 2, line 25, strike "the local school board" and

insert in lieu thereof "the evaluation conducted pursuant to

Subsection C of this section".,

and thence referred to the **FINANCE COMMITTEE.**

Respectfully submitted,

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4   **Cynthia Nava, Chairman**

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8   Adopted_____   Not Adopted_____

9   (Chief Clerk)   (Chief Clerk)

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12   Date _____

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14

15   The roll call vote was 9 For 0 Against

16   Yes: 9

17   No: 0

18   Excused: Maloof

19   Absent: None

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