

One Hundred Fourth Legislature - Second Session - 2016

Introducer's Statement of Intent

LB883

Chairperson: Senator Kate Sullivan

Committee: Education

Date of Hearing: February 9, 2016

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

LB883 will add a per student foundation aid component to the TEEOSA formula. This funding will increase equitability within the TEEOSA formula by ensuring that the State is providing a base level of funding to all public school districts within the State of Nebraska. Under LB883 the foundation aid payments will be phased in beginning with a payment of \$1500 per student in the 2016/17 school fiscal year and capping at \$3000 per student in school fiscal year 2019/20. Likewise, LB883 has a hold harmless provision that begins at 100% for school fiscal year 2016/17 and phases out gradually, until phasing out completely in school fiscal year 2020/21.

In order to pay for the foundation aid for school districts, LB 883 will eliminate option funding from the TEEOSA calculation. Option funding was originally intended to help school districts fill openings in classrooms. However, it has become a means for many to support budgets. With the existence of a per student foundation aid, option funding will no longer be necessary. LB883 also removes the elementary site allowance, the summer school allowance, the minimum levy adjustment, and the averaging adjustment from the TEEOSA formula.

It is the intent of LB883 that any new funds received under the new formula in excess of what the school district received the previous year, not accounted for through allowable growth, shall go towards reducing property tax levies. In order to ensure that property tax levies are reduced, LB883 will create a citizen advisory group. This group will consist of no fewer than 3 members who are residents of the school district and not immediately related to a school district employee. This group will be responsible for oversight of the budget and will make a public report on the use of state funding at a public meeting of that district's board of education. This group will also submit a written copy of their report to the State Department of Education. The Department of Education has the ability to audit a school district's budget and withhold 25% of foundation aid payments for a period of 3 years if a district is found to be in non-compliance. It is the intent that a negative report from the citizen oversight group to the Department would trigger this audit.

Principal Introducer: _____

Senator Jim Scheer