

ONE HUNDRED FOURTH LEGISLATURE - SECOND SESSION - 2016
COMMITTEE STATEMENT
LB883

Hearing Date: Tuesday February 09, 2016
Committee On: Education
Introducer: Scheer
One Liner: Provide for foundation aid pursuant to the Tax Equity and Educational Opportunities Support Act

Roll Call Vote - Final Committee Action:
Indefinitely postponed

Vote Results:

Aye:	5	Senators Baker, Kolowski, Krist, Morfeld, Pansing Brooks
Nay:	1	Senator Groene
Absent:		
Present Not Voting:	2	Senators Schnoor, Sullivan

Verbal Testimony:

Proponents:

Senator Jim Scheer
David Grimes
Laura Field

Representing:

Introducer
Nebraska Farm Bureau Federation
Nebraska Cattlemen

Opponents:

Blane McCann
Sandra Rosenboom
Susan Brooks

Jason Buckingham
Troy Loeffelholz

Representing:

Westside Community Schools
self
Greater Nebraska Schools Association and Bellevue
Public Schools
Ralston Public Schools
Schools Taking Action for Nebraska Children's
Education

Neutral:

Tiffany Joekel
Jon Habben

Representing:

Open Sky Policy Institute
Nebraska Rural Community Schools Association

Summary of purpose and/or changes:

Legislative Bill 883 would amend the Tax Equity and Educational Opportunities Support Act (TEEOSA). Foundation aid would be phased in, and the summer school and elementary site allowances, minimum levy adjustment, net option funding, and averaging adjustment would be eliminated beginning with aid calculated for the 2016-17 school fiscal year.

Analysis by Section

Section 79-1001 would be amended by adding the new provisions to TEEOSA.

Section 2 would provide legislative findings and intent. The findings of the Legislature would state that:

- a. One of the original purposes of TEEOSA was property tax relief;
 - b. Another original purpose was to set limits on levies and spending to slow or stop the yearly increases in property
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taxes;

- c. Increases in valuations allow property taxes to continue rising despite levy and spending limits; and
- d. An annual flat-amount payment to school districts should be used only to offset annual increases in property taxes due to increased valuations.

An intent would be stated to provide an annual payment to each school district to be used only to offset the amount of the district's budget which relies on property tax revenue.

Section 3 would provide for foundation aid beginning with state aid calculated for school year 2016-17. The amount would equal:

- a. For 2016-17, \$1,500 per student;
- b. For 2017-18, \$2,000 per student;
- c. For 2018-19, \$2,500 per student; and
- d. For 2019-20 and each school fiscal year thereafter, \$3,000 per student.

The calculation would use the greater of the prior year's average daily membership or fall membership.

Section 4 would phase in any losses in state aid as follows:

- a. For 2016-17, districts could not receive less than 100% of the prior year aid;
- b. For 2017-18, 75%;
- c. For 2018-19, 50%; and
- d. For 2019-20, 25%.

Beginning with 2020-21, districts would again receive aid in the amount calculated pursuant to the formula.

Section 79-1003 would be amended by eliminating references to the elementary site and summer school allowances in the definitions of adjusted general fund operating expenditures and the minimum levy adjustment in the allocated income tax definition beginning with the calculation of aid for 2016-17.

Section 79-1003.01 would be amended to eliminate the summer school allowance beginning with the calculation of aid for 2016-17.

Section 79-1005.01 would be amended to eliminate the subtraction of net option payments from the statewide allocated income tax pool and minimum levy adjustments the allocated income tax funds distributed to individual districts beginning with the 2016-17 aid calculation.

Section 79-1007.11 would be amended by removing the summer school allowance, elementary site allowance, and averaging adjustment from the calculation of formula need beginning with the calculation of aid for 2016-17.

Section 79-1007.15 would be amended to eliminate the elementary site allowance beginning with the calculation of aid for 2016-17.

Section 79-1007.18 would be amended by eliminating the averaging adjustment beginning with the calculation of aid for 2016-17.

Section 79-1008.01 would be amended to recognize the proposed elimination of the minimum levy adjustment and net option funding beginning with the calculation of aid for 2016-17 and outright repeal of the obsolete 79-1007.04. Other obsolete language would also be eliminated.

Section 79-1008.02 would be amended to limit the calculation of the minimum levy adjustment to the calculation of aid for years prior to 2016-17.

Section 79-1009 would be amended to limit the calculation of net option funding to the calculation of aid for years before 2016-17.

Section 79-1009.01 would be amended to eliminate provisions for converted contract students beginning with the

calculation of aid for 2016-17. The provisions is currently scheduled to expire prior to 2027-28.

Section 79-1018.01 would be amended to include foundation aid in the accountable receipts.

Section 79-1024 would be amended to require the Auditor of Public Accounts to review budget statements to ensure that the foundation aid payments were used only to reduce the district's property tax levy. If the Department or the auditor finds that a district is not using the foundation aid to offset its property tax levy by reducing the total amount of money to be raised by the district's property tax levy, the district shall forfeit 25% of the total amount receivable for the next 3 ensuing fiscal years.

Section 17 would require school districts to create citizen oversight groups consisting of at least 3 people who would be appointed by the superintendent and approved by the school board on or before July 1, 2016. Members would be required to live within the boundaries of the district and could not be employees. They would serve terms of 2 years and could be reappointed. If a member resigns, the replacement would also be appointed by the superintendent and approved by the school board. The district would be required to publicly announce the formation of the group and seek applicants for the initial group and for filling any vacancies.

The group would be responsible for reviewing the budget to ensure that the foundation aid is used only for the purpose of reducing the district's tax levy. The group would be required to report the results of its review at a public meeting of the school board and to submit a written report of its review to the Department.

Section 79-1007.04 would be outright repealed. The obsolete section provided for the elementary class size allowance through 2012-13.

The measure contains an emergency clause.

Kate Sullivan, Chairperson