



Hundredth Legislature - First Session - 2007  
**Introducer's Statement of Intent**  
**LB 455**

---

**Chairperson:** Ron Raikes  
**Committee:** Education  
**Date of Hearing:** February 27, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 455 would add two exceptions to the limitation on the growth of school district budgets:

1. For increases in school district energy costs over the previous year for any year when such costs are in excess of the Consumer Price Index for All Urban Consumers. Energy costs are defined as costs of gasoline, oil, diesel fuel, electricity, propane, heating oil, natural gas and other substances needed by the school district for transportation, heating and cooling. The Department of Education would document district energy increases and compute the amount by which the district could exceed its budget limit.
2. For increases in school district health insurance costs over the previous year for any years that such costs are in excess of the Consumer Price Index for All Urban Consumers. The Department of Education will compute the actual increased health insurance cost for each district and will allow each district to increase general fund expenditures for such increased costs.

The rationale for this bill is that energy and health insurance prices are in the main beyond the control of any individual school districts. School district may take measures to conserve energy and reduce consumption and thereby moderate increases in energy costs in the school budget, but not in amounts sufficient to increase spiraling energy costs that have outpaced general price inflation in many of the last several years.

School districts may bargain with teachers to limit health insurance costs, by increased deductibles or employee contributions to premiums and other cost shifting strategies. If not offset with sufficient after-tax salary increases, then total compensation for teachers and other staff will inevitable be reduced. In the last several years, salary growth for teachers and other education personnel have grown at a significantly lower rate than health insurance costs and benefits.

Simply put, extremely high increases in prices for energy and health insurance diminish the amount of funds school districts have available for compensating teachers and other school district personnel who are involved in work of educating out children. As Nebraska schools become less competitive in teacher compensation, the quality of education in our public school system will be challenged.

**Principal Introducer:**

\_\_\_\_\_  
**Senator Tom White**