Requires the legislative evaluation and accountability program committee to conduct a study of nonemployee-related costs based on a review of school district expenditures. The purpose of the study is to: (1) Make recommendations for revising and updating the amount of the state allocation for nonemployee-related costs in the general apportionment program funding formula, including the enhanced allocation for vocational programs, to more accurately reflect costs of such items as textbooks, fuel, utilities, vocational program equipment, computer technology, and other common educational costs; and

(2) Recommend a division of the nonemployee-related cost allocation into three components, each separately adjusted for inflation as follows: (a) an energy component, to be annually adjusted by the index for fuels and utilities from the consumer price index for all urban consumers, published by the United States bureau of labor statistics; (b) an instructional materials component, to be annually adjusted by an aggregate index for educational books and supplies and information technology from the consumer price index for all urban consumers, published by the United States bureau of labor statistics; and (c) a component for all other nonemployee-related costs covered by the allocation, to be adjusted by the index for all items from the consumer price index for all urban consumers, published by the United States bureau of labor statistics.

Requires the legislative evaluation and accountability program committee to recommend the new allocations for nonemployee-related costs based on the study findings to the fiscal committees of the legislature by December 1, 2007.