

ONE HUNDRED THIRD LEGISLATURE - FIRST SESSION - 2013
COMMITTEE STATEMENT
LB599

Hearing Date: Tuesday February 12, 2013
Committee On: Education
Introducer: Sullivan
One Liner: Change exemptions relating to school budget limitations

Roll Call Vote - Final Committee Action:
Indefinitely postponed

Vote Results:

Aye: 8 Senators Avery, Cook, Davis, Haar, Kolowski, Scheer, Seiler, Sullivan
Nay:
Absent:
Present Not Voting:

Proponents:

Senator Kate Sullivan
John Bonaiuto

Jason Hayes

Representing:

Introducer
Nebraska Association of School Boards and the
Nebraska Council of School Administrators
Nebraska State Education Association

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

Legislative Bill 599 would integrate certain school district retirement contributions into the budget limitations beginning with the 2013-14 school fiscal year and into state aid beginning with the 2014-15 school fiscal year. Currently, school district contributions above 7.35% for the School Employees Retirement System and 7.37% for the Class V School Employees Retirement System are excluded from both budget limitations and the general fund operating expenditures (GFOE) used to calculate state aid pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA). For 2013-14, each school district would be allowed to exceed certified budget authority by the amount of such expenditures and include the amount of such expenditures in the budget of expenditures used to calculate budget authority for the future. Such expenditures would also be included in GFOE for the first time for 2014-15. In addition, tuition paid and transportation fees paid to other districts would also be included in GFOE beginning with 2014-15 aid.

Section 79-1003 would be amended by modifying the definition of general fund operating expenditures (GFOE) beginning with aid calculated for 2014-15 by including all expenditures to pay for employer contributions to the School Employees Retirement System or the Class V School Employees Retirement Act. Currently, such expenditures through 2016-17 are excluded from GFOE to the extent that such expenditures exceed the employer contributions that would have been made at a contribution rate of 7.35% for the School Employees Retirement System or 7.37% for the Class V School Employees Retirement Act. Tuition paid and transportation fees paid to other districts would also be included in GFOE beginning with aid calculated for 2014-15. Obsolete provisions in the section would be eliminated.

Section 79-1028.01 would be amended by replacing the budget limitation exclusions for expenditures to pay for employer contributions that exceed the employer contributions that would have been made at a contribution rate of

7.35% for the School Employees Retirement System or 7.37% for the Class V School Employees Retirement Act. New provisions would provide additional budget authority for the 2013-14 school fiscal year in that amount. The additional budget authority would be included in the budget of expenditures used to calculate budget authority for future years. The original exclusion is currently scheduled to expire at the end of the 2016-17 school fiscal year. Obsolete provisions in the section would be eliminated. The outright repeals later in the measure harmonize with the elimination of the obsolete provisions.

Sections 79-1011 and 79-1012 would be outright repealed. Section 79-1011 is an obsolete section that provided for reorganization incentives that have expired. Section 79-1012 is an obsolete section that provided for the School District Reorganization Fund to provide reorganization incentive payments pursuant to section 79-1011. The unencumbered balance in the Fund was transferred to the Education Innovation Fund on July 1, 2011. If there is any remaining money in the fund currently, it is to be transferred on July 1, 2013.

The measure contains an emergency clause.

Kate Sullivan, Chairperson