

ONE HUNDRED NINTH LEGISLATURE - FIRST SESSION - 2025
COMMITTEE STATEMENT
LB653

Hearing Date: Tuesday February 11, 2025
Committee On: Education
Introducer: Murman
One Liner: Change provisions relating to reimbursement for special education programs, support services, and the enrollment option program, provide reimbursement for certain students under the enrollment option program, and change the authorized uses of the Education Future Fund

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 7 Senators Murman, Hughes, Hunt, Juarez, Lonowski, Meyer, Sanders
Nay:
Absent: 1 Senator Conrad
Present Not Voting:

Testimony:

Proponents:

Senator Dave Murman
Elizabeth Eynon-Kokrda
Edison McDonald

Representing:

Opening Presenter
Education Rights Council
The Arc of Nebraska

Opponents:

Colby Coash

Jeff Schneider
Daniel Russell

Representing:

NE Association of School Boards, Greater Nebraska
Schools Association
Hastings Public Schools
Stand for Schools, NE State Education Association

Neutral:

Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

Section 1 amends section 79-238 to require school boards of option school districts to adopt specific capacity standards by resolution for the acceptance and rejection of enrollment option applications. This change mandates that no more than 16% of the total denied applications in a given school year can be from students with an individualized education program (IEP) under the federal Individuals with Disabilities Education Act (IDEA), regardless of the district's capacity for special education services. The section also requires school districts that accept applications on a school-building basis to notify parents or guardians when a school building is at capacity and offer information about other available school buildings within the district. Furthermore, any option school district that is not part of a learning community must automatically accept siblings of current option students, regardless of the district's capacity.



Section 2 amends section 79-239 to require school districts to notify applicants within 10 business days if their application is incomplete, informing them that the application will be automatically rejected unless corrected. This section also mandates that each school district provide the State Department of Education with specific information prescribed by the Commissioner of Education regarding rejected applications, including the number of applications rejected at each public school in the district (excluding incomplete applications) and the number of applications accepted for students with an IEP under the IDEA. This data must be reported to ensure transparency and accountability in the enrollment process.

Section 3 amends section 79-246 to establish a process for school districts accepting option students with an IEP under the IDEA. If the expected costs for education and support services for such a student are at least five times greater than the adjusted average per pupil cost from the preceding year, the school district may apply to the State Department of Education by October 15 for a payment from the Education Future Fund to cover the additional expenses. The application must include detailed expected costs for the student's education and support services. The department is required to make payments to qualifying districts on or before November 15, based on the difference between the expected costs and the adjusted average per pupil cost. However, if the total payments for all applicants exceed the available balance in the Education Future Fund, each payment will be reduced proportionally to ensure the total does not exceed the fund's balance.

Section 4 amends section 79-1021 to expand the scope of the Education Future Fund to include funding for the education and support services of students with an IEP under the IDEA. This funding is intended to support school districts that accept option students with IEPs, enabling them to enroll more option students and provide these students with the best possible education. This change aligns with the allowable purposes of the Education Future Fund by ensuring sufficient resources are available for the education of students with special needs.

Section 5 amends section 79-1142 to require that, for each school district receiving a payment under subsection (2) of section 79-246 for special education expenditures in a given school fiscal year, an amount equal to the payment made under such subsection must be subtracted from the special education reimbursement calculated under subsection (3) of section 79-1142. The amount subtracted will then be transferred to the Education Future Fund. This ensures that payments made to districts for special education costs are balanced with the funding provided through the Education Future Fund.

Section 6 is the repealer.

Explanation of amendments:

The Education Committee considered and adopted an amendment (AM 995) which amends LB 653 as amended by AM 932, and incorporates LB 303 as amended by AM 945 to LB 653, LB 430, LB 497 as amended by AM 513 and AM 830, LB 507 as amended by AM 964, and LB 625 as amended by AM 950.

LB 653 – Sections 2, 3, 4, 5, 10, 11, 13, and 14 of AM 995

Original sections 2, 3, and 4 of LB 653 (sections 79-239, 79-246, and 79-1021 respectively) were unchanged by AM 932 and AM 945. The other sections were changed as follows:

AM 932 to LB 653 amends section 79-233 by adding definitions for specific categories of special education services. It defines "homebound services" as services provided to students who are unable to attend school in person due to medical need or necessity. It further categorizes levels of special education support: "Level I services" refer to education and support for students who spend 80% or more of their school day in general education settings with special education support; "Level II services" apply to students who spend between 40% and 79% of their day in



general education with special education support; and "Level III services" include students who spend less than 40% of their school day in general education, as well as those who require homebound services or are placed in juvenile justice settings. The amendment also harmonizes the renumbering of the definitions to include these additional definitions.

AM 932 to LB 653 amends section 79-238 to prohibit school districts that accept option students from denying the application of a student with an individualized education program (IEP) under the federal Individuals with Disabilities Education Act (IDEA) who is expected to require Level I or Level II services, until the district has accepted a percentage of applicants with IEPs—regardless of service level—that matches the statewide percentage of students with IEPs as reported to the State Department of Education for the previous school year. This requirement applies regardless of the school district's capacity to provide special education services, ensuring more equitable access for students with disabilities. Additionally, this amendment incorporates the new percentage-based threshold into the determination of capacity for special education services operated by an option school district, which was previously determined only on a case-by-case basis.

AM 932 also amends section 79-238 to add grade level as a required reporting category that school districts must establish, publish, and report annually to support and facilitate the option enrollment process. In addition, the amendment allows school boards to include grade level—alongside programs and classes—as a criterion that may be designated by board resolution, prior to October 15 of each school year, as unavailable to option students for the following school year due to lack of capacity. Previously, only programs and classes could be used for such capacity-based exclusions.

AM 932 also amends section 79-238 to require school districts to accept enrollment option applications on both a school building by school building and grade level by grade level basis. If a school district receives an application for a specific school building or grade level that is at capacity, the district must notify the parent or guardian who submitted the application of other school buildings within the district that are not at capacity for that building or grade level and are available to the student under the enrollment option program. This ensures greater transparency and provides families with alternative options when certain schools or grades are full.

AM 932 also amends section 79-238 to require that any option school district not part of a learning community must automatically accept siblings of current option students who apply to the district, regardless of capacity. Previously, such districts were only required to give these siblings first priority for enrollment and were not obligated to accept them if the district was at capacity, except as provided under subsection (1) of section 79-240. The amendment also clarifies that option school districts that are members of a learning community are similarly required to automatically accept siblings of enrolled option students, regardless of capacity, thereby standardizing sibling enrollment provisions across all districts.

AM 945 amends section 79-1119 by revising the "excess cost" definition by changing its calculation to no longer require that federal Medicaid funds received for services to school-age children be subtracted from the total cost of the special education program. The revised calculation would include the total cost of the program, excluding residential care, minus only the product of the number of students in the program multiplied by the adjusted average per pupil cost of the preceding year for the school district of residence of each child.

AM 945 to LB 653 amends section 79-1142 to include a provision defining the total allowable excess cost for special education programs and support services. The total allowable excess cost is calculated as the sum of the excess cost for special education programs and the total allowable reimbursable cost for support services, minus federal Medicaid funds received pursuant to section 43-2511 for services to school-age children, excluding amounts designated under that section as reimbursement for costs associated with the implementation and administration of the billing system.



AM 945 to LB 653 also amends section 79-1142 to include language addressing reimbursement procedures for special education programs and support services. It provides that for each school fiscal year, the State Department of Education shall reimburse each school district in the following fiscal year 80% of the total allowable excess costs for all special education programs and support services. If the nonreimbursable expenditures, as defined in section 79-1145, do not equal the three-year average nonreimbursable expenditures used in calculating the amount required to reimburse 80% of the total allowable excess costs, then reimbursements shall be adjusted on a pro rata basis. This adjustment ensures that the total amount reimbursed aligns with the appropriation specified under subdivision (2)(b) of section 79-1145.

AM 945 to LB 653 also amends section 79-1142 to eliminate the language providing that if the General Fund appropriations for special education approved by the Legislature, minus the amounts set aside pursuant to subsection (5) of this section, are insufficient to reimburse 80% of the total allowable excess costs for all special education programs and support services for any school fiscal year, such allowable excess costs shall be reimbursed on a pro rata basis from such General Fund appropriations and the remainder of the 80% reimbursement shall be paid from the Education Future Fund.

AM 945 to LB 653 also amends section 79-1142 to include language that provides that, for any school district receiving a payment pursuant to subsection (2) of section 79-246 during the same school fiscal year in which special education expenditures are reimbursed under subsection (3) of section 79-1142, the amount of the payment received under section 79-246(2) shall be subtracted from the reimbursement amount calculated under section 79-1142(3). The amount subtracted shall then be transferred to the Education Future Fund.

AM 945 to LB 653 amends section 79-1145 to include the following definitions: "nonreimbursable expenditure" is defined as an expenditure included in the total allowable excess cost for special education programs and support services, as submitted to the State Department of Education by October 31 following the school fiscal year in which the expenditure occurred, that is later determined to be nonreimbursable for special education purposes. The term "three-year average nonreimbursable expenditures" refers to the average total nonreimbursable expenditures for all school districts over the most recent three school fiscal years for which the information is available.

AM 945 to LB 653 also amends section 79-1145 to include the Education Future Fund alongside the General Fund in the calculation of the aggregated amount for special education programs and services under sections 79-1129, 79-1132, and 79-1144. Additionally, section 79-1145 is amended to provide that the total amount for these programs and services shall not be less than the required amounts specified in section 79-1142, which include either (a) reimbursement for educational services provided to residential settings as described in subdivision (10)(c) of section 79-215, and reimbursement of eighty percent of the total allowable excess costs for all special education programs and support services, or (b) meeting federal maintenance of state financial support requirements, whichever is greater, for each fiscal year. The language requiring the total amount not to exceed the aggregate amount of General Funds appropriated for the previous fiscal year, increased by 10%, is removed by the amendment.

AM 945 to LB 653 also amends section 79-1145 to specify that the amount required to reimburse 80% of the total allowable excess costs for all special education programs and support services will be calculated by subtracting 80% of the three-year average nonreimbursable expenditures from 80% of the total allowable excess costs. These costs must be submitted to the State Department of Education on or before the first October 31 following the school fiscal year in which the allowable excess costs occurred.

LB 430- Sections 6-8 of AM 995

LB 430 was introduced by Senator Murman and amends several sections of the Nebraska Revised Statutes related to student suspensions and behavioral management. It revises section 79-265 to require school principals to send a



written statement to the student and their parent or guardian within 24 hours of a suspension, or within not more than an additional 48 hours if necessary. This statement must include details regarding the student's behavior or violation, the reasons for the suspension, actions taken by the school to address the behavior before considering suspension, available resources to support the student, and the school's plan for managing the behavior going forward, including strategies aimed at keeping the student in school. Additionally, section 79-265.01 is amended to specify that violent behavior that could cause physical harm to another student or school employee is a valid reason for suspending pre-kindergarten through second-grade students in elementary schools. Furthermore, section 79-268 is updated to require that written notices for suspensions include not only previous information, but also resources available from the school to support the student and a plan for addressing the behavior in the future, with actionable strategies to help keep the student in school.

LB 430 was amended into LB 653 on a 7-0-1 vote of the committee:

Aye- Senators Murman, Hughes, Hunt, Juarez, Lonowski, Meyer, Sanders; Nay- None; Absent- Senator Conrad

LB 430 had a public hearing on March 17, 2025, with the following testimony:

Proponents:

Senator Dave Murman , Introducer

Chuck Hughes, Norfolk Public Schools

Opponents:

JaQuala Yarbro, Compete Institute of Socioeconomic Policy and Education

Guillermo Pena, NDP Latinx

Jeremiah Wilson, Self

Kristen Larsen, NE Council on Developmental Disabilities

Spike Eickholt, Education Rights Council; Voices for Children in NE; ACLU of Nebraska

Neutral:

Haleigh Carlson, Self

LB 497- Sections 1 and 9 of AM 995

LB 497 was introduced by Senator Murman and amends sections 79-215 and 79-2,136 to expand and clarify part-time enrollment and extracurricular activity eligibility for students attending private, denominational, or non-accredited schools. Specifically, section 79-215 is amended to include a new subsection (11), which requires school boards to admit such students for part-time enrollment at no cost if the student wishes to participate in an extracurricular activity not offered by their home district, if they enroll in the nearest school district that offers the activity. Harmonizing changes are made to 79-2,136. Subsection (1) of such section is updated to require school boards to allow part-time enrollment for students who are residents of, or admitted to, the district under subsection (1), (2), or (11) of section 79-215, and allows for optional part-time enrollment policies for non-resident students under section 79-215. Subsection (2) is amended to mandate that school boards adopt policies allowing students who are residents or otherwise admitted under the same subsections of section 79-215, and who are enrolled in non-accredited schools, to participate in extracurricular activities as defined in section 79-2,126. Under subsection (3) as amended, these policies must require students to enroll in at least 5 credit hours per semester offered by the district, while allowing them to enroll in more, and must not favor full-time students for activity participation. Part-time students may also be subject to the same conduct and behavioral rules as full-time students while on school grounds or at school events. Subsection (4) is amended to affirm that nothing in the statute exempts any student from Nebraska's compulsory attendance laws or laws relating to habitual truancy.

AM 830 to LB 497 amends section 79-215 by striking and replacing subsection (11) of such section to revise the



conditions under which school boards must allow part-time enrollment for participation in extracurricular activities. The new subsection (11) requires school boards to admit a student, upon request and without charge, for part-time enrollment to participate in extracurricular activities in accordance with section 79-2,136, if two criteria are met: (a) the student is also enrolled in a private, denominational, or parochial school, or a school that has elected not to meet accreditation or approval requirements under section 79-1601; and (b) either (i) the student's resident school district does not offer the extracurricular activity and the district the student seeks to attend is the closest district offering that activity, or (ii) the resident district does offer the activity, but the district the student seeks to attend includes the closest school to the student's or parent's residence that offers the desired activity.

AM 513 to LB 497 amends section 79-2,136 by clarifying and expanding the bill's language related to extracurricular activity participation. Specifically, it modifies language to state that students may "participate in extracurricular activities regulated by an athletics or activities association to which such school is a member pursuant to such subsection," ensuring alignment with governing bodies for school activities. The amendment also revises language to specify that students must enroll in credit hours "offered by the school district in any semester in order to participate in such extracurricular activities," broadening the enrollment requirement beyond specific terms. Most notably, the amendment expands the scope of the bill to apply to all extracurricular activities.

LB 497 was amended into LB 653 on a 7-0-1 vote of the committee:

Aye- Senators Murman, Hughes, Hunt, Juarez, Lonowski, Meyer, Sanders; Nay- None; Absent- Senator Conrad

LB 497 had a public hearing on March 3, 2025, with the following testimony:

Proponents:

Senator Dave Murman , Introducer

David Lostroh, NE Christian Home Educators Assn.

Jane Dowd, Lincoln Home School Orchestras

Spencer Finley, Self

Ethan Finley, Self

Erin Van Cleave, Self

Opponents: None

Neutral: None

LB 507- Section 12 of AM 995

LB 507 was introduced by Senator Hunt and amends section 79-1129 to require that the school board of a child's resident school district provide transportation services for children with disabilities who are enrolled in the district's special education programs. This ensures that transportation is available as a necessary support for accessing educational services.

AM 946 to LB 507 amends section 79-1129 by replacing the original language of LB 507 and adding a new subdivision (1)(b)(ii) to such section, which clarifies that the transportation requirement in subdivision (1)(b)(i) of 79-1129 applies only to children with disabilities who either reside in a residential facility, boarding home, or foster home, or who have an individualized education program (IEP) under the federal Individuals with Disabilities Education Act that requires transportation. Furthermore, the provision limits transportation obligations to within 35 miles of the school the child is enrolled in when the child is attending an alternative facility as outlined in subdivision (1)(b)(i)(A) of such section, or when transportation is required under subdivision (1)(b)(i)(B), if the child resides within 35 miles of the school. This new subdivision places mileage-based limitations on the applicability of the transportation requirements in subsection (1)(b)(i) of section 79-1129.



LB 507 was amended into LB 653 on a 7-0-1 vote of the committee:

Aye- Senators Murman, Hughes, Hunt, Juarez, Lonowski, Meyer, Sanders; Nay- None; Absent- Senator Conrad

LB 507 had a public hearing on February 11, 2025, with the following testimony:

Proponents:

Senator Megan Hunt , Introducer

Elizabeth Eynon-Kokrda, Education Rights Council

Opponents:

Jeff Schneider, Greater Nebraska Schools Association

Neutral: None

LB 625- Section 15 of AM 995

LB 625 was introduced by Senator Dover and requires the Department of Revenue to create, maintain, and publicly provide access to an online database containing detailed financial information from all school districts in the state. The database must include, at a minimum, data on revenue sources, expenditures, and a comprehensive balance sheet reflecting all assets, liabilities, and both committed and uncommitted funds. The Tax Commissioner is tasked with designating an implementation date for the database, which must be on or before January 1, 2026. School districts are required to submit the necessary information to the department and must provide annual updates. The department is then responsible for updating the database within thirty days of receiving new information. The bill also clarifies that it does not mandate the disclosure of any information deemed confidential under state or federal law or exempt from public records under section 84-712.05.

AM 950 to LB 625 adds new section 15 to AM 995 by replacing the original new section language and assigning responsibility for developing and maintaining the public school district financial database to the Department of Administrative Services (DAS), rather than to the Department of Revenue. The database must be publicly accessible on the DAS website and include, at a minimum, revenue sources, expenditures, and a balance sheet showing all assets and liabilities, including committed and uncommitted funds. The budget administrator of the budget division of the DAS must set an implementation date no later than January 1, 2026. School districts are required to provide all necessary data to the DAS, update this information annually, and submit historical financial data beginning with calendar year 2005, which will be incorporated into the database as soon as practicable. The DAS must update the database within thirty days of receiving new information. The amendment also clarifies that no confidential or exempt information under state or federal law, or under section 84-712.05, is required to be disclosed.

LB 625 was amended into LB 653 on a 7-0-1 vote of the committee:

Aye- Senators Murman, Hughes, Hunt, Juarez, Lonowski, Meyer, Sanders; Nay- None; Absent- Senator Conrad

LB 625 had a public hearing on February 3, 2025, with the following testimony:

Proponents:

Senator Robert Dover , Introducer

Opponents: None

Neutral: None

Section by Section Summary

Section 1- Amends Section 79-215. Revises conditions for part-time enrollment to participate in extracurricular



activities. (LB 497 as amended by AM 830)

Section 2- Amends Section 79-233. Adding definitions for specific categories of special education services. (LB 653 as amended by AM 932)

Section 3- Amends Section 79-238. Expands equity in option enrollment; increases IEP access, reporting, sibling priority, and special education funding. (LB 653 as amended by AM 932)

Section 4- Amends Section 79-239. Enhances enrollment transparency through timely applicant notifications and detailed IEP-related reporting. (LB 653)

Section 5- Amends Section 79-246. Establishes Education Future Fund reimbursements for high-cost option students with IEPs. (LB 653)

Section 6- Amends Section 79-265. Revises suspension procedures. (LB 430)

Section 7- Amends Section 79-265.01. Clarifies and adds violent behavior as grounds for suspending PK–2 students. (LB 430)

Section 8- Amends Section 79-268. Updates written notice requirements to include resources and future behavior management strategies for students. (LB 430)

Section 9- Amends Section 79-2,136. Clarifies and expands language on extracurricular activity participation. (LB 497 as amended by AM 513)

Section 10- Amends Section 79-1021. Designates the Education Future Fund exclusively to support education and services for students with IEPs accepted as option students in school districts. (LB 653)

Section 11- Amends Section 79-1119. Revises the "excess cost" definition. (LB 653 as amended by AM 945)

Section 12- Amends Section 79-1129. Provides transportation requirements for students with disabilities. (LB 507 as amended by AM 946)

Section 13- Amends Section 79-1142. Defines total allowable excess cost for special education and outlines reimbursement procedures, including adjustments and transfers to the Education Future Fund. (LB 653 as amended by AM 945)

Section 14- Amends Section 79-1145. Defines nonreimbursable expenditures, adjusts funding calculations, and includes the Education Future Fund in special education program funding. (LB 653 as amended by AM 945)

Section 15- Enacts a new provision of law. Provides for the establishment of financial information database for all Nebraska school districts. (LB 625 as amended by AM 108)

Section 16- Repealer.



