

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 603**

Introduced by Raikes, 25

Read first time January 17, 2007

Committee: Education

A BILL

1 FOR AN ACT relating to educational service units; to amend  
2 sections 79-1201 and 79-1241, Reissue Revised Statutes  
3 of Nebraska, and sections 79-1241.01, 79-1241.02, and  
4 79-1243, Revised Statutes Cumulative Supplement, 2006;  
5 to provide a formula and change provisions relating  
6 to core services and technology infrastructure funding;  
7 to harmonize provisions; and to repeal the original  
8 sections.

9 Be it enacted by the people of the State of Nebraska,

1                   Section 1. Section 79-1201, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3                   79-1201 Sections 79-1201 to 79-1244 and section 3 of this  
4 act shall be known and may be cited as the Educational Service  
5 Units Act.

6                   Sec. 2. Section 79-1241, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8                   79-1241 For school fiscal years prior to school fiscal  
9 years 2008-09:

10                   (1) Funds appropriated for core services shall be  
11 distributed proportionally to each educational service unit by  
12 the State Department of Education based on the fall membership  
13 in member districts in the preceding school fiscal year, except  
14 that no educational service unit shall receive less than two and  
15 one-half percent of the funds appropriated for core services; -

16                   (2) Any funds appropriated for distribution pursuant to  
17 this section ~~for school fiscal year 2003-04 and each school fiscal~~  
18 ~~year thereafter~~ shall be distributed in ten as nearly as possible  
19 equal payments on the first business day of each month beginning  
20 in September of each school fiscal year and ending in June.  
21 Funds distributed pursuant to this section shall be used for core  
22 services with the approval of representatives of two-thirds of the  
23 member school districts, representing a majority of the students in  
24 the member school districts. If a member school district provides  
25 evidence satisfactory to the educational service unit that the

1 district will provide core services for itself in a cost-efficient  
2 manner, the educational service unit may distribute funds directly  
3 to the district to be used for providing core services, or if all  
4 member school districts within the boundaries of an educational  
5 service unit together provide evidence satisfactory to the State  
6 Department of Education that the districts will provide core  
7 services for themselves in a more cost-efficient manner than the  
8 educational service unit, the department shall distribute funds  
9 directly to the districts to be used for providing core services;  
10 and -

11 (3) If two or more educational service units merge, the  
12 resulting merged educational service unit shall, for each of the  
13 two fiscal years following the fiscal year in which the merger  
14 takes place, receive core services funds under this section in  
15 an amount not less than the total of the core services funds  
16 that each of the merging educational service units received in  
17 the fiscal year immediately preceding the merger, except that if  
18 the appropriation for core services funds for either of the two  
19 fiscal years following the fiscal year in which the merger takes  
20 place is less than the appropriation for such funds for the fiscal  
21 year immediately preceding the merger, core services funds shall  
22 be reduced by a percentage equal to the ratio of the difference  
23 of such appropriation for the fiscal year immediately preceding  
24 the merger minus the appropriation for the fiscal year in question  
25 divided by the appropriation for the fiscal year immediately

1 preceding the merger. Thereafter the distribution of core services  
2 funds to the merged educational service unit shall be as provided  
3 in ~~subsection~~ subdivision (1) of this section.

4           Sec. 3. For school fiscal year 2008-09 and each school  
5 fiscal year thereafter:

6           (1) Funds appropriated for core services and technology  
7 infrastructure shall be distributed as follows:

8           (a) The distance education and telecommunications  
9 allowance for each educational service unit shall equal eighty-five  
10 percent of the difference of the costs for telecommunications  
11 services, for access to data transmission networks that transmit  
12 data to and from the educational service unit, and for the  
13 transmission of data on such networks paid by the educational  
14 service unit as reported on the annual financial report for the  
15 most recently available complete data year minus the receipts from  
16 the federal Universal Service Fund pursuant to 47 U.S.C. 254,  
17 as such section existed on January 1, 2007, for the educational  
18 service unit as reported on the annual financial report for the  
19 most recently available complete data year and minus any receipts  
20 from school districts or other educational entities for payment  
21 of such costs as reported on the annual financial report of the  
22 educational service unit;

23           (b) The base allocation of each educational service unit  
24 shall equal two and one-half percent of the funds appropriated for  
25 distribution pursuant to this section;

1           (c) The satellite office allocation for each educational  
2 service unit shall equal one percent of the funds appropriated  
3 for distribution pursuant to this section for each office of  
4 the educational service unit, except the educational service unit  
5 headquarters, up to the maximum number of satellite offices. The  
6 maximum number of satellite offices used for the calculation of the  
7 satellite office allocation for any educational service unit shall  
8 equal the difference of the ratio of the number of square miles  
9 within the boundaries of the educational service unit divided by  
10 four thousand minus one with the result rounded down to the closest  
11 whole number less than the result;

12           (d) The statewide adjusted valuation shall equal the  
13 total adjusted valuation for all local systems pursuant to section  
14 79-1016 used for the calculation of state aid for school districts  
15 pursuant to the Tax Equity and Educational Opportunities Support  
16 Act for the school fiscal year for which the distribution is being  
17 calculated pursuant to this section;

18           (e) The adjusted valuation for each educational service  
19 unit shall equal the total adjusted valuation of the member school  
20 districts pursuant to section 79-1016 used for the calculation of  
21 state aid for school districts pursuant to the Tax Equity and  
22 Educational Opportunities Support Act for the school fiscal year  
23 for which the distribution is being calculated pursuant to this  
24 section;

25           (f) The local effort rate shall equal \$0.0135 per one

1 hundred dollars of adjusted valuation;

2 (g) The statewide student allocation shall equal the  
3 difference of the sum of the amount appropriated for distribution  
4 pursuant to this section plus the product of the statewide adjusted  
5 valuation multiplied by the local effort rate minus the distance  
6 education and telecommunications allowance, base allocation, and  
7 satellite office allocation for all educational service units;

8 (h) The sparsity adjustment for each educational service  
9 unit shall equal the sum of one plus one-tenth of the ratio of the  
10 square miles within the boundaries of the educational service unit  
11 divided by the fall membership of the member school districts for  
12 the school fiscal year immediately preceding the school fiscal year  
13 for which the distribution is being calculated pursuant to this  
14 section;

15 (i) The adjusted students for each educational service  
16 unit shall equal the fall membership of the member school districts  
17 for the school fiscal year immediately preceding the school fiscal  
18 year for which aid is being calculated pursuant to this section  
19 multiplied by the educational service unit sparsity adjustment;

20 (j) The per student allocation shall equal the statewide  
21 student allocation divided by the total adjusted students for all  
22 educational service units;

23 (k) The student allocation for each educational service  
24 unit shall equal the per student allocation multiplied by the  
25 adjusted students for the educational service units;

1           (l) The needs for each educational service unit shall  
2 equal the sum of the distance education and telecommunications  
3 allowance, base allocation, satellite office allocation, and  
4 student allocation for the educational service unit; and

5           (m) The distribution of core services and technology  
6 infrastructure funds for each educational service unit shall equal  
7 the needs for each educational service unit minus the product of  
8 the adjusted valuation for the educational service unit multiplied  
9 by the local effort rate;

10           (2) The State Department of Education shall certify the  
11 distribution of core services and technology infrastructure funds  
12 to each educational service unit on or before July 1, 2008, for  
13 school fiscal year 2008-09 and on or before July 1 for each  
14 year thereafter for the following school fiscal year. Any funds  
15 appropriated for distribution pursuant to this section shall be  
16 distributed in ten as nearly as possible equal payments on the  
17 first business day of each month beginning in September of each  
18 school fiscal year and ending in June. Funds distributed pursuant  
19 to this section shall be used for core services and technology  
20 infrastructure with the approval of representatives of two-thirds  
21 of the member school districts of the educational service unit,  
22 representing a majority of the students in the member school  
23 districts; and

24           (3) If two or more educational service units merge, the  
25 resulting merged educational service unit shall, for each of the

1 two fiscal years following the fiscal year in which the merger  
2 takes place, receive core services and technology infrastructure  
3 funds under this section in an amount not less than the total of  
4 the core services and technology infrastructure funds that each of  
5 the merging educational service units received in the fiscal year  
6 immediately preceding the merger, except that if the appropriation  
7 for core services and technology infrastructure funds pursuant to  
8 this section or sections 79-1241 and 79-1243 for either of the two  
9 fiscal years following the fiscal year in which the merger takes  
10 place is less than the appropriation for such funds for the fiscal  
11 year immediately preceding the merger, core services and technology  
12 infrastructure funds shall be reduced by a percentage equal to the  
13 ratio of the difference of such appropriation for the fiscal year  
14 immediately preceding the merger minus the appropriation for the  
15 fiscal year in question divided by the appropriation for the fiscal  
16 year immediately preceding the merger. Thereafter the distribution  
17 of core services funds to the merged educational service unit shall  
18 be as provided in subdivision (1) of this section.

19           Sec. 4. Section 79-1241.01, Revised Statutes Cumulative  
20 Supplement, 2006, is amended to read:

21           79-1241.01 To carry out sections 79-1241 and 79-1243  
22 and section 3 of this act, it is the intent of the Legislature  
23 to appropriate for each fiscal year the amount appropriated in  
24 the prior year increased by the percentage growth in the fall  
25 membership of member districts plus the basic allowable growth



1 rate described in section 79-1025. For purposes of this section,  
2 fall membership has the same meaning as in section 79-1003. Fall  
3 membership data used to compute growth shall be from the two most  
4 recently available fall membership reports.

5 Sec. 5. Section 79-1241.02, Revised Statutes Cumulative  
6 Supplement, 2006, is amended to read:

7 79-1241.02 It is the intent of the Legislature that any  
8 funds appropriated pursuant to ~~the intent of~~ section 79-1241.01 or  
9 79-1243 or section 3 of this act and used for technology-related  
10 projects or technology initiatives undertaken by an educational  
11 service unit follow the review process established in sections  
12 86-512 to 86-524, including the review by the technical panel of  
13 the Nebraska Information Technology Commission.

14 Sec. 6. Section 79-1243, Revised Statutes Cumulative  
15 Supplement, 2006, is amended to read:

16 79-1243 For school fiscal years prior to school fiscal  
17 year 2008-09:

18 (1) Funds appropriated for technology infrastructure  
19 shall be distributed proportionally to each educational service  
20 unit by the State Department of Education based on the fall  
21 membership of member districts in the preceding school fiscal year,  
22 except that no educational service unit shall receive less than  
23 the sum of (a) two and one-half percent of the funds appropriated  
24 for technology infrastructure plus (b) eighty-five percent of the  
25 difference of the costs for telecommunications services, for access

1 to data transmission networks that transmit data to and from the  
2 educational service unit, and for the transmission of data on such  
3 networks paid by the educational service unit as reported on the  
4 annual financial report for the most recently available complete  
5 data year minus the receipts from the federal Universal Service  
6 Fund pursuant to section 254 of the Telecommunications Act of 1996,  
7 47 U.S.C. 254, as such section existed on January 1, 2006, for the  
8 educational service unit as reported on the annual financial report  
9 for the most recently available complete data year and minus any  
10 receipts from school districts or other educational entities for  
11 payment of such costs as reported on the annual financial report of  
12 the educational service unit; and -

13 (2) Any funds appropriated for distribution pursuant to  
14 this section shall be distributed in ten as nearly as possible  
15 equal payments on the first business day of each month beginning  
16 in September of each school fiscal year and ending in June. Funds  
17 distributed pursuant to this section shall be used for technology  
18 infrastructure with the approval of representatives of two-thirds  
19 of the member school districts, representing a majority of the  
20 students in the member school districts; and -

21 (3) If two or more educational service units merge, the  
22 resulting merged educational service unit shall, for each of the  
23 two fiscal years following the fiscal year in which the merger  
24 takes place, receive technology infrastructure funds under this  
25 section in an amount not less than the total of the technology

1 infrastructure funds that each of the merging educational service  
2 units received in the fiscal year immediately preceding the merger,  
3 except that if the appropriation for technology infrastructure  
4 funds for either of the two fiscal years following the fiscal year  
5 in which the merger takes place is less than the appropriation for  
6 such funds for the fiscal year immediately preceding the merger,  
7 technology infrastructure funds shall be reduced by a percentage  
8 equal to the ratio of the difference of such appropriation  
9 for the fiscal year immediately preceding the merger minus the  
10 appropriation for the fiscal year in question divided by the  
11 appropriation for the fiscal year immediately preceding the merger.  
12 Thereafter the distribution of technology infrastructure funds  
13 to the merged educational service unit shall be as provided in  
14 ~~subsection~~ subdivision (1) of this section.

15           Sec. 7. Original sections 79-1201 and 79-1241, Reissue  
16 Revised Statutes of Nebraska, and sections 79-1241.01, 79-1241.02,  
17 and 79-1243, Revised Statutes Cumulative Supplement, 2006, are  
18 repealed.