

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 973

Introduced by Raikes, 25.

Read first time January 15, 2008

Committee: Education

A BILL

1 FOR AN ACT relating to the Community College Foundation and
2 Equalization Aid Act; to amend sections 85-2212, 85-2221,
3 85-2223, 85-2224, 85-2225, and 85-2228, Revised Statutes
4 Supplement, 2007; to change and eliminate definitions;
5 to change provisions relating to calculation of aid; to
6 harmonize provisions; to repeal the original sections;
7 and to outright repeal sections 85-2214, 85-2219, and
8 85-2226, Revised Statutes Supplement, 2007.
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 85-2212, Revised Statutes Supplement,
2 2007, is amended to read:

3 85-2212 Prior year revenue means (1) the lesser of (a)
4 the total of general fund property taxes, state aid, and levied
5 in the fiscal year immediately preceding the fiscal year for which
6 aid is being calculated or (b) the local effort rate calculated
7 pursuant to section 85-2224 multiplied by the property valuation
8 for each community college area divided by one hundred plus (2)
9 state aid, tuition, and fees collected in reported on the accrual
10 basis of accounting the fiscal year immediately preceding the
11 fiscal year for which aid is being calculated.

12 Sec. 2. Section 85-2221, Revised Statutes Supplement,
13 2007, is amended to read:

14 85-2221 ~~The Coordinating Commission for Postsecondary~~
15 ~~Education shall annually collect data from each community college~~
16 ~~area and maintain~~ Each community college area shall annually
17 report such data as necessary to carry out the Community College
18 Foundation and Equalization Aid Act to the Coordinating Commission
19 for Postsecondary Education. Each community college area shall
20 annually report data necessary to the commission to carry out
21 ~~the act, provide the commission with a reconciliation of the data~~
22 necessary to carry out the act with audited financial statement
23 information.

24 Sec. 3. Section 85-2223, Revised Statutes Supplement,
25 2007, is amended to read:

1 85-2223 (1) The Department of Revenue shall annually
2 calculate the base revenue need for each community college area as
3 follows:

4 (a) For fiscal years 2007-08 and 2008-09, base revenue
5 need for each community college area shall equal one ~~plus the~~
6 ~~base growth factor~~ plus the greater of zero or the average annual
7 percentage growth in full-time equivalent enrollments attributable
8 to each community college area for the most recent three fiscal
9 years times the sum of (i) system foundation need plus (ii)
10 reimbursable educational unit need plus (iii) the average need
11 adjustment plus (iv) the revenue remainder allowance for each
12 community college area. The average percentage growth shall be
13 calculated by dividing the three-year average from the most recent
14 three fiscal years by the three-year average enrollment for the
15 base year of the calculation; and

16 (b) For fiscal year 2009-10 and each fiscal year
17 thereafter, base revenue need for each community college area
18 shall equal the greater of ninety-five percent of the base revenue
19 need calculated in the prior year or the sum of (i) system
20 foundation need plus (ii) reimbursable educational unit need plus
21 (iii) the average revenue remainder allowance.

22 (2) For purposes of the calculation required pursuant to
23 this section:

24 (a) Average need adjustment shall be calculated for
25 fiscal year 2007-08 aid distribution as follows: Average need

1 adjustment shall equal the sum of average adjusted revenue
2 per full-time equivalent student minus the adjusted revenue
3 per full-time equivalent student times the number of full-time
4 equivalent students attributable to each community college area
5 up to the number of full-time equivalent students attributable to
6 the community college area with the fewest number of full-time
7 equivalent students, except that the amount shall not be less than
8 negative seven hundred fifty thousand or greater than seven hundred
9 fifty thousand. For purposes of the average need adjustment, (i)
10 adjusted revenue per full-time equivalent student equals the sum
11 of the prior year revenue for each community college area minus
12 the system foundation need divided by the number of full-time
13 equivalent students for each community college area and (ii)
14 average adjusted revenue per full-time equivalent student equals
15 the sum of the prior year revenue for all community college areas
16 minus the system foundation need for all areas divided by the
17 number of full-time equivalent students for all areas;

18 (b) Average revenue remainder allowance shall equal
19 the average revenue remainder ~~per full-time equivalent student~~
20 reimbursable educational unit times the average number of full-time
21 equivalent students reimbursable educational units for each
22 community college area for the most recent three fiscal years;

23 (c) Average revenue remainder per ~~full-time equivalent~~
24 ~~student~~ reimbursable educational unit equals the revenue remainder
25 allowance for all community college areas divided by the ~~total~~

1 average number of full-time equivalent students reimbursable
2 educational unit in all community college areas for the most recent
3 three fiscal years;

4 (d) Reimbursable educational unit need for each community
5 college area equals the product of the state foundation amount
6 times forty percent divided by the total reimbursable educational
7 units of all community college areas times the number of
8 reimbursable educational units attributable to each community
9 college area;

10 (e) Revenue remainder allowance equals the formula base
11 revenue attributable to each community college area minus the sum
12 of system foundation need plus reimbursable educational unit need;

13 (f) State foundation amount equals formula base revenue
14 times the state foundation percentage; and

15 (g) System foundation need for each community college
16 area equals the product of the state foundation amount times sixty
17 percent divided by the number of community college areas.

18 Sec. 4. Section 85-2224, Revised Statutes Supplement,
19 2007, is amended to read:

20 85-2224 (1) The Department of Revenue shall calculate
21 local effort rate by dividing the sum of (a) the total of base
22 revenue need for all community college areas minus (b) the amount
23 appropriated by the Legislature pursuant to the Community College
24 Foundation and Equalization Aid Act minus (c) the total formula
25 tuition and fees for all community college areas by the total

1 valuation of all community college areas times one hundred.

2 (2) The department shall calculate the formula resources
3 available to each community college area by adding ~~(a)~~ the yield
4 from local effort rate plus ~~(b)~~ local formula tuition and fees,
5 plus ~~(c)~~ system foundation aid plus ~~(d)~~ reimbursable educational
6 unit aid.

7 (3) For purposes of the calculation required pursuant to
8 this section:

9 (a) The yield from local effort rate for each community
10 college area equals the local effort rate times the ~~property~~
11 taxable valuation attributable certified to each community college
12 area pursuant to section 13-509 divided by one hundred; and

13 (b) Local formula tuition and fees equals tuition and
14 fees attributable to each community college area ~~that were~~
15 collected that were reported on the accrual basis of accounting in
16 the fiscal year prior to the fiscal year for which aid is to be
17 calculated. +

18 ~~(c) Reimbursable educational unit aid equals reimbursable~~
19 ~~educational unit need calculated pursuant to section 85-2223; and~~

20 ~~(d) System foundation aid equals system foundation need~~
21 ~~calculated pursuant to section 85-2223.~~

22 Sec. 5. Section 85-2225, Revised Statutes Supplement,
23 2007, is amended to read:

24 85-2225 Equalization aid for each community college area
25 shall equal base revenue need attributable to the community college

1 area minus formula resources attributable to the community college
2 area, except that such amount shall not be less than zero.

3 Sec. 6. Section 85-2228, Revised Statutes Supplement,
4 2007, is amended to read:

5 85-2228 For fiscal year 2008-09 and for each fiscal
6 year thereafter, a minimum levy aid reduction shall apply to any
7 community college area that does not levy at least eighty percent
8 of the local effort rate calculated pursuant to section 85-2224 for
9 the fiscal year immediately preceding the fiscal year for which aid
10 is being calculated.

11 The minimum levy aid reduction shall equal the difference
12 between the amount of revenue collected by the community college
13 area as a result of its levy and the amount of revenue that would
14 have been collected using eighty percent of the local effort rate
15 in the prior fiscal year. The Department of Revenue shall reduce
16 the amount of aid ~~calculated pursuant to section 85-2226~~ by an
17 amount equal to the minimum levy aid reduction.

18 Sec. 7. Original sections 85-2212, 85-2221, 85-2223,
19 85-2224, 85-2225, and 85-2228, Revised Statutes Supplement, 2007,
20 are repealed.

21 Sec. 8. The following sections are outright repealed:
22 Sections 85-2214, 85-2219, and 85-2226, Revised Statutes
23 Supplement, 2007.