



**Hundredth Legislature - First Session - 2007
Committee Statement
LB 342**

Hearing Date: January 23, 2007
Committee On: Education

Introducer(s): (Raikes, 25)

Title: Provide adjustments to base-year operating revenue for community colleges

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - X Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

- | | | |
|---|---------------------|---|
| 8 | Yes | Senators Adams, Ashford, Avery, Burling, Howard, Johnson, Kopplin, and Raikes |
| 0 | No | |
| 0 | Present, not voting | |
| 0 | Absent | |
-

Proponents:

Senator Ron Raikes
Jack Huck

Jerry Hoffman
Dennis Baack

Representing:

Introducer
Southeast Community College / Nebraska
Community College Association CEO Council
Nebraska State Education Association
Nebraska Community College Association

Opponents:

Jill McFarland
Eileen E. Ely
Dennis W. Miller, Jr.
Merlyn Gramberg
Tom Perkins

Representing:

Western Nebraska Community College
Western Nebraska Community College
Western Nebraska Community College
Western Nebraska Community College
Western Nebraska Community College

Neutral:

Representing:

Summary of purpose and/or changes:

Section 85-1536.01 would be amended to adjust the base operating revenue contingent on the state fully funding the provisions of Section 85-1536 and 85-1536.01 beginning in 2007-08 for each of the six community college areas as follows:

Central Community College Area, an increase of \$187,500
Metropolitan Community College Area, an increase of \$375,000
Mid-Plains Community College Area, an increase of \$937,500
Northeast Community College Area, an increase of \$937,500
Southeast Community College Area, an increase of \$375,000
Western Community College Area, a decrease of \$2,812,500.

LB 342 would provide that base year adjustments as described would be included in adjusted base year operating revenue each fiscal year. Base year adjustments that would exceed the unused budget authority would be exempt from such limitations provided for in Section 13-519.

LB 342 also provides for pro-rata language to adjust the base operating revenue amounts above by the same proportion of the funding appropriated.

The emergency clause would be applied.

Explanation of amendments, if any:

The committee amendment strikes the original sections of LB 342 and inserts the following provisions.

Community College Foundation and Equalization Aid Act:

Sec. 1. Sections 1 through 29 of the amendment would be known and cited as the Community College Foundation and Equalization Aid Act.

Sec. 2. The Community College Foundation and Equalization Aid Fund would be created.

Definitions:

Sections 3 through 20 of the act define terms relevant to the Community College Foundation and Equalization Aid Act.

Sec. 21 – The Coordinating Commission for Postsecondary Education would annually collect data from each community college area as necessary to carry out provisions of the Community College Foundation and Equalization Aid Act.

Sec. 22 – Section 85-1536 would be amended to strike references to the current aid distribution formula. The section would be amended to require the Department of Revenue to certify aid amounts pursuant to the act and report such amounts to the Department of Administrative Services.

Sec. 23 – The Department of Revenue would annually calculate the base revenue need for each community college area.

For fiscal years 2007-08 and 2008-09, base revenue need for each community college area would equal the sum of system foundation need plus reimbursable educational unit need plus the revenue remainder allowance.

For fiscal year 2009-10 and each fiscal year thereafter, base revenue need for each community college area would equal the sum of system foundation need plus reimbursable educational unit need plus the average revenue remainder allowance.

Average revenue remainder allowance would equal the average revenue remainder per full-time equivalent student times the number of full-time equivalent students for each community college area.

Average revenue remainder per full-time equivalent student would equal the total revenue remainder divided by the total number of full-time equivalent students in all community college areas.

Reimbursable education unit need for each community college area would equal the product of the state foundation amount times forty percent divided by the total reimbursable education units of all community college areas times the number of reimbursable education units attributable to each community college area.

Revenue remainder allowance equals the formula base revenue attributable to each community college area minus system foundation need and reimbursable education unit need.

State foundation amount equals formula base revenue times the state foundation percentage

System foundation need for each community college area equals the product of the state foundation amount times sixty percent divided by the number of community college areas.

Sec. 24 – The Department of Revenue would calculate local effort rate by dividing the product of (a) the total of base revenue need for all community college areas minus (b) the amount appropriated by the Legislature pursuant to the act minus (c) the formula tuition resources by the total valuation of all community college areas times one-hundred.

The Department would calculate the total formula resources available to each community college area by adding (a) the yield from local effort rate plus (b) local formula tuition plus (c) system foundation aid plus (d) reimbursable educational unit aid.

The yield from local effort rate for each community college area would equal the local effort rate times the valuation divided by one-hundred.

Local formula tuition equals the average tuition per full-time equivalent student attributable to each community college area.

Reimbursable educational unit aid equals reimbursable educational unit need.

System foundation aid equals system foundation need.

Sec. 25. Equalization aid for each community college area would equal base revenue need minus formula resources for each community college area. Except that equalization aid would not be less than zero.

Sec. 26. Total aid for each community college area would equal the sum of equalization aid, foundation aid, and reimbursable educational unit aid.

Sec. 27. The maximum levy for each community college area would be certified by the Department of Revenue annually and would equal 115% of the local effort rate calculated pursuant to section 24 plus amounts allowed pursuant to subsection (2) of section 85-1517.

Sec. 28. For fiscal year 2008-09 and for each fiscal year thereafter, a minimum levy aid reduction would apply to any community college area that does not levy at least 85% of the local effort calculated pursuant to section 24 in the prior year.

The minimum levy aid reduction would equal the difference between the amount of revenue that would have been collected using eighty-five percent of the local effort rate in the prior fiscal year.

Sec. 29. Section 85-1538 is included in the Community College Foundation and Equalization Aid Act.

Sec. 30. Section 13-518 would be amended to reference the Community College Foundation and Equalization Aid Act.

Sec. 31. Section 77-3442 would be amended to describe the maximum levy for community college areas as it is calculated pursuant to the Community College Foundation and Equalization Aid Act. It would also be amended to strike the current language describing maximum levy and levy exceptions allowed in prior years.

Student Diversity Scholarship Program Act:

Provisions in Sec. 32 through 37 of the amendment were originally introduced in LB 375.

The amendment would change the name of the Minority Scholarship Program Act to the Student Diversity Scholarship Program Act and would modify the mission to provide scholarships for students from diverse racial, ethnic, and cultural backgrounds, rather than to provide scholarships to students from specific racial groups.

Section 85-9,177 would be amended by changing the name of the Minority Scholarship Program Act to the Student Diversity Scholarship Program Act.

Section 85-9,178 would replace the specific categories of Black, American Indian, and Hispanic minority students with students from diverse racial, ethnic, and cultural backgrounds as students that find financial requirements as a major obstacle to postsecondary education.

An additional finding was added to provide that the State has a compelling interest in attaining greater diversity in the racial, ethnic, and cultural makeup of the student bodies at the University, state colleges, and community colleges. Intent language for the program to be a temporary measure to eliminate statistical disparities based on specific races would be deleted. Ethnic and cultural diversity are added to racial diversity as the purpose of the program.

Provisions for eligibility based on race would be replaced with a statement that the program be designed and implemented to achieve greater racial, ethnic, and cultural diversity to fulfill the described compelling state interest.

Section 85-9,179 would be amended to harmonize with the changes in other sections.

Section 85-9,180 would be amended to recognize that funds appropriated for fiscal years before 2007-08 would be for the Minority Scholarship Act and that funds appropriated for 2007-08 and each year thereafter would be for the Student Diversity Scholarship Program Act. Obsolete language would also be eliminated.

Section 85-9,181 would be amended to harmonize with the name change.

Section 85-9,182 would be amended to harmonize with the name change and to require awards to be consistent with the constitution and laws of the United States and the State of Nebraska.

Sections 38 through 42: Sections 85-1416, 85-1418, 85-1503, 85-1511, and 85-1517 would be amended to harmonize provisions and make references to the Community College Foundation and Equalization Aid Act.

Nebraska Scholarship Act

Sec. 43. The amendment would amend the Nebraska Scholarship Act. Section 85-1903 would be amended to increase the maximum award from 25% to 50% of the tuition and mandatory fees for a full-time, resident, undergraduate student for the last completed award year at the University of Nebraska-Lincoln for the 2007-08 award year. The maximum award was scheduled to be 25% in 2006-07 and would be amended to begin at the 25% level for the 2008-09 award year.

Sec. 44. Sections 32, 33, 34, 35, 36, 37, and 45 of the act become operative on July 1, 2007.

Sections 85-1537 and 85-1536.01 would be outright repealed.

The emergency clause would apply

Senator Ron Raikes, Chairperson