

**ONE HUNDRED SECOND LEGISLATURE - FIRST SESSION - 2011**  
**COMMITTEE STATEMENT**  
**LB18**

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**Hearing Date:** Tuesday January 18, 2011  
**Committee On:** Education  
**Introducer:** Adams  
**One Liner:** Provide for distribution of allocations from the federal Education Jobs Fund

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File

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**Vote Results:**

**Aye:** 8 Senators Adams, Avery, Cornett, Council, Haar, Howard, Schilz, Sullivan

**Nay:**

**Absent:**

**Present Not Voting:**

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**Proponents:**

Senator Greg Adams  
Mike Dulaney  
Jon Habben  
Brian Hale  
Jess Wolf

**Representing:**

Introducer  
Nebraska Council of School Administrators  
Nebraska Rural Community Schools Association  
Nebraska Association of School Boards  
Nebraska State Education Association

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

Legislative Bill 18 would be the implementing legislation for school districts to receive funding from the federal Education Jobs Fund. The measure would increase the calculation of formula need by 2.23% for the 2010-11 school fiscal year and require the recertification of aid for that year by March 1, 2011. Increases between the original certification and the recertification would be designated as federal Education Jobs Fund allocations. To receive payment of the allocations, school districts would have to meet the federal requirements. In addition to changes related to the allocations, the deadline for the certification of state aid and budget authority for 2011-12 would be moved to July 1, 2011. Clarification would also be added regarding the treatment of American Recovery and Reinvestment Act allocations.

Section 79-1001 would be amended to include the new section in the Tax Equity and Educational Opportunities Support Act (TEEOSA).

Section 79-1003 would be amended to specify that the definition of categorical funds does not include federal funds received through the TEEOSA pursuant to this measure or the implementing legislation for the federal American Recovery and Reinvestment Act of 2009. The section would also be amended to clarify that such funds are defined as equalization aid.

Section 79-1007.07 would be amended by allowing federal funds distributed through TEEOSA pursuant to the federal Education Jobs Fund to be included in poverty allowance expenditures. Generally, poverty allowance expenditures do

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not include expenditures paid for with federal funds. Funds received pursuant to the federal American Recovery and Reinvestment Act are already included. In addition, obsolete language would be removed.

Section 79-1007.09 would be amended by allowing federal funds distributed through TEEOSA pursuant to the federal Education Jobs Fund to be included in limited English proficiency allowance expenditures. Generally, limited English proficiency allowance expenditures do not include expenditures paid for with federal funds. Funds received pursuant to the federal American Recovery and Reinvestment Act are already included. In addition, obsolete language would be removed.

Section 79-1008.01 would be amended to calculate equalization aid for the 2010-11 school fiscal year only as 102.23% of formula need minus formula resources. Otherwise, equalization aid equals 100% of formula need minus formula resources.

Section 79-1022 would be amended to require the Department of Education to recertify TEEOSA aid on or before March 1, 2011 for the 2010-11 school fiscal year. The section would also be amended to move the certification date to July 1, 2011 for the 2011-12 school fiscal year. For all years thereafter, certification would occur on or before March 1st as in the current law. The deadline for certification for the 2011-12 school fiscal year had previously been moved to April 1, 2011.

The deadlines for reporting the necessary funding levels to the Governor, the Appropriations Committee, and the Education Committee would also be moved to March 1 for 2010-11 and July 1 for 2011-12.

School districts would not be required to revise previously adopted budget statements due to the recertification of aid for 2010-11 unless expenditures are increased in 2010-11 as a result of any increased aid. The increased aid that has not been included in an amended budget for 2010-11 would be required to be included in the unencumbered cash balance for the 2011-12 budget for each school district.

For school fiscal year 2010-11, payment of aid would be based on the March 10, 2010 certification, except that the department would be required to make federal Education Jobs Fund allocations available pursuant to the new section on the last business day of April. The allocations would be in the amount of the increases in state aid from the 1st certification to the 2nd, rounded to the nearest whole dollar.

In addition, obsolete language would be removed.

Section 79-1022.02 would be amended by declaring the state aid certification made on March 10, 2010 to be null and void with regard to the total state aid to be paid during school fiscal year 2010-11. State aid would be recertified for the 2010-11 school fiscal year on or before March 1, 2011 for the purpose of determining federal Education Jobs Fund allocations and adjusting the total state aid to be paid to include such allocations. The recertification would rely on data sources as they existed on March 10, 2010. In addition, obsolete language would be removed.

Section 79-1023 would be amended by moving the certification deadline for the budget limitations from April 1 to July 1 for the 2011-12 school fiscal year. For all years thereafter, certification would occur on or before March 1st as in the current law.

Section 79-1026.01 would be amended by moving the certification deadline for the applicable allowable growth rate from April 1 to July 1 for the 2011-12 school fiscal year. For all years thereafter, certification would occur on or before March 1st as in the current law.

Section 79-1027 would be amended by moving the certification deadline for the applicable reserve percentage from April 1 to July 1 for the 2011-12 school fiscal year. For all years thereafter, certification would occur on or before March 1st as in the current law.

A new section would provide for the federal Education Jobs Fund allocations. The allocations would be equal to the

amount of the increases in state aid from the 1st certification to the 2nd, rounded to the nearest whole dollar.

The allocations would only be payable upon meeting the requirements of this section. One requirement would be approval of the Governor or his or her designee of either an application for an allocation in a prior year pursuant to the federal American Recovery and Reinvestment Act of 2009 or an application filed pursuant to the new section meeting the requirements of that Act signed by the superintendent and school board president and filed with the department. School districts would also be required to account for, report, and spend the allocation as required by the federal law authorizing the Education Jobs Funds.

The allocation would not be considered special grant funds and would be considered state aid for all purposes except as otherwise provided in the section or federal law. The allocation would not be adjusted in the final calculation of state aid.

However, the allocation would be included in the total state aid, which could be adjusted. Expenditures of the allocations would be considered expenditures from the general fund and would be included in general fund operating expenditures.

Section 79-1028.01 would be amended by providing that the American Recovery and Reinvestment Act allocations would not be adjusted in the final calculation of state aid. However, the allocation would be included in the total state aid, which could be adjusted. Clarification would be added stating that expenditures of the allocations would be considered expenditures from the general fund and would be included in general fund operating expenditures.

Section 79-1031.01 would be amended by changing the certification dates to March 1 for 2010-11 and July 1 for 2011-12 in the requirement for the Appropriations Committee to include the amount necessary to fund aid in the budget recommendations to the Legislature.

An emergency clause is included in the measure.

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Greg Adams, Chairperson