

**ONE HUNDRED THIRD LEGISLATURE - FIRST SESSION - 2013**  
**COMMITTEE STATEMENT**  
**LB640**

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**Hearing Date:** Monday February 11, 2013  
**Committee On:** Education  
**Introducer:** Hadley  
**One Liner:** Change provisions relating to the Tax Equity and Educational Opportunities Support Act

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**Roll Call Vote - Final Committee Action:**  
Indefinitely postponed

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

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**Proponents:**

Senator Galen Hadley  
Virgil Harden  
Ken Fossen  
Frank Harwood  
Steve Joel  
Liz Standish  
Jason Hayes  
Larry Scherer  
Mark Adler

**Representing:**

Introducer  
Grand Island Public Schools  
Millard Public Schools  
Bellevue Public Schools  
Lincoln Public Schools  
Omaha Public Schools  
Nebraska State Education Association  
Nebraska State Education Association  
Ralston Public Schools

**Opponents:**

**Representing:**

**Neutral:**

James Bessford

**Representing:**

self

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

Legislative Bill 640 would amend the Tax Equity and Educational Opportunities Support Act (TEEOSA) by using a temporary aid adjustment factor to reduce aid and by replacing the averaging adjustment with a modification to basic funding for districts with at least 900 students. The temporary aid adjustment factor for each local system would equal an unknown percent of total formula need and would be subtracted from formula need and then again from the combination of net option funding and allocated income tax funds for each local system. The only change in the initial basic funding calculation would be to allow the districts with the second highest and second lowest adjusted general fund operating expenditures per student to remain in the average. After the initial calculation, an amount would be added to the basic funding per formula student if it is below the average for all districts with at least 900 students and the district had a levy of at least \$1.02. The additional amounts would vary based on unknown percentages depending on the levy.

Section 79-1003 would be amended by reimplementing and revising the temporary aid adjustment factor. For school fiscal years 2013-14 and 2014-15, the temporary aid adjustment factor would equal an unknown percent of the total formula need of each local system. School fiscal year 2007-08 was the last year for the previous temporary aid

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adjustment factor, which was defined for that year as 1.25% of the majority of the elements of formula need that existed at that time.

Section 79-1005.01 would be amended by reducing the allocated income tax funds received by each local system for 2013-14 and 2014-15 by the amount of the temporary aid adjustment factor that exceeded net option funding for districts in the system. The allocated income tax funds for any local system could not be less than zero.

Section 79-1007.11 would be amended by removing the averaging adjustment from the calculation of formula need beginning with school fiscal year 2013-14 and by changing the percentages for need stabilization to unknown percentages for 2013-14 and 2014-15. Need stabilization generally provides a floor for formula need for a district of 100% of the prior year need and a ceiling of 112% of the prior year need, unless the districts is receiving a student growth adjustment.

Section 79-1007.16 would be amended by changing the basic funding calculation for districts with 900 or more formula students beginning with aid calculated for 2013-14. The revised basic funding would initially use the current calculation except that only the districts with the highest and lowest adjusted general fund operating expenditures per formula student would be excluded, instead of the two highest and two lowest. If the initial basic funding per formula student calculation is below the average basic funding per formula student for all districts with 900 or more formula students and the district had a general fund levy of at least \$1.02 for the immediately preceding school fiscal year, an amount would be added to the district's basic funding per formula student equal to an unknown percentage of the difference between such average basic funding per formula student and the district's basic funding per formula student. For members of learning communities, the general fund levy consists of both the learning community common general fund levy and the district general fund levy. The unknown percentages will differ between districts with a levy of \$1.02 to 1.0299, a levy of \$1.03 to 1.0399, and a levy of \$1.04 and up.

Section 79-1008.01 would be amended by subtracting the temporary aid adjustment from formula need prior to calculating equalization aid for school fiscal years 2013-14 and 2014-15.

Section 79-1009 would be amended by subtracting the temporary aid adjustment factor from net option funding for each district for school fiscal years 2013-14 and 2014-15.

Section 79-1007.18 would be outright repealed. The section provides for the calculation of the averaging adjustment.

The measure contains an emergency clause.

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Kate Sullivan, Chairperson