



Nebraska Council of School Administrators

NCSA Final Legislative Report

**Ninety-Seventh Legislature
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II. LEGISLATION PASSED AND SIGNED INTO LAW

A. Overview

<i>Bill</i>	<i>Sponsor</i>	<i>Priority</i>	<i>Committee</i>	<i>Effective</i>	<i>Subject</i>	<i>Pg.</i>
LB 36e	Thompson	—	Transportation	Feb. 7, 2001	Bus inspections	2
LB 67e	Kristensen	—	Government	Feb. 14, 2001	Election law	2
LB 156	Baker	—	Revenue	Sept. 1, 2001	Assessment rolls	3
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LB 240e	Price	—	Education	April 6, 2001	Academy zone bonds	4
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LB 420e	Bromm	Speaker	Government	May 8, 2001	Construction projects	10
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LB 711e	Wickersham	Vrtiska	Retirement	May 2, 2001	Retirement benefits	11
LB 759	Raikes	Price	Education	Sept. 1, 2001	Early childhood	13
LB 797e	Educ. Com.	Educ. Com.	Education	May 8, 2001	Technical cleanup	15
LB 833e	Bromm	Kremer	Education	May 22, 2001	Distance learning	21

B. Analysis

The following legislative measures were passed by the Legislature and signed into law by the Governor. The information below provides the name of the introducer, the committee to which the legislation was assigned, the effective date of the measure, and, where applicable, the name of the prioritizing senator or committee.

LB 36e	<i>Introduced by:</i> Thompson	<i>Priority:</i> None	<i>Committee:</i> Transportation	<i>Effective:</i> Feb. 7, 2001
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Subject: Bus inspections

Under current law, all public and private schools must have all student transportation vehicles inspected by a mechanic before school opens in the fall and each 80 days during that part of the year when school is in session. The current law also requires school boards to have all vehicles used for the transportation of students to be safety inspected at least once during each calendar year by the Nebraska State Patrol.

While LB 36e maintains the requirement to have transportation vehicles inspected by a mechanic, it eliminates all requirements and duties of school districts to have the vehicles inspected by the State Patrol. Specifically, LB 36e repeals language requiring the Nebraska State Patrol to conduct initial inspections of school buses before they are placed into service and the requirement for annual inspections by the Patrol.

The legislation is a result of an interim study report dated November 30, 2000. The report found duplication of efforts by school districts and the Patrol with regard to bus inspections. The Patrol claims to spend 1,200 hours annually conducting school bus inspections.

Section Amended: 79-602

LB 67e	<i>Introduced by:</i> Kristensen	<i>Priority:</i> None	<i>Committee:</i> Government	<i>Effective:</i> Feb. 14, 2001
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Subject: Task force on Nebraska election procedures

LB 67e creates a six-member task force to conduct a two-year examination of the election process in Nebraska.

Membership: The members of the task force will include the Secretary of State, the chairperson of the Legislature's Government Committee, and four members appointed by the Governor. The appointed members must include (a) a member of the Governor's Policy Research Office, (b) an election commissioner from a county with a population of one hundred thousand or more inhabitants, (c) an election commissioner or county clerk in charge of elections from a county with a population of more than ten thousand inhabitants and less than one hundred thousand inhabitants, and (d) a county clerk from a county with a population of ten thousand or less inhabitants.

Purpose: The task force is required to examine the election process, including the methods of voting used in Nebraska, the methods of counting votes in Nebraska, the election contest procedures, and the possibility of discrimination against any class of people as a result of such methods and procedures. The task force must also monitor possible federal action regarding federal elections. The task force may examine methods and procedures used in other states.

Reports: The task force must provide a preliminary report regarding the findings of the task force to the Legislature and the Governor by March 1, 2002 and provide a final report along with any recommendations for legislation by December 31, 2002.

LB 156	<i>Introduced by:</i> Baker	<i>Priority:</i> None	<i>Committee:</i> Revenue	<i>Effective:</i> Sept. 1, 2001
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Subject: Real property assessment rolls

Under current law, either the county assessor or the county clerk of each county must annually publish a certification in a newspaper of general circulation that the real property assessment roll is complete. The certification must also state that notices of valuation changes have been mailed and must provide the final date for filing valuation protests with the county board of equalization.

LB 156 merely establishes that the county assessor alone has the responsibility to publish this information (not the county clerk).

Section Amended: 77-1315

LB 170e	<i>Introduced by:</i> Revenue Committee	<i>Priority:</i> None	<i>Committee:</i> Revenue	<i>Effective:</i> April 5, 2001
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Subject: Property taxation

LB 170e contained numerous technical and substantive changes relevant to property taxation.

Statewide Property Tax Report: A new section of law requires the Department of Property Assessment and Taxation to publish an annual report detailing property tax valuations, taxes levied, and property tax rates throughout the state. The annual report must display information by political subdivision and by property type within each county and also include statewide summarizations. The department may charge a fee for copies of the annual report.

County Assessor Duties: LB 170e modifies the list of required duties for county assessors. The measure requires each county assessor to submit a plan of assessment to the county board of equalization and the Department of Property Assessment and Taxation by September 1, 2001, and every five years thereafter.

The county assessor must update the plan each year between the adoption of each five-year plan. The plan and any update must examine the level, quality, and uniformity of assessment in the county and may utilize a progress report developed by the department and presented to the county assessor by July 1st. The progress report is to be based on reports and statistics developed by class and subclass of real property for each county. The plan of assessment must address issues of level, quality, and uniformity of assessment, including those outlined in the progress report, and must propose actions to be taken for the following years to assure uniform and proportionate assessments that are within the statutory and administrative guidelines for the level and quality of assessment.

LB 240e	<i>Introduced by:</i> Price	<i>Priority:</i> None	<i>Committee:</i> Education	<i>Effective:</i> April 6, 2001
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Subject: Academy zone bonds

LB 240e allows school districts that are in an empowerment zone or enterprise community or which have at least 35% of their students eligible for free or reduced-cost lunches to levy a property tax for any qualified purpose. (*See also section 42 of LB 797e, page 15*)

Qualified Purpose: The term qualified purpose for an academy means: rehabilitation or repair of a facility; the provision of equipment; the development of course materials; and, the training of teachers and other personnel.

Hearing: LB 240e allows schools that qualify for the academy zone bonds to sell the bonds, without a vote of the people, after a public hearing is held. Qualifying Class II, III, IV, V and VI districts will be able to levy a property tax of up to five and one-fifth cents per \$100 to pay off the bonds. (Class I districts may not exceed the levy limits of up to \$.05 cents imposed in Section 79-10,124.)

Once a public hearing is held, a school board may undertake any qualified purpose in any qualified zone academy under its control and may levy a tax to pay the costs of such undertaking. The board must designate the particular qualified purpose for which the tax levy will be expended, the period of years, not exceeding fifteen, for which the tax will be levied for the qualified purpose, and the amount of the levy for each year of the period. The hearing must be held only after notice of the hearing has been published for three consecutive weeks prior to the hearing in a legal newspaper published or of general circulation in the school district.

Levy Limit: The interest free bonds are outside the \$1.10 levy limit for schools but must adhere to the current \$.052 cent levy limit established for the hazardous materials/ADA fund. LB 240e limits the total amount that may be financed by bonds with respect to a qualified zone academy to \$7.5 million statewide per year. If the requests exceed \$7.5 million, the allocations are reduced proportionately and the amount of the reductions may be reallocated to requests from qualified zone academies that will not be financed with bonds.

Section Amended: 79-10,110.

LB 242	<i>Introduced by:</i> Wickersham	<i>Priority:</i> Speaker	<i>Committee:</i> Government	<i>Effective:</i> Sept. 1, 2001
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Subject: Accountability and disclosure requirements

Decisions Resulting in Financial Benefit: Section 14 of LB 242 states that an official of a political subdivision, including a member of any school board, who would be required to take any action or make any decision in the discharge of his or her official duties that may cause financial benefit or detriment to (i) him or her, (ii) a member of his or her immediate family, or (iii) a business with which he or she is associated, which is distinguishable from the effects of such action on the public generally or a broad segment of the public, must take the following actions as soon as he or she is aware of the potential conflict or should reasonably be aware of the potential conflict, whichever is sooner:

- (a) Prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict; and
- (b) Deliver a copy of the statement to the Accountability and Disclosure Commission and to the person in charge of keeping records for the political subdivision who must enter the statement onto the public records of the subdivision. The official must then take such action as the commission may advise or remove himself or herself from influence over the action or decision on the matter.

However, this new section of law does not prevent an official from making or participating in the making of a governmental decision to the extent that the individual's participation is legally required for the action or decision to be made. In such cases, the official must report the occurrence to the commission.

Employment of Immediate Family Members: Section 16 of the legislation clarifies that an official or employee of a political subdivision may employ, recommend or supervise the employment of an immediate family member if (i) he or she does not abuse his or her official position, (ii) he or she makes a full disclosure on the record to the governing body of the political subdivision and a written disclosure to the person in charge of keeping records for the governing body, and (iii) the governing body of the political subdivision approves the employment or supervisory position.

No official or employee may employ an immediate family member (i) without first having made a reasonable solicitation and consideration of applications for such employment, (ii) who is not qualified for and able to perform the duties of the position, (iii) for any unreasonably high salary, or (iv) who is not required to perform the duties of the position.

No official or employee of a political subdivision may terminate the employment of another employee so as to make funds or a position available for the purpose of hiring an immediate family member.

This section of law does not apply to an immediate family member of an official or employee who (i) was previously employed in a position prior to the election or appointment of the official or employee or (ii) was employed in a position subject to provisions similar to this new section of law prior to the effective date of LB 242.

Prior to, upon, or as soon as reasonably possible after the official date of taking office, a newly elected or appointed official or employee must make a full disclosure of any immediate family member employed in a position subject to this new section of law.

Abuse of an Official Position: Section 17 of LB 242 provides that an official or employee may not abuse his or her official position, which includes the employment of an immediate family member (i) who is not qualified for and able to perform the duties of the position, (ii) for any unreasonably high salary, or (iii) who is not required to perform the duties of the position.

Use of Resources: Section 20 of the legislation provides that a public official or public employee may not use or authorize the use of personnel, property, resources, or funds under his or her official care and control for the purpose of campaigning for or against the nomination or election of a candidate or the qualification, passage, or defeat of a ballot question.

However, this section of law does not prohibit a public official or public employee from making government facilities available to a person for campaign purposes if the identity of the candidate or the support for or opposition to the ballot question is not a factor in making the government facility available or a factor in determining the cost or conditions of use.

This new section of law does not prohibit a public official from responding to specific inquiries by the press or the public as to his or her opinion regarding a ballot question or from providing information in response to a request for information.

Prohibition of Teachers as School Board Member: Section 24 of the legislation clarifies that no member of any school board may be employed as a teacher and serve as a school board member of the district to which he or she is employed.

Sections Amended: Various existing and new sections of law under Chapter 49, Article 14 (Nebraska Political Accountability and Disclosure Act); 79-544, 79-818.

LB 302e	<i>Introduced by:</i> Tyson	<i>Priority:</i> None	<i>Committee:</i> Education	<i>Effective:</i> Feb. 14, 2001
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Subject: Transfer of land

LB 302e modifies the requirements for transferring parcels of land that do not exceed 640 acres from one school district to another school district. Under current law, this type of transfer can generally be completed with the approval of at least 65% of each school board. The changes under LB 302e only affect transfers between Class I districts and Class II, III, IV, or V districts and simply include the high school district with which the parcel is affiliated as an “affected district” in the transaction.

Section Amended: 79-413.

LB 303e*Introduced by:*
Stuhr*Priority:*
None*Committee:*
Education*Effective:*
May 26, 2001***Subject:*** Education Roundtable

LB 303e creates the Education Roundtable in order to bring all education entities together for communication and collaborative efforts among these groups. The roundtable will consist of 36 members.

Purposes: The purposes of the Education Roundtable are to (1) identify and prioritize the future needs and challenges related to education in the State of Nebraska, (2) share information, and (3) study and create multiple ways to coordinate statewide efforts in education in Nebraska. The roundtable may establish ad hoc committees to study topics related to education and report their findings to the Roundtable.

Leadership: The Governor and the Commissioner of Education will jointly serve as co-chairpersons of the roundtable. If the Governor is unable to attend any meeting of the roundtable, the Lieutenant Governor or his/her designee is authorized to act as co-chairperson on behalf of the Governor, and if the commissioner is unable to attend any meeting of the roundtable, the deputy commissioner or his/her designee may act as co-chairperson on behalf of the commissioner.

Membership: The following members of the Education Roundtable will be appointed by the Governor with recommendations from the Commissioner of Education and the executive director of the Coordinating Commission for Postsecondary Education:

- Eight representatives that are business and community leaders;
- Two representatives from the University of Nebraska system (the president or his/her designee and one member of the Board of Regents of the University of Nebraska);
- Two representatives of the state college system (the executive director of the system or his/her designee and one member of the Board of Trustees of the Nebraska State Colleges);
- Two representatives of the community colleges (the executive director of an association of community colleges or his/her designee and one member of a community college board of governors);
- Two representatives from a state association of independent colleges and universities (the executive director or his/her designee and one member of the association);
- Two representatives from the Coordinating Commission for Postsecondary Education (the executive director or his/her designee and one member of the coordinating commission);
- Two representatives from a state association of teachers (the executive director or his/her designee and one member of the association);
- Two representatives from a state association of school administrators (the executive director or his/her designee and one member of the association);
- Two representatives from a state association of school boards (the executive director or his/her designee and one member of the association);
- Two representatives from a state association of educational service unit administrators;
- One member of the State Board of Education;
- Two representatives from nonpublic elementary and secondary education (one who is a school administrator of a nonpublic school and one who is a parent with one or more children in a nonpublic educational setting in Nebraska);

- Two representatives of the Nebraska Information Technology Commission; and
- Three members of the Legislature who will be appointed to the Education Roundtable by the Legislative Council.

Staff Assistance: The State Department of Education and the Coordinating Commission for Postsecondary Education are required to provide administrative and research support for the Education Roundtable.

Meetings: The Education Roundtable will meet upon the call of the co-chairpersons but not less than twice in every calendar year.

Report: The Education Roundtable must provide a report of its findings by December 1st of each year to the Appropriations Committee and Education Committee of the Legislature, the Governor's Policy Research Office, the State Board of Education, and the Coordinating Commission for Postsecondary Education.

Funding: The companion appropriation measure to LB 303e provides \$14,500 for FY2001-02 and \$15,000 for FY2002-03 to fund the Education Roundtable.

Termination: The Education Roundtable will automatically dissolve on December 31, 2005.

LB 313e	<i>Introduced by:</i> Coordsen	<i>Priority:</i> None	<i>Committee:</i> Education	<i>Effective:</i> May 26, 2001
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Subject: Consolidation and unification incentive payments

Incentive Payments: LB 313e extends the termination date for incentive aid for school districts that consolidate or unify. Current law provides incentive payments for merged or unified districts for a three-year period, if the consolidation or unification occurs before August 2, 2001. LB 313e provides incentive aid for consolidations and unifications that occur before August 2, 2002. This means that incentive aid payments can extend through 2004-05.

The legislation sets aside \$2 million annually for base fiscal year incentive payments in FY1999-00 and FY2000-01, and \$5 million for FY2001-02. For base fiscal year incentive payments in 2002-03, the measure sets aside \$2 million plus any unused funds that were made available for incentive payments in 2001-02. The legislation prohibits any further base year incentive payments after July 1, 2003.

LB 313e, as amended, includes the provisions of LB 739 which provides for the inclusion of students who are educated outside of their resident school district in the average daily membership (ADM) of the resident district for purposes of calculating incentive payments in certain instances. If a district that did not provide education in grades 7-12 or grades 9-12, in the year before it was involved in a consolidation, had an agreement with another district to provide such instruction, then the students who were educated are to be included in the ADM of the resident district for purposes of incentive aid. The incentives

will be paid for local systems that received base year incentives prior to 2001-02 and will be provided in the June 30, 2001 and June 30, 2002 state aid payments for such local systems. The additional incentives will also be included in the state aid to be paid in 2002-03, subject to any prorating due to the cap on incentive aid.

Hardship Fund: LB 313e repeals the Hardship Fund and transfers the balance to the General Fund. The balance of the Hardship Fund on November 30, 2000 was \$3,007,232.

Sections Amended: 79-1003, 79-1010, 79-1072.02.

Outright Repealed: 79-4,107, 79-1072.03.

LB 314e	<i>Introduced by:</i> Stuhr	<i>Priority:</i> None	<i>Committee:</i> Education	<i>Effective:</i> March 15, 2001
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Subject: Certification requirements

LB 314e provides that a candidate applying for an entry-level teacher or administrator certificate will be exempt from taking the basic skills competency examination if the candidate meets one of the following circumstances: (i) The candidate has three or more successive years of experience in an approved or accredited school with a certificate issued by that state on the basis of successful completion of an approved teacher education program in that state or another state: OR (ii) The candidate has current credentials from a national nonprofit organization approved by the State Department of Education, the purpose of which is to establish high and rigorous standards in a broad range of educational areas for what accomplished teachers should know and be able to do, and which issues credentials to teachers who demonstrate that they meet those standards. (The credentials are generally referred to as national certification and are the credentials required to qualify for the Master Teacher Program that was adopted as a part of LB 1399 during the 2000 Session.)

Sections Amended: 79-808, 79-809, 79-812.

LB 365	<i>Introduced by:</i> Raikes	<i>Priority:</i> None	<i>Committee:</i> Revenue	<i>Effective:</i> Sept. 1, 2001
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Subject: Annual budget limitation review by Revenue Committee

Under current law, the Legislature's Revenue Committee must hold a special public hearing each year prior to January 15th for the purposes of receiving and considering testimony, evidence, and reports on the base budget limitation on political subdivisions. The public hearing was originally required under LB 989 (1998). LB 365 eliminates this requirement.

Section Amended: 77-3446.

LB 408e	<i>Introduced by:</i> Retirement Com.	<i>Priority:</i> Retirement Com.	<i>Committee:</i> Retirement	<i>Effective:</i> July 1, 2001
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Subject: Purchase of service years

LB 408e provides technical and substantive changes to all five public retirement programs administered by the state. Sections 13 through 18 of the legislation apply to the School Employees Retirement System.

Perhaps the most significant provision pertaining to the School Employees plan involves the elimination of the three-year buy-back window. This provision is particularly helpful to those with creditable service years in public schools from another state.

Under the old law, a new member of the School Employees plan must elect to make purchases of service years from another state within three years of becoming a school employee in Nebraska. The “window” closed after this three-year period.

Under the new law established under LB 408e, a member may elect to purchase service years at any time prior to retirement. However, the total cost of the purchase must be paid in full to the Retirement Agency within five years of electing to purchase or before retirement, whichever occurs first. It should be noted that the elimination of the buy-back window also applies to prior authorized leave of absence, such as maternity leave. (Members are encouraged to contact the Retirement Agency to determine applicability of the new law to their own situation.)

NOTE: Although LB 408e contained the emergency clause, the actual effective date of the legislation is July 1, 2001.

Sections Amended: Applicable to the School Employees Retirement System, 79-902, 79-921, 79-933.05, 79-933.06, 79-958, 79-974.

LB 420e	<i>Introduced by:</i> Bromm	<i>Priority:</i> Speaker	<i>Committee:</i> Government	<i>Effective:</i> May 8, 2001
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Subject: Construction projects; registration of bonds

Designation of Board Representative: LB 420e amends section 73-106 to allow a school board’s representative to perform some of the tasks associated with bidding on school construction, remodeling, repair or site improvements. Former law did not provide for the designation of a representative to perform these tasks.

Additional Obligee on Payment Bonds: LB 420e allows the public owner’s representative to be named as an additional obligee on payment bonds provided by those awarded contracts for public construction.

The intent is to eliminate overlapping coverage. Full coverage of the total contract price is still required, and there is full discretion to the public owner to decide if this arrangement is to be used. LB 420e also clarifies that the contractor may select its surety agent and company from whom it will purchase surety coverage so long as the selected corporate surety company has an acceptable rating to the owner.

Registration of Bonds: LB 420e eliminates current statutory requirements that the Auditor of Public Accounts register bonds that have been issued by political subdivisions or other governmental entities. Under the legislation, certain bond-related documents would be maintained by the entity issuing the bonds, and would be filed with the Auditor, so as to create a central repository of information. LB 420e also allows the issuer 60 days, rather than the current 30 days, after the initial issuance and delivery of all registered bonds, to maintain a record of the issuance and file a record of the information with the Auditor of Public Accounts.

Sections Amended: 52-118, 52-118.01, 73-106, among other sections

LB 543e	<i>Introduced by:</i> Kristensen	<i>Priority:</i> none	<i>Committee:</i> Appropriations	<i>Effective:</i> July 1, 2001
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Subject: Loan forgiveness program

LB 543e represented the Governor's mainline appropriations bill for the biennium that begins on July 1, 2001. This measure includes the Governor's recommended funding for all state operations and aid programs, with the exception of funding claims against the state which will be provided in a separate bill.

Loan Forgiveness Program: Section 44 of LB 543e provides funding for the Attracting Excellence to Teaching Program, which was created in 2000 under LB 1399. The budget proposal provides \$2.7 million annually for FY2001-02 and FY2002-03. The purpose of the program is to attract college students to the teaching profession by paying a new teacher's student loan debt if he or she remains in Nebraska to teach.

LB 711e	<i>Introduced by:</i> Wickersham	<i>Priority:</i> Vrtiska	<i>Committee:</i> Retirement	<i>Effective:</i> May 2, 2001
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Subject: Retirement benefit enhancements

— *School Employees Retirement System* —

LB 711e contains three major components relating to the School Employees Retirement System: (1) increase the multiplier factor; (2) increase the maximum COLA for retirees; and (3) modify the death benefit provisions.

Multiplier Factor: The multiplier factor was increased from 1.9 to 2.0 beginning for school employees who (i) have acquired the equivalent of one-half year of service or more as a public school employee under the retirement system following July 1, 2000, (ii) were employed as a public school employee under the retirement system or under contract with an employer on or after the effective date of the legislation, and (iii) have not retired prior to the effective date of the legislation.

COLA: The legislation increases the maximum cost-of-living-adjustment (COLA) for current and future retirees from 2.0% to 2.5% per year. The annual COLA will continue to be based upon the prior year's Consumer Price Index (CPI) not to exceed the maximum level (in the case of LB 711e, 2.5%). NOTE: The new maximum COLA is effective July 1, 2001.

Death Benefit: The last major component of LB 711e, as promoted by NCSA, would modify the death benefit provision. Under the old law, the surviving spouse of a member who dies with less than 20 years of creditable service would be entitled to only the member's employee contribution plus interest accrued. LB 711e changes this provision. The new law states that WHEN the deceased member (i) has at least five years of creditable service but less than 20 years of creditable service (ii) and dies before his/her 65th birthday (iii) and leaves a surviving spouse who has been designated in writing as beneficiary and who, as of the date of the member's death, is the sole surviving primary beneficiary, THEN the beneficiary may elect, within 90 days after the death of the member, to receive:

- (a) a refund of the member's contribution account balance with interest plus an additional 101% of the member's contribution account balance with interest OR
- (b) an annuity payable monthly for the surviving spouse's lifetime which will be equal to the benefit amount that had accrued to the member at the date of the member's death, commencing when the member would have reached age 60, or the member's age at death if greater, reduced by 3% for each year payments commence before the member would have reached age 65, and adjusted for payment in the a 100% joint and survivor annuity.

— *Class V (OPS) Retirement Plan* —

As amended on General File, LB 711e incorporates the contents of LB 526, which provides benefit enhancements and structural changes to the OPS retirement plan.

Governing Structure: The general administration of the retirement system is vested in the Omaha Public Schools School Board. The board is authorized to appoint nine trustees to serve as executive officers to administer the retirement plan. LB 711e would increase the number of trustees to ten, including: (1) the school superintendent; (2) four members of the retirement system (two certified staff, one classified staff member, and one retiree); (3) three members of the school board; and (4) two business persons qualified in financial affairs who are not members of the retirement system. The legal quorum for transacting business is changed to six members in attendance.

Limited Maternity Leave Buy Back: LB 711e changes the leave of absence section of the retirement plan. The legislation specifies that until one year after the effective date of the bill, any member currently employed by the school district who (i) resigned from full-time employment with the district for mater-

nity purposes prior to September 1, 1979, and (ii) was reemployed as a full-time employee by the school district before the end of the school year following the school year of the member's resignation may receive service credit for such period of time. The period of the absence for maternity purposes will be included in creditable service when determining the member's eligibility for death, disability, termination, and retirement benefits if the member submits satisfactory proof to the board that the prior resignation was for maternity purposes and the member complies with the payment provisions before the one-year anniversary of the effective date of LB 711e.

Annuity Option: LB 711e adds another annuity option available to members of the system. The bill provides that a member may select a joint and survivorship annuity which would continue after the death of the member so that 50% of the amount of the member's monthly benefit under this option would be paid monthly to a designated beneficiary until his or her death.

Medical COLA: In addition to any other cost-of-living adjustment provided under the current system, LB 711e would create a medical COLA, commencing on October 3, 2001, to be paid to any annuitant who has been paid an annuity from the retirement system for at least ten years through the October 3 adjustment date. The adjustment would be paid in the form of a supplemental annuity providing monthly payments equal to the amount which results when (a) the fraction, not to exceed one, that results when the annuitant's years of creditable service at his or her retirement date is divided by 20, is multiplied by (b) the product of \$10 times the number of years, including attained half-years, that the annuitant has received annuity payments from the retirement system through the October 3 adjustment date. The supplemental annuity being paid to an annuitant would increase by \$10 on October 3 of each subsequent year to reflect the additional year of annuity payments to the annuitant until the total amount of the supplemental annuity is \$250 per month. The supplemental annuity paid to an annuitant would cease at the death of the annuitant regardless of the form of retirement annuity being paid to the annuitant at the time of his or her death.

Sections Amended: School Employees Retirement System, 79-934, 79-947.01, 79-956; Class V School Employees Retirement Act, 79-980, 79-981, 79-982, 79-984, 79-987, 79-990, 79-992, 79-998, 79-9,101, 79-9,103, 79-9,105, 79-9,106, 79-9,112; other, 79-1075, 79-1082.

LB 759	<i>Introduced by:</i> Raikes	<i>Priority:</i> Price	<i>Committee:</i> Education	<i>Effective:</i> Sept. 1, 2001
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Subject: Early childhood education

LB 759 amends the early childhood education provisions of state law, including the Early Childhood Pilot Project. The Pilot project funding is replaced with program grants and requirements for the programs are refined and expanded. The measure also provides for the Department of Education to approve programs established by school boards or ESUs.

Definition: A definition of “early childhood education program” is added to existing law. The programs are defined as any part-day or full-day program with a stated purpose of promoting social, emotional,

intellectual, language, physical, and aesthetic development and learning for children from birth to kindergarten. There also must be a stated purpose of promoting family development and support.

Intent Language: The legislative findings regarding early childhood education in §79-1101 are modified. A new finding states that well-designed programs increase the likelihood that children will enter school prepared to achieve high standards. Another new finding states that effective programs require staff with knowledge about child growth, development, learning, and family systems. New language encourages schools and community-based organizations to work together to provide high-quality early childhood education programs with family involvement.

New Grant Program: LB 759 changes current law pertaining to early childhood education pilot program grants. The legislation provides for an Early Childhood Education Grant Program in lieu of the pilot projects that are currently funded. Programs selected for grants may be provided one-half of the total budget of the program per year. Pilot projects previously funded will be eligible for continuation grants if their programs adhere to the requirements of the legislation. NDE may use up to 5% of the total appropriation for the grant program to evaluate and provide technical assistance to the early childhood education programs. NDE is to develop rules and regulations to implement the program.

The state provided \$560,000 of general funds in 2000-01 for pilot program grants for early childhood education programs. LB 759 does not require any additional funding for early childhood education program grants. (The Governor has included an additional \$1 million in 2001-02 and \$2 million in 2002-03 for early childhood education projects in his budget recommendation.)

Preschool Programs: Section 3 requires preschool programs, established by school boards or ESUs, to be approved by NDE. All teaching and administrative staff who are providing educational services in early childhood education programs are required to have training in early childhood education and have a permit or certificate issued by NDE.

The program approval will be subject to regulations adopted by the State Board and may include such components as:

1. Utilization of appropriately qualified staff;
2. An appropriate child-to-staff ratio;
3. Appropriate group size;
4. Compliance with minimum health and safety standards;
5. Appropriate facility size and equipment;
6. A strong family development and support component;
7. Developmentally and culturally appropriate curriculum, practices, and assessment;
8. Well-defined language development and early literacy emphasis, and
9. A plan for on-going professional development of staff.

Sections Amended: 79-1101, 79-1103, 79-1104.

LB 797e*Introduced by:*
Education Com.*Priority:*
Education Com.*Committee:*
Education*Effective:*
May 8, 2001*Subject:* Technical Cleanup measure

LB 797e represents the 2001 technical cleanup bill for the Department of Education.

- Section 1*
§ 9-812 **Lottery Funds:** Clarifies that money received from the operation of the lottery is “credited to” instead of “deposited in” the State Lottery Operation Trust Fund. Under current law, the Nebraska Lottery Act prohibits the Department of Education from approving lottery funds for telecommunications equipment, services, and forms of technical innovation until after review by the Nebraska Information Technology Commission (NITC). However, in practice, it is the Excellence in Education Council, rather than NDE that actually approves the grants and makes recommendations to the Governor. Therefore, under LB 797e that provision is modified to require review by the NITC prior to approval, without reference to the Department of Education.
- Section 2*
§ 13-511 **Revised Budget Statements:** The section requires a public hearing to revise a previously adopted budget statement. In the notice requirements for the hearing, a requirement is added to include a copy of the summary of the proposed revised budget. A copy of the summary of the originally adopted budget is already required under law. This change affects other political subdivisions in addition to school districts and ESUs.
- Section 3*
§ 77-1601.02 **Systemwide Tax Requests:** The provision to require school systems with multiple school districts to hold a hearing to approve or modify the systemwide tax requests on or before October 5th is eliminated. However, districts in the system would still be required to hold a special hearing to have a tax request different than the prior year. A requirement is also added to file a copy of the hearing notice and proof of publication with the State Auditor. The deadline for certifying tax requests is clarified by replacing “prior to October 14” with “on or before October 13.”
- Section 4*
§ 79-214 **Enrollment:** Authorization allowing a school board to require a birth certificate prior to entrance into the beginner grade is replaced with a requirement to comply with § 43-2007(2). To enroll in a public or private school, Section 43-2007(2) requires either a birth certificate or other proof of the student’s identity and age accompanied by an affidavit explaining the inability to produce a copy of the birth certificate.
- Section 5*
§ 79-215 **Residency:** Currently, unless otherwise provided in law, a student is a resident of the school district where he or she resides and must be admitted to such school district upon request without charge. LB 797e changes this provision to state that a student is a resident of the school district where he or she resides “or any school district where at least one of his or her parents reside.”
- Section 6*
§ 79-237 **Option Enrollment - Deadlines:** Under current law, for a student to attend school in an option school district, the student’s parent or guardian must submit an application to the

school board of the option district between September 1st and January 1st for enrollment during the following and subsequent school years. LB 797e changes the application period to September 1st to March 15th. Applications submitted after March 15 must be accompanied by a written release from the resident school district. The legislation also provides that the option district must provide the resident district with the name of the applicant on or before April 1st (rather than January 15th).

- Section 7*
§ 79-238 Option Enrollment - Student Discipline: In 1999, the Legislature passed LB 195 relating to enrollment of expelled students in public schools (codified as § 79-266.01). The 1999 law provides that if a student has been expelled from a public school in any school district in any state or from a private school in any state and the student has not completed the terms of the expulsion, the student will not be permitted to enroll in a Nebraska public school until the school board of the district in which enrollment is sought approves the enrollment of the student by a majority vote. However, in the current law relating to option enrollment, a school board may not adopt standards for acceptance of option students based upon “previous disciplinary proceedings.” This contradiction is corrected under LB 797e, which clarifies that standards cannot include previous disciplinary proceedings unless the disciplinary matter falls within the scope of § 79-266.01.
- Section 8*
§ 79-313 State Board of Education: This section restricts eligibility for membership on the State Board of Education to those who are not holders of or candidates for any state office or a member of a state board or commission. The only exception would be if membership on a board or commission is limited to an advisory capacity.
- Section 9*
§ 79-442 Reorganization Plans: The notice requirements for public hearings on reorganization plans are modified to require the notice to be published in a legal newspaper of general circulation in the county or counties in which the affected districts are located. The current notice requirement does not recognize that multiple counties may be involved.
- Section 10*
§ 79-458 Freeholding: This section authorizes transfers of land to a contiguous district in certain situations when a levy override has been approved. This type of transfer is otherwise known as “freeholding.” One of the conditions that must be met before land may be transferred is that the district has had less than 60 pupils in grades 9-12 for two consecutive school years immediately preceding the filing of the petition. This measure further defines that requirement as an “average daily membership” in grades 9-12 of less than 60 for two consecutive school “fiscal” years immediately preceding the filing of the petition.
- Section 11*
§ 79-4,101 Remove obsolete language.
- Section 12*
§ 79-4,108 State Reorganization Committee: Allows the state reorganization committee 40 days, as opposed to the current 30 days, to approve or disapprove an application for unification.
- Section 13*
§ 79-528 Annual Financial Report: Changes the deadline for submission of the annual financial report (A.F.R.) to November 1st for all classes of school districts. Currently, Class I districts must submit their A.F.R. on or before October 15th. The rate of tax levied for all school purposes is removed from the A.F.R. reporting requirements.

- Section 14*
§ 79-563 Class VI Board Meetings: Allow Class VI school boards to hold their meetings on or before the 3rd Monday of each month as opposed to the current requirement of on or before the 2nd Monday.
- Section 15*
§ 79-573 Class V District Warrants: Allows the warrants of Class V school districts to be drawn on the treasurer of the school district. Currently, the warrants are drawn on the city treasurer.
- Section 16*
§ 79-583 Class V District Warrants: Recognizes that warrants for Class V school districts would be drawn on the treasurer of the school district, not the county treasurer. (The existing statutes are not consistent in their references to the treasurer involved in Class V warrants. Section 79-573 refers to the city treasurer, while this section refers to the county treasurer.)
- Section 17*
§ 79-817 Model Employment Contracts: Removes requirement for the Department of Education to recommend a contract form for the employment of teachers and administrators.
- Section 18*
§ 79-1003 TEEOSA Definitions: The definition provision under TEEOSA concerning general fund budget of expenditures is amended to mean the budget of disbursements and transfers for general fund purposes. The current definition is the total budgeted expenditures for general fund purposes. Expenditures for repayment of money from the Hardship Fund pursuant to § 79-1072.03(6) are also excluded from the definition. Expenditures for retirement incentive plans and staff development assistance are excluded from the definition of general fund operating expenditures. The definition of high school district is moved to the proper location so that the definitions are in alphabetical order. The special grant fund definition is amended by requiring the State Board of Education to approve a listing of grants that qualify, rather than approving each individual grant to a school district. The transportation allowance definition is amended by removing obsolete language.
- Section 19*
§ 79-1007.01 Federal Definition for LEP: The federal citation for the definition for students with limited English proficiency is revised. Obsolete language is removed.
- Section 20*
§ 79-1008.01 Stabilization Factor: The maximum levy for purposes of calculating the “stabilization factor” is clarified as being the maximum levy for the school fiscal year for which aid is being certified. The “stabilization factor” prevents total state aid from decreasing by more than: (15% multiplied by previous year’s state aid) + (maximum levy multiplied by increase in adjusted valuation)
- Section 21*
§ 79-1008.02 General Fund Common Levy: The general fund common levy for purposes of calculating the minimum levy adjustment is clarified as being the general fund common levy in the calendar year in which aid is certified. Currently, the levy is from the calendar year when aid is certified.
- Section 22*
§ 79-1009 Net Option Funding: Bases net option funding on the statewide average cost grouping cost per student, instead of the lesser of the statewide average cost grouping cost per student or the local system cost grouping cost per student. This change will result in higher net option funding for systems in the standard cost grouping, which will reduce the allocated income taxes for all local systems.

- Section 23*
§ 79-1010 Repayment of Incentive Funds: Clarifies that incentive repayment is required if a district withdraws from a unified system prior to the beginning of the 8th “school” year. The current language refers to the 8th year, but does not specify what type of year.
- Section 24*
§ 79-1015.01 Local Effort Rate: Clarifies that the maximum levy used to determine the local effort rate is the maximum levy for the school fiscal year for which aid is being certified.
- Section 25*
§ 79-1018.01 Temporary School Fund: Beginning with the calculation of aid for 2002-03, receipts from the temporary school fund will only include receipts pursuant to § 79-1035 and the receipt of funds pursuant to § 79-1036 for property leased for a public purpose as set forth in § 77-202(1)(a). This change will exclude in-lieu-of-taxes the system received two years earlier from the resources when the property those in-lieu-of-taxes were based upon is included in the adjusted valuation of the system.
- Section 26*
§ 79-1024 Editorial/technical changes.
- Section 27*
§ 79-1026 Replaces the target budget level with formula need for determining the applicable allowable growth rate. Currently, the target budget level calculation and the formula need calculation are the same.
- Section 28*
§ 79-1027 Removes obsolete language.
- Section 29*
§ 79-1028 Increases in Formula Students: Authorize the Department of Education, rather than the State Board of Education, to approve, deny, or modify projected increases in formula students. Districts that receive additional budget authority due to projected increases in formula students will be given the necessary document to recalculate the actual formula students and will file the document pursuant to § 79-1024(1), which authorizes the department to verify data used for TEEOSA and which authorizes the Auditor to then make necessary changes in the budget documents to effectuate the budget limitations.
- Section 30*
§ 79-1032 School Finance Review Committee: Replaces the representative of the Property Tax Administrator on the School Finance Review Committee with a representative of the Department of Property Assessment and Taxation. The representative of the Department of Education would be appointed by the Commissioner of Education, rather than the State Board of Education. The monitoring provisions for the Committee are expanded from the school finance provisions of the Tax equity and Educational Opportunities Support Act to include the entire Act. The deadline for the annual report of the Committee is moved from March 1st to July 1st and a requirement to meet at least annually is added.
- Section 31*
§ 79-1035 School Lands: This section is amended to limit in-lieu-of-taxes for school lands to lands that are used for a public purpose. School lands are subject to property taxes, unless used for a public purpose, beginning January 1, 2001. Authorization is also added to make any corrections for the prior school fiscal year’s apportionment of temporary school funds in

the calculation of apportionment for the current year. Temporary school funds are the funds generated by school lands, investments, fines, and licenses that are to be distributed to the school districts based on the number of children in each district ages 5-18. The requirement to certify the apportionment is limited to the Director of Administrative Services. Currently, the certification also has to be made to the county treasurers.

- Section 32*
§ 79-1036 School Lands: This section is amended to limit in-lieu-of-taxes for school lands to lands that are used for a public purpose.
- Section 33*
§ 79-1044 Forest Reserve Funds: This section is amended by changing the deadline for apportionment of forest reserve funds from the third Monday in July to August 5th.
- Section 34*
§ 79-1047 Public Grazing Funds: This section is amended by changing the deadline for apportionment of public grazing funds from the third Monday in July to August 5th.
- Section 35*
§ 79-1051 Leasing of Lands: This section is amended by changing the deadline for apportionment of income from the leasing of lands acquired by the United States for flood control purposes from the third Monday in July to August 5th.
- Section 36*
§ 79-1072.01 Temporary Mitigation Funds: Most of the provisions for the temporary mitigation funds are deleted, except those necessary to recover funds from districts that did not merge, consolidate, or unify. Clarification is added that only districts that qualified based on an intent to merge, consolidate, or unify need to pay those funds back if they did not take such action prior to June 30, 2000.
- Section 37*
§ 79-1072.02 Hardship Fund: This section is amended to exclude funds expended by a district to make repayments to the Hardship Fund from the expenditure limitations. (Note: This section should be disregarded due to the repeal of the Hardship Fund under LB 313e.)
- Section 38*
§ 79-1072.03 Hardship Fund: This section is amended to exclude funds expended by a district to make repayments to the Hardship Fund from the expenditure limitations. (Note: This section should be disregarded due to the repeal of the Hardship Fund under LB 313e.)
- Section 39*
§ 79-1083.03 Class I Districts: Provides that a school board of a Class I district, after October 15th of each year, may amend the general fund budget of expenditures (a) by increasing the special education budget of expenditures, (b) for any special grant funds as defined in section 79-1003 received any time during a school fiscal year, or (c) for current fiscal year expenditures the board deems essential if the expenditures could not reasonably have been anticipated at the time the budget for the current year was adopted. These provisions replace the procedures for requesting additional total budget authority for the special education budget. For all other purposes the Class I district will continue to be able to request additional budget authority from the high school districts on or before March 10th.
- Section 40*
§ 79-1089 School District Audits: The deadline for filing school district audits with the Commissioner of Education and the Auditor of Public Accounts is moved from November 1st to November 5th.

- Section 41*
§ 79-1092 School Funds: Clarifies that funds for the school fund of any city of the primary class or city of the first class which may become a city of the metropolitan class must be payable to the treasurer of the school district. The current language refers to the treasurer of the board of education. A reference to § 79-1082 is also deleted from the purposes for which money from the school fund may be used. Section 79-1082 provides for a special levy for retirement obligations for Class V school districts.
- Section 42*
§ 79-10,110 Qualified Zone Academy Bonds: This section amends the provisions of another measure passed and signed into law this session, LB 240e, concerning Qualified Zone Academy Bonds. Currently, levies to raise funds for school districts to eliminate environmental hazard or accessibility barriers are outside the levy limitations, but the combination of levies for these purposes is limited to \$0.052. LB 240e allows districts to include levies for qualified purposes for federal qualified zone academy bonds under the \$0.052 limitation for the elimination of environmental hazard and accessibility barriers. The federal qualified zone academy bonds are interest free bonds available to schools that meet certain qualifications. LB 797e amends the provisions of LB 240e by clarifying that there actually has to be a qualified zone academy bond issued for the levy to be under the \$0.052 limitation. LB 797e also limits the purposes for which the bonds may be used to be under the \$0.052 limitation to qualified capital purposes, which would include: (1) rehabilitating or repairing the public school facility in which the qualified zone academy is established; or (2) providing equipment for use at such qualified zone academy. (The provisions of LB 240e originally allowed all the federally defined qualified purposes which included the qualified capital purposes plus developing course materials for education to be provided at such academy and training teachers and other school personnel in such academy.) The statewide total for qualified zone academy bonds that may be funded under the \$0.052 limitation was limited in LB 240e to \$7.5 million with the remainder of the state's allocation available for bonds to be repaid through other means, such as by a vote of the public. The language expressing the \$7.5 million limitation and the use of the remainder of the state's allocation is clarified under LB 797e.
- Section 43*
§ 79-1125 Special Education: The definition of special education is clarified by stating that special education includes speech-language pathology, occupational therapy, and physical therapy if the therapy consists of specially designed instruction, at no cost to the parents or guardians, to meet the unique needs of a child with a disability.
- Section 44*
§ 79-1132 Editorial/technical changes.
- Section 45*
§ 79-1142 Special Education Funding: Provides that the Department of Education, rather than the State Board of Education, will determine the pro rata distribution of special education funding and make the payments.
- Section 46*
§ 79-1155 Special Education Programs: Provides that the Department of Education, rather than the State Board of Education, will review and approve, approve with modifications, or disapprove the plans and budgets for special education programs.

- Section 47* Special Education Services: Eliminates a provision in law which disallows reimbursement for expenses incurred more than 60 days prior to the filing of a petition with NDE regarding special education services. This change is required in order to be in compliance with federal rules and regulations.
§ 79-1162
- Section 48* Educational Service Units: Clarifies that school district 55-001 of Lancaster County (Lincoln Public Schools) remains ESU #18 and school district 28-001 of Douglas County (Omaha Public Schools) remains ESU #19.
§ 79-1202
- Section 49* Educational Service Units: Exempts ESUs #18 and #19 from the governance provisions applying to all other ESUs. Additional provisions require those two ESUs to be governed by the board of education of the school district that comprises each ESU.
§ 79-1217
- Section 50* Technology-related Projects: Modifies the procedure for the Nebraska Information Technology Commission (NITC) to review technology-related projects or initiatives undertaken by an ESU which uses core services funding. The current procedure is a review by the technical panel and review and prioritization by the NITC. The new procedure would simply be a review by the technical panel of the NITC.
§ 79-1241.02

LB 833e*Introduced by:*
Bromm*Priority:*
Kremer*Committee:*
Education*Effective:*
May 22, 2001

Subject: Distance learning; option enrollment

Distance Learning: LB 833e changes the allocation of the Education Innovation Fund in 2001-02 and 2002-03. The measure provides that up to 20% of the Education Innovation Fund (lottery proceeds), not to exceed \$1.5 million per fiscal year, will be granted for a distance education network completion grant. The grant will fund engineering, equipment, and installation charges for two-way interactive distance education capacity for public high school buildings that do not currently have the capacity.

One of the temporary consequences of LB 833e will be a reduction in available funds for competitive incentive grants. Approximately \$1.6 million of lottery funds are allocated for competitive incentive grants each year. However, the reallocation of lottery funds under LB 833e will only leave about \$100,000 for competitive incentive grants in each of fiscal years 2001-02 and 2002-03.

Option Enrollment: LB 833e also makes changes in the option enrollment provisions of the state aid formula and the computation of local formula resources. Beginning with state aid distributed in 2004-05, the legislation provides that tuition receipts from districts where nonresident students have been converted from being contracted students to option students will not be included as a local formula resource. The bill only applies to contracts that have been in existence for at least 15 years, which indirectly refers to only one existing situation in Grand Island.

An agreement between Grand Island and Grand Island Northwest provides that if Grand Island annexes land in the G.I. Northwest district, and children desire to remain at Northwest, then Grand Island pays tuition to Northwest for the students. This agreement ends after the 2003-04 school year.

State aid payments are based on data from the annual financial report of the second preceding school year and the number of option students in the preceding year. Without LB 833e, in the determination of state aid for 2004-05, Northwest would receive tuition from G.I. in 2002-03 demonstrating as an accountable receipt for state aid purposes, but would no longer actually be receiving the tuition payment. The accountable receipt would offset the equalization aid that the district would receive by including the students in membership for purposes of the “needs” calculation. Therefore, LB 833e provides that tuition receipts will not be counted as a local formula resource for Northwest, so state aid for Northwest will not be reduced in 2004-05 by the amount of tuition that G.I. will be paying in 2002-03 (about \$2,100,000). The students attending Northwest will become option students and the state aid for G.I. will decrease by a similar amount.

Sections Amended: 9-812, 79-1001, 79-1003, 79-1009, 79-1018.01, 79-1310.

II. CARRYOVER LEGISLATION

A. Measures Advanced from Committee

<i>Construction</i>	LB 391	<i>Introduced by:</i> Jensen <i>Status:</i> General File	LB 391 creates the Nebraska Schools Construction Alternatives Act, which would essentially authorize a school district to enter into a design-build contract or construction management at risk contract for a public project.
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<i>Criminal Code</i>	LB 221	<i>Introduced by:</i> Tyson <i>Status:</i> General File	LB 221 creates a new criminal offense concerning false bombs. The legislation states that any person who places or causes to be placed any device or object that by its design, construction, content, or character appears to be a bomb, destructive device, or explosive, but is in fact an inoperative facsimile or imitation of a bomb, destructive device, or explosive and which such person knows, intends, or reasonably believes is likely to cause public alarm or inconvenience, commits the offense of placing a false bomb. The offense carries a Class IV felony sanction.
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	LB 351	<i>Introduced by:</i> Brashear <i>Status:</i> General File	LB 351, introduced at the request of NCSA, would increase the potential penalty against any person who possesses a firearm in a school, on school grounds, in a school-owned vehicle, or at a school-sponsored activity or athletic event. The current sanction, if found guilty, is a Class IV misdemeanor which carries a maximum of a \$500 fine and no imprisonment. LB 351 would elevate the offense to a Class I misdemeanor which carries up to one year in prison or a \$1,000 fine, or both.
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Educational Interpreters **LB 22** *Introduced by:* LB 22 requires that, by September 1, 2002, all interpreters (for the deaf and hard of hearing) working in the State of Nebraska be licensed by the Commission for the Deaf and Hard of Hearing. Current law provides that interpreters merely be “qualified” and not necessarily licensed. The legislation divides rule-making and guideline authority for licensure between the commission and the State Department of Education. Evaluation of licensed interpreters is also divided between the commission and NDE. The commission will evaluate all licensed interpreters, except for educational interpreters who will be evaluated by NDE. However, the commission is empowered to create the Interpreter Review Board to set policies and procedures for evaluation and licensing of interpreters. The commission may recognize evaluation and certification programs as a means to carry out the duty of evaluating interpreters' skills. Revocation of a license falls within the authority of the commission. The commission may revoke an interpreter's license if the interpreter has violated rules and regulations of the commission or NDE. The Interpreter Review Board, noted above, will serve as a board of inquiry in matters of license revocation.

Introduced by: Suttle

Status: General File

Election Law **LB 125** *Introduced by:* Perhaps in an effort to discourage exit polling, LB 125 would prohibit exit polling (for the purpose of determining voter preference) within 1,000 feet of the entrance of any polling place. The current law prohibits exit polling within 20 feet of an entrance to a polling place or, if inside a polling place, within 100 feet of a voting booth. LB 125 prohibits any exit polling from within a building used for voting purposes.

Introduced by: Kristensen

Status: General File

LB 251 *Introduced by:* LB 251 adds language concerning a vacancy in an elective office if the candidate who receives the highest number of votes was ineligible, disqualified, deceased or for some other reason was unable to assume the office for which he/she was a candidate at the time of the election. The bill also changes the definition of a vacancy on the ballot for the general election. Under this bill, a vacancy occurs when a candidate, who received a certificate of nomination for a nonpartisan office as a result of a primary election becomes ineligible, disqualified, deceased or is unable to assume office. The bill removes a statutory scheme where if a candidate for a nonpartisan office died or was disqualified prior to election, the second place finisher could be nominated or elected. The provision is replaced with language that would simply create a vacancy, on the ballot in the case of a primary election, or in the office if it was a general election. Also, it permits candidates who lost in the primary election to petition onto the ballot or file as a write in if there is a vacancy on the ballot.

Introduced by: Schimek

Status: General File

<i>Employment Issues</i>	LB 19	<i>Introduced by:</i> Chambers <i>Status:</i> General File	The general rule of law holds that a public employer cannot prohibit a person from promotion or from holding a position because of race, sex (except when it constitutes a bona fide occupational qualification), national origin, physical disabilities, age, political or religious opinions or affiliations, or other factors which have no bearing upon the individual's fitness to hold the position. LB 19 would add to this list "sexual orientation". LB 19 defines "sexual orientation" to mean having an orientation for heterosexuality, homosexuality, or bisexuality, having a history of such an orientation, or being identified with such an orientation. LB 19 would apply to all public employers, including school districts.
	LB 29	<i>Introduced by:</i> Redfield <i>Status:</i> General File	LB 29 amends the Industrial Relations Act concerning questions of representation. The legislation provides that any employee may choose his or her own representative in any grievance or legal action, regardless of whether or not an exclusive collective-bargaining agent has been certified. If an employee who is not a member of the labor organization chooses to have legal representation from the labor organization in any grievance or legal action, the employee must reimburse the labor organization for actual legal fees and court costs incurred by the labor organization in representing the employee in such grievance or legal action.
	LB 633	<i>Introduced by:</i> Beutler <i>Status:</i> General File	The current minimum wage in Nebraska is \$5.15. LB 633 would increase the minimum wage to \$5.65 beginning October 1, 2001, and provide for another increase to \$6.15 beginning April 1, 2002.

<i>Government Audit Filings</i>	LB 568	<i>Introduced by:</i> Wickersham <i>Status:</i> General File	LB 568 revises the powers and duties of the State Auditor's office regarding local government budget and audit filings. Some provisions address recommendations made by an advisory group created by state law. LB 568 requires the State Auditor to develop and maintain a system for electronic filing of budget information for any political subdivision that desires to file electronic forms. A mandate to develop and maintain an on-line financial information database is also added to the duties of the State Auditor.
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<i>Income and Sales Taxes</i>	LB 206	<i>Introduced by:</i> Wickersham <i>Status:</i> General File	LB 206 was filed as one of several potential means to fund the teacher salary proposal recommended by the Task Force on Teacher Salaries. The legislation would increase the state sales tax rate from the current 5% to 5.25% commencing on October 1, 2001. The contents of LB 206 was merged into LB 305 (teacher pay) in order to the fund the teacher salary adjustment program.
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<i>Income and Sales Taxes</i> <i>continued</i>	LB 207	<i>Introduced by:</i> Wickersham <i>Status:</i> General File	LB 207 provides a combination of means to fund the package proposed by the Task Force on Teacher Salaries. The bill would provide an increase in the base income tax rate from 3.70% to 3.81% (beginning in tax year 2001) and would increase the state sales tax rate from 5% to 5.25% (beginning on October 1, 2001).
<i>Infant Development</i>	LB 326	<i>Introduced by:</i> Suttle <i>Status:</i> General File	LB 326 requires the Department of Education, with cooperation from the Health and Human Services, to develop a packet of materials entitled: "Learning Begins at Birth". This packet is to be distributed to parents of children born in Nebraska beginning on January 1, 2002 by HHS. The packet will contain information about topics related to child development, appropriate reading material for parents to read to children, child development charts, activities parents can do with children to stimulate the children's learning processes, information about brain development, how to obtain a library card, childhood diseases and immunizations, the effects of second hand smoke, information about quality child care, etc. The packet may consist of a variety of forms of media: print, videos, audio cassettes, etc. To assist in underwriting the costs of developing the packet, the Department and the HHS-System may solicit private funding and material in the packet may contain the names of private companies or products. It is estimated there are 23,500 births each year. The agencies estimate the costs for materials and distribution will be \$5.00-\$8.00 per packet. Annual costs to provide the information are estimated to be \$117,500-\$188,000.
<i>Legal Notices</i>	LB 780	<i>Introduced by:</i> Raikes <i>Status:</i> General File	Current law authorizes public officials and other legal notice purchasers to negotiate with a newspaper that has a circulation greater than 100,000 for a contract rate for publishing notices that is different from rates set in law. Negotiated rates are to be no higher than the newspaper's lowest scheduled rate for classified advertisements of the type sought to be purchased. The bill changes the circulation threshold from 100,000 to 70,000.
<i>Limited English Proficiency</i>	LB 315	<i>Introduced by:</i> Stuhr <i>Status:</i> General File	By September 1, 2002, each school board must adopt a policy for the identification and education of students with limited English proficiency. The policy must include (i) the type of program offered and criteria for determining when an identified student no longer meets the definition of limited English proficiency and (ii) a method for periodically evaluating whether identified students meet the criteria. By December 1, 2001, the state board is required to adopt rules establishing a model policy meeting the requirements of LB 315. NDE is authorized to inspect district records and audit data regarding students with LEP.

<i>Mental Health</i>	LB 530	<i>Introduced by:</i> Suttle <i>Status:</i> General File	LB 530 creates the Mental and Behavioral Health and Substance Abuse Services Task Force. The duties of the task force are to examine and analyze: (1) factors contributing to the current lack of adequate community-based mental, behavioral health, and substance abuse services; and (2) the Nebraska Comprehensive Community Mental Health Services Act, its strengths, weaknesses, and any recommendations to improve it and services authorized under it.
<i>Property Taxes</i>	LB 600	<i>Introduced by:</i> Coorsden <i>Status:</i> General File	Under current law, agricultural land valuation is determined at 80% of its presumed market value. LB 600 changes the agricultural land valuation system to an production level and income-based system. LB 600 would divide agricultural and horticultural into categories, including irrigated cropland, dryland cropland, etc. The categories would then be further divided into land subclasses by individual county assessors based upon the soil types within each county.
<i>Reserve Funds</i>	LB 460	<i>Introduced by:</i> Beutler <i>Status:</i> General File	The committee amendments to LB 460 change the scope of the legislation. Under current law, each district with combined necessary general fund cash reserves less than the applicable allowable reserve percentage may increase its necessary general fund cash reserves by up to two percent of its total general fund budget of expenditures. The committee amendments eliminate the “two percent” language, which would allow a district with combined necessary general fund cash reserves less than the applicable allowable reserve percentage to increase its general fund cash reserves such that the total funds do not exceed the applicable allowable reserve percentage.
<i>Teacher Salaries</i>	LB 305	<i>Introduced by:</i> Educ. Com. <i>Status:</i> Select File	LB 350 represents the teacher salary proposal advanced by the Education Committee. LB 305 was advanced to Select File, but failed to advance any further during the 2001 Session. (<i>See Appendix for a complete analysis of LB 305.</i>)
<i>Tort Claims</i>	LB 161	<i>Introduced by:</i> Bourne <i>Status:</i> General File	Under current law, the total amount recoverable against any public employee for claims filed under the Political Subdivisions Tort Claims Act is \$1 million for any person for any number of claims arising out of a single occurrence and \$5 million dollars for all claims arising out of a single occurrence. Actionable claims include damage to or loss of property or personal injury to or the death of any person caused by any negligent or wrongful act or omission of the employee while acting in the scope

Tort Claims*continued*

of his/her office or employment. LB 161 increases the limits of amounts recoverable against any public employee to \$3 million for any person for any number of claims arising out of a single occurrence and \$12 million for all claims arising out of a single occurrence.

LB 355	<i>Introduced by:</i> Brashear	LB 355 extends the statute of limitations on claims under the Political Subdivisions Tort Claims Act from one year to two years.
	<i>Status:</i> General File	

B. Measures Held in Committee

Construction	LB 813	<i>Introduced by:</i> Cunningham	LB 813 would adopt the Public Facilities Construction and Finance Act. The bill would authorize a variety of political subdivisions to issue bonds to jointly finance various capital improvements as outlined in the bill. The bill authorizes bonds to be issued for jointly financed projects so long as the second largest participant in the joint project contributes at least 15% toward related debt service. The principal amount of bonds issued would be limited to \$5 million for participating political subdivisions and annual debt service for participants is not to exceed 5% of the restricted funds of an obligated political subdivision in the year prior to the issue of related bonds. Political subdivisions involved with jointly financed projects would be required to hold public hearings with respect to proposals to issue bonds. Issuance of such bonds would not require an election/vote within affected political subdivisions unless a remonstrance against the issuance of bonds signed by 15% of the registered voters in a given political subdivision were to be filed. LB 813 also provides that taxes levied to retire debt issued for jointly financed projects under provisions of the bill are not to be subject to the political subdivision tax levy limitations.
		<i>Status:</i> Held (Government)	

Criminal Code	LB 327	<i>Introduced by:</i> Suttle	Under current law, parents are liable for the personal injuries caused by their minor or unemancipated children to others. If the personal injuries are willfully and intentionally inflicted, the damages are limited to up to \$1,000 in hospital and medical expenses incurred. LB 327 eliminates the dollar amount limitation on hospital and medical expenses.
		<i>Status:</i> Held (Judiciary)	

Curriculum	LB 469	<i>Introduced by:</i> Wickersham <i>Status:</i> Held (Education)	LB 469 creates the Program for Summer Learning, a summer program developed by educational service units for students in grades kindergarten through twelve who: (1) are not special education students; and (2) have scored below the 50th percentile in any subject on a standardized norm-referenced assessment instrument. The program will offer classes in reading, math, and science to enable participating students to improve their scores on standardized tests. Participation in the program by students will be voluntary, and no tuition will be charged by any ESU for participation in the program. LB 469 provides an appropriation of \$2 million for each FY2001-02 and FY2002-03 to fund the program.
	LB 476	<i>Introduced by:</i> Hilgert <i>Status:</i> Held (Education)	LB 476 requires school districts to implement instructional programs for proper infant handling for the prevention of shaken-baby syndrome in the elementary schools within each district. By July 1, 2002, each district must establish guidelines for the instructional program of infant handling.
	LB 566	<i>Introduced by:</i> Chambers <i>Status:</i> Held (Judiciary)	LB 566 prohibits an employee of a public school from using the term “fetus” to refer to or describe a stage of human development during a presentation in a public school. The legislation provides that a school employee must use instead the term “unborn child.” The requirement applies to all oral and written presentations, including textbooks. Any school employee who violates LB 566 is guilty of an infraction and commits an act of professional misconduct.
	LB 669	<i>Introduced by:</i> Byars <i>Status:</i> Held (Education)	LB 669 provides intent language to recognize the American Sign Language as a distinct and separate language. The legislation authorizes the State Board of Education to “provide” for the teaching of American Sign Language in accredited elementary and secondary schools. If an accredited school offers a course in American Sign Language, the course must be offered to all students regardless of whether the student is hearing, hard of hearing, or deaf. LB 669 also states that any state postsecondary institution that offers an elective course in American Sign Language will treat the course as a foreign language class.
Election Law	LB 77	<i>Introduced by:</i> Brashear <i>Status:</i> Held (Government)	As a reaction to the events of the last presidential election, LB 77 was introduced to prohibit the release of election results until all the polls have closed, whether the election concerns local officials, state representatives, or even a special bond election for a school dis-

Election Law
continued

tract. The legislation also extends the time for which polls are open in Nebraska by one hour. All polls must be open at 7:00 a.m. (whether Mountain or Central time) and close a 8:00 p.m.

LB 395 *Introduced by:* Under current law a registered voter need only
Smith announce his/her name and address to a clerk at the
Status: polling site in order to vote. LB 395 would retain the
Held foregoing requirement but also require the voter to pres-
(Government) ent proof of identity to the clerk at the polling site.

LB 428 *Introduced by:* LB 428 changes recall provisions for locally elected
Govern. Com. officials. Under current law, one election is held to
Status: recall an official and a second election is held to elect an
Held individual to serve the remainder of the term. This bill
(Government) would eliminate the need for local entities to make tem-
porary appointments. The petition for removal would
state that either the petition's principal circulator or another specified person
is willing to have his or her name placed on the ballot. If the recall petition
is found to be sufficient, a notice will be published alerting qualified and
willing individuals to file their candidacies. The recall election would then
be held between 30 and 45 days after the public notice. If the official is
deemed removed, the candidate receiving the most votes at the election will
be elected to serve the remainder of the unexpired term.

Employment
Issues

LB 153 *Introduced by:* LB 153 is a repeat from previous sessions concerning
Hilgert nonmembers of labor organizations. LB 153 provides
Status: that an employee (including school employees) who is
Held not a member of a labor organization representing the
(Bus. & Labor) employee will be required to pay his or her “fair share”
to the labor organization if: (a) the labor organization
has been established as the collective bargaining and contract enforcement
representative; and (b) the labor organization and the employer have entered
into an agreement requiring represented employees of the employer, who are
not paying membership dues to the labor organization, to pay their fair share.
Fair share essentially means payment of dues to the labor organization.
Failure of a nonmember employee to pay his or her dues gives the labor
organization the right to bring an action in any court of competent jurisdic-
tion for payment of the dues and reasonable attorney's fees and court costs
of the labor organization. LB 153 provides that an employer will not be held
responsible for the failure of a nonmember employee to pay his or her dues
to the labor organization. However, a labor organization may bring action
against an employer if it can be demonstrated that the employer acted in
“bad faith with intent to evade” the provisions of this legislation.

**Employment
Issues - continued**

LB 343 *Introduced by:* Unless otherwise provided by law, an employer (or designee) who discloses information about a current or former employee to a prospective employer of the employee will be immune from civil liability arising from the disclosure unless the employer (or designee) knew or should have known that the information was false and acted with malice when disclosing the information. LB 343 provides that, in any cause of action, it is the burden of the current or former employee to prove the falsity of the information and the existence of malice by clear and convincing evidence. The bill clarifies that an employer who discloses information about a current or former employee to a prospective employer of the employee will be immune from civil liability if the disclosure of information is limited to: (i) dates of employment, (ii) pay level, (iii) job description and duties, and (iv) wage history. LB 343 would apply to all state and local governmental entities and most private sector employers.

LB 350 *Introduced by:* By October 1st each year, each noncertified collective bargaining agent representing school district employees must request recognition for purposes of collective bargaining of the following year's contract. Each school board must respond to the request for recognition by November 1st immediately following such request. Proposals must be exchanged and negotiations must begin by January 10th immediately following the response of the school board. However, negotiations may begin earlier than January 10th. By April 1st of each year, each school board and the bargaining unit representing its certificated employees must: (i) conclude negotiations on the wages and benefits agreement for the ensuing school year; or (ii) submit any dispute over wages and benefits to the CIR for resolution. Any existing collective bargaining agreement will continue in full force and effect until superseded by further agreement of the parties or by an order of the commission.

LB 675 *Introduced by:* LB 675 was introduced by Senator Ron Raikes as one of many different ideas offered this session to address the teacher compensation issue. Senator Raikes believes one of the under-addressed components of the teacher pay issue is the CIR and its role in discussions between the local bargaining unit and the local school board. LB 675 proposes to elevate the midpoint within a CIR-ordered array and will modify how the CIR determines comparable compensation for employees of school districts and educational service units. (LB 675 does not affect counties, cities, the state, or community colleges.) Under current law, the findings and orders of the CIR may establish or alter the scale of wages, hours of labor, or conditions of employment. In issuing such an order, the CIR must establish rates of pay and conditions of employment which are “com-

**Employment
Issues - continued**

parable to the prevalent wage rates paid and conditions of employment maintained for the same or similar type of work. The CIR establishes total compensation for teachers by determining what is known as the “approximate midpoint,” which is essentially the average compensation an array of compared-to employers would generate. LB 675 would require the CIR, in the case of schools, to take an additional step and average the “approximate midpoint” figure with the most competitive employer in the array.

LR 21CA	<i>Introduced by:</i> McDonald <i>Status:</i> Held (Government)	LR 21 CA is intended to clarify that employees of political subdivisions of the State are not and will not be considered as being executive officers of the State. Article II, Section 1 of the Nebraska Constitution currently provides: “The powers of the government of this state are divided into three distinct departments, the legislative, executive, and judicial, and no person or collection of persons being one of these departments, shall exercise any power properly belonging to either of the others, except as hereinafter expressly directed or permitted.” The Nebraska Supreme Court, in <i>State ex rel Spire v. Conway</i> (1991), has held that an assistant professor at a state college is deemed to be a member of the Executive Branch within the scope of Article II, Section 1, and was therefore ineligible to serve in the Legislative Branch as a State Senator. LR 21 CA is intended to clarify the employees of the political subdivisions of the State, including specifically school districts, are not to be deemed members of the Executive Branch. Therefore, they are eligible to serve in the Legislative Branch - as members of the Unicameral.
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**Enrollment
Option**

LB 94	<i>Introduced by:</i> Schimek <i>Status:</i> Held (Education)	LB 94 changes the Enrollment Option Program by permitting homebound students to receive automatic acceptance to return to the resident school district upon application by the student's parent or legal guardian. All deadlines are to be waived in such cases. Homebound student is defined as a student from kindergarten through twenty-one years of age who requires services for an extended period of time outside of school due to health-related issues or a student who has an individual education plan (IEP) and is removed from school for reasons related to the individual education plan.
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**Income
Taxes**

LB 271	<i>Introduced by:</i> Bromm <i>Status:</i> Held (Education)	LB 271 provides for limited tax credits for voluntary contributions to certified “school-tuition organizations.” The legislation defines “school tuition organization” as an organization in this state that is exempt from federal taxation and that allocates at least 90% of its annual revenue for scholarships to help children attend any qualified school of their parents' or legal guardians' choice. The measure outlines a process whereby any school tuition organization may apply to the
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Income Taxes*continued*

Department of Revenue to have one or more scholarship programs certified for tax-credit status. The application must describe the program to be conducted and set forth evidence that the organization satisfies the requirements which constitute the definition of school tuition organization. A tax credit is allowed against the state income tax, the state premium tax or related retaliatory taxes paid by insurance companies, and the franchise tax paid by financial institutions for the amount of cash contributions made by any individual or business firm to a school tuition organization, but such credit may not exceed \$500 in any taxable year.

LB 487 *Introduced by:* Landis
Status: Held
 (Revenue)

LB 487 is intended to allow low and moderate income Nebraska families to keep more of their earnings by providing a refundable earned income credit against state income taxes. The credit would be 5% of the federal earned income credit. Only those who work can qualify for the earned income tax credit. For families with very low earnings, the value of the credit increases as the earnings rise. The effect of LB 487 will be to reduce General Fund income tax revenues by almost \$7 million in both FY2002 and FY2003.

LB 841 *Introduced by:* Brashear
Status: Held
 (Revenue)

LB 841 represents Senator Brashear's third attempt to introduce a major tax change plan. The bill would provide a general homestead exemption for the first \$30,000 of valuation of all primary residences in the state. It would also reduce state income tax rates by 14.5%. The plan would provide more than \$500 million of property and income tax relief to tax payers. The tax relief would be provided by broadening the sales tax base through the repeal of exemptions and an increase in services covered by the sales tax.

Miscellaneous LB 30 *Introduced by:* Redfield
Status: Held
 (Education)

LB 30 creates the In the Line of Duty Dependent Education Act. The stated purpose of the act is to provide a post-secondary educational benefit for surviving children of Nebraska law enforcement officers and fire fighters killed in the line of duty. This act waives tuition and fees at state universities, state colleges, and community colleges located in Nebraska for children who have lost a parent in the line of duty.

LB 40 *Introduced by:* Thompson
Status: Held
 (Judiciary)

LB 40 attempts to eliminate the sale or distribution of fever thermometers containing elemental mercury in order to prevent accidental exposure to elemental mercury through breakage of the thermometers. The legislation imposes a Class V misdemeanor for anyone guilty of distributing thermometers with elemental mercury.

Miscellaneous
continued

LB 255 *Introduced by:* Jensen
Status: Held (Health)

LB 255 adopts the Community-Based Neurobehavioral Rehabilitation Implementation Act. The bill is intended to establish a pilot program to follow up on results obtained under provisions of the Community-Based Neurobehavioral Rehabilitation Action Plan Act and to implement the results. Definitions from the action plan act are incorporated by reference. The bill requires the DHHS, with the assistance of the Community-Based Neurobehavioral Rehabilitation Advisory Board, to establish three pilot programs based on information received from the statewide needs assessment performed under the action plan act.

LB 412 *Introduced by:* Robak
Status: Held (Judiciary)

LB 412 would attempt to encourage persons to volunteer their time and services by providing limited liability to volunteers while ensuring a means of redress for an innocent, injured party. The legislation applies to all governmental entities in Nebraska. Immunity: LB 412 assigns the same definition of “volunteer” as that definition found in the Federal Volunteer Protection Act of 1997, except that providing group health insurance under the statutes of Nebraska would not constitute any other thing of value in lieu of compensation under the act. Volunteer also includes a volunteer serving as a director, officer, trustee, member, or direct service volunteer. The legislation provides that a volunteer is immune from civil liability in Nebraska from any action on the basis of any act or omission of a volunteer resulting in damage or injury if: (a) The volunteer was acting within the scope of the volunteer’s responsibilities in a nonprofit organization or governmental entity at the time of the act or omission; (b) The volunteer was properly licensed, certified, or authorized by the appropriate authorities for the activities or practice in the state in which the harm occurred, if appropriate or required, and the activities were or practice was undertaken within the scope of the volunteer’s responsibilities in the nonprofit organization or governmental entity; (c) The harm was not caused by willful or criminal misconduct, gross negligence, reckless misconduct, or a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer; and (d) The harm was not caused by a volunteer operating a motor vehicle, vessel, aircraft, or other vehicle for which the state requires the operator or the owner of the vehicle, craft, or vessel to (i) possess a valid operator’s license or (ii) maintain insurance.

LB 445 *Introduced by:* Bourne
Status: Held (Exec. Board)

LB 445 creates the Administrative Rules Review Committee of the Legislature. The committee would consist of the chairpersons of all the standing committees of the Legislature. The chairperson and vice-chair person of the committee would be elected by a majority vote of the members of the committee. The committee

Miscellaneous
continued

would meet as necessary to review and approve or disapprove rules, regulations, or amendments proposed by an agency, including the Department of Education. All proposed administrative rules would be submitted to the committee for consideration as to the statutory authority of the proposed rule, regulation, or amendment and for the committee's approval or disapproval. If a rule, regulation, or amendment submitted to the committee is approved by a majority of the members of the committee, the committee would so indicate in a written statement to the agency. If the rule, regulation, or amendment is not approved, the committee must notify the agency, in writing, of its objections. The rule, regulation, or amendment will then be returned to the agency for consideration of the objections of the committee. A rule, regulation, or amendment would be deemed approved by the committee if the committee takes no action to approve or disapprove within 30 days after receiving it from the agency.

LB 578 *Introduced by:* Suttle
Status: Held (Education)
Under current law, a school board must require evidence of a physical examination for admission of children in the beginner grade and the seventh grade, unless the parent/guardian objects in writing. LB 578 expands the admission requirement to include a comprehensive eye examination by an optometrist or physician. The cost of the eye exam must be borne by the parent/guardian. LB 578 would be operative for the 2002-03 school year.

**Parental
Notification**

LB 341 *Introduced by:* Quandahl
Status: Held (Judiciary)
Under current law, school districts are required to provide written information to all students in grades seven through twelve explaining requirements for parental notification as a condition for obtaining an abortion. The current requirement upon school districts has been in place since 1991. LB 341 outright repeals the law requiring school districts to provide this information.

LB 342 *Introduced by:* Quandahl
Status: Held (Judiciary)
LB 342 is similar to LB 341 in that it outright repeals the requirement upon school districts to provide written information to all students in grades 7-12 explaining requirements for parental notification.

**Property
Taxes**

LB 120 *Introduced by:* Wickersham
Status: Held (Revenue)
LB 120 strikes the subjection of agricultural land to the current 80% of actual value for purposes of property taxation and for purposes of the state aid formula. In place of the 80% value, LB 120 would implement a new method to determine value for purposes of taxation and the state aid formula. Under the new scheme, the Property Tax Administrator would collect information on the statewide economic value of agricultural land. The statewide economic value of agricul-

Property Taxes
continued

tural land would be determined by gathering information on agricultural cash rents and property tax expenses for each type or category of agricultural land for the prior tax year. The information would be gathered statewide. Average cash rent minus average property tax expenses would be calculated as net income per acre for each separate category of agricultural land. The net income per acre amount would then be capitalized into a statewide economic value of agricultural land by dividing the net income per acre by a capitalization rate that is equal to the three-year average of Farm Credit Service of Omaha effective interest rates on agricultural real estate loans for the most recent three-year period.

LB 290 *Introduced by:* Jones
Status: Held (Revenue)
For purposes of property taxation and for purposes of the school finance formula, LB 290 lowers the maximum value of agricultural land from the current 80% to 50%. The legislation would become operative retroactively on January 1, 2001.

LB 392 *Introduced by:* Smith
Status: Held (Revenue)
Under current law, a number of statutory guidelines exist when using comparable sales in determining actual value of agricultural land. These guidelines include such issues as whether the sale was financed by the seller and included any special financing considerations or the value of improvements, whether zoning affected the sale price of the property, whether sales between family members within the third degree of consanguinity include considerations that fail to reflect current market value, etc. LB 392 would add a new guideline to the “comparable sales” statute in cases where the sale price is 150% or more of assessed value. In such cases, the legislation would imply that the land is considerably overvalued and the sale does not reflect market value. LB 392 may have the effect of lowering the taxable value of agriculture land because certain sales are not considered. If such sales were considered, they might have increased the value of all agriculture land. This could result in a tax shift from agriculture land to other property.

LB 556 *Introduced by:* Burling
Status: Held (Revenue)
LB 556 change provisions relating to valuation of agricultural land and horticultural land. The measure would include farm sites in the definition of agricultural and horticultural land. It would also include farm sites in the distinct and separate class of agricultural and horticultural property for purposes of taxation. This bill may result in a tax shift from the affected property to other property. However, considering the type of property involved, it will probably be minimal from a statewide perspective.

Property Taxes **LB 662** *Introduced by:* Under current law, a county may request that the state's
continued Erdman Property Tax Administrator assume the county assess-
Status: Held ment function, but it remains the Property Tax
(Revenue) (Revenue) Administrator's final determination to accept or reject
the request. LB 662 takes the decision out of the hands
of the Property Tax Administrator. Instead, the legisla-
tion outlines a process by which a county board can adopt a resolution, hold
a hearing, and have the issue placed on a county-wide ballot. If the voters
approve the resolution, then the county assessment function is delivered to
the Property Tax Administrator.

Retirement **LB 407** *Introduced by:* LB 407 makes several administrative changes to the
Retire. Com. School, State and County retirement systems adminis-
Status: Held tered by the Public Employees Retirement Board. In
(Retirement) (Retirement) general, the changes are in the following categories: (i)
membership provisions in the State, County and School
plans are modified to include all actual plan members,
active and inactive; (ii) the process of determining who should be contribut-
ing each year to the school plan is clarified and modified, so that it is clear-
er who should be making contributions to the retirement plan each year; and
(iii) the granting of service credit in the School plan is modified from an
annual to a monthly basis, although service is still recorded on an annual
basis. In the School plan, the status of substitute school employees is clar-
ified, distinguishing them from permanent employees who fill in for other
absent regular school employees.

LB 686 *Introduced by:* LB 686 would implement proposed changes from the
Retire. Com. Retirement Agency concerning administration of funds
Status: Held for the three defined benefit plans (Judges, State Patrol,
(Retirement) (Retirement) and School Employees). Under the current scheme, the
School Employees Retirement System is administered
from a series of separate fund accounts, including the
School Employers Deposit Account, Annuity Reserve Account, Service
Annuity Account, and the School Employees Savings Account. These funds
work in conjunction to collect contributions from employees, employers and
the State, and also pay out annuities to retirees. Therefore, the legislation
would create the School Retirement Fund and all other accounts would col-
lapse into the newly created fund. The required deposits of the employers,
the state, and employees would be credited to the fund and all savings annu-
ities, service annuities, and formula annuities would be paid from the fund.
LB 686 would also implement a new system governing annual actuarial val-
uations. For purposes of determining the necessary deposits by the State,
school districts, and school employees for each plan year, the PERB would
be required to seek an annual actuarial valuation. The actuarial study would
be performed to ascertain to value the plan assets for the year and ascertain

Retirement
continued

the contributions required for the fiscal year. The actuary would perform the actuarial valuation of the system using the entry age actuarial cost method. Under this method, the actuarially required funding rate is equal to the normal cost rate, plus the contribution rate necessary to amortize the unfunded actuarial accrued liability on a level payment basis. The normal cost amount under this method would be determined for each individual member on a level percentage of salary basis. The normal cost amount is then summed for all members. The initial unfunded actuarial accrued liability as of July 1, 2001, would be amortized over a 25-year period. During each subsequent actuarial valuation, changes in the unfunded actuarial accrued liability due to changes in benefits, actuarial assumptions, the asset valuation method, or actuarial gains or losses would be measured and amortized over a 25-year period beginning on the valuation date of the change. If the unfunded actuarial accrued liability under the entry age actuarial cost method is zero or less than zero on any actuarial valuation date, then all prior unfunded actuarial accrued liabilities would be considered fully funded and the unfunded actuarial accrued liability would be reinitialized and amortized over a 25-year period as of the actuarial valuation date. If the actuarially required contribution rate exceeds the rate of all contributions required under the School Employees Retirement System, the actuary would determine the means by which the added contributions would be allocated between the state, school districts, and school employees to pay for the difference between the actuarially required contribution rate and the rate of all other contributions.

School Boards

LB 731 *Introduced by:* Hartnett
Status: Held (Government)
 Under current law, the “seat” of any member of a school board who is continuously absent from the district for a period of 60 days at one time or absent for more than two consecutive regular meetings of the board (unless excused by a majority of the remaining members of the board), is deemed vacant. The vacancy can then be temporarily filled by appointment of a qualified registered voter by the existing members of the board. LB 731 provides that the appointment will be temporary if the vacancy occurs more than 30 days before a regular primary election during the first half of the term of the office, otherwise the appointment will be for the remainder of the term. If the vacancy occurs more than 30 days before a regular primary election during the first half of the term of the office, the appointee will serve until a successor is elected at the next regular general election to serve for the balance of the unexpired term. LB 731 would also apply to ESUs as well as all other political subdivisions.

School Finance

LB 248 *Introduced by:* Wickersham
Status: Held (Education)
 LB 248 changes the list of other actual receipts for purposes of calculating local system formula resources. The legislation would count 50% of private contributions, including receipts of cash and tangible property from private foundations, individuals, associations, or

School Finance
continued

charitable organizations. An exception to this rule would be made if receipts from any single fundraising event generates less than \$5,000.

LB 378 *Introduced by:* Robak
Status: Held (Education)

LB 378 changes the calculation of adjusted valuation in the state aid formula. The bill requires that the local effort rate yield will be the rate determined by multiplying the total formula valuation of all local systems by the local effort rate. Total formula valuation is defined as the local system's adjusted valuation times a local income factor. The local income factor equals one plus half of the difference of a local system income ratio minus one. The local system ratio is the ratio of the local system's adjusted gross income per return divided by the state adjusted gross income per return. The changes in the formula will have a fiscal impact on state aid distributed beginning in 2002-03. The bill will result in a decrease in valuation for school systems with low income relative to the state average income. There will be an increase in valuation for school systems with high income relative to the state average income. A decrease in valuation will result in decreased resources in the formula, which will increase state aid for equalized school systems with lower income relative to the state average. An increase in valuation will result in increased resources in the formula, which will decrease state aid for equalized school systems with higher income relative to the state average. The overall estimated fiscal impact of the bill is a \$10,488,000 increase in state aid.

LB 421 *Introduced by:* Wickersham
Status: Held (Education)

LB 421 proposes to change the calculation of the local effort rate for purposes of state aid and the levy limitation for schools. The legislation provides that the local effort rate will be the rate which, when multiplied by the total adjusted value of property in school systems, will produce the amount needed to support 50% of the total formula need of local systems OR \$.90, whichever is less. The bill also changes the levy limit for school districts to be equal to ten cents greater than the local effort rate. Finally, the bill provides that the minimum levy adjustment in the state aid formula will be applied to systems with a general fund levy that is less than an amount equal to \$.02 less than the local effort rate. LB 421 represents a repeat of legislation introduced in the last legislative session. In 2000, Senator Wickersham introduced LB 1107, which used a 47% support level rather than the 50% support level proposed in LB 421. LB 1107 was passed by the Legislature in 2000 but was vetoed by the Governor due to the unpredictable fiscal impact upon the state.

LB 422 *Introduced by:* Wickersham
Status: Held (Revenue)

For purposes of calculating state aid to schools, LB 422 would decrease the state aid value of agricultural land from 80% to 70% of market value beginning in school fiscal year 2001-02. For agricultural land that receives

School Finance*continued*

special valuation, the state aid value is reduced from 100% to 87.5% of special valuation. For purposes of background, in order for land to qualify for special valuation the following criteria must be met: (a) the land is located outside the corporate boundaries of any sanitary and improvement district, city, or village, (b) the land is used for agricultural or horticultural purposes, (c) the land is zoned predominantly for agricultural or horticultural use, and (d) the land is not subdivided.

LB 513 *Introduced by:* Suttle
Status: Held
 (Education)

LB 513 makes changes to the state aid formula and increase levy and spending limits. The bill changes the calculation of the average formula cost per student in each cost grouping. The cost group cost is determined by dividing general fund operating expenses by weighted formula students instead of adjusted formula students. This change will increase the cost group cost for each of the three cost groupings. The bill allows school systems and other political subdivisions to exceed levy limitations for settlements of suits or claims reached by a political subdivision. Class II-VI school systems are also allowed to exceed the levy limit to pay for increases in utility costs that are in excess of the basic allowable growth rate. The base limitation for the allowable growth of school system budgets and restricted funds of political subdivisions is increased from 2.5% to 5%. The increase in the base limitation will allow political subdivisions to increase their budgets by 2.5%. The increase in the base limitation will increase the basic allowable growth rate range for school systems from the current range of 2.5% to 4.5% to a range of 5% to 7%.

LB 519 *Introduced by:* Jensen
Status: Held
 (Education)

LB 519 changes the calculation of allocated income tax funds in the state aid formula. The bill provides that the amount appropriated to the School District Income Tax Fund will be adjusted for any increase in the cost growth factor for the standard cost grouping over the prior year. The bill provides that the first adjustment will be made for 2001-02, which will require a recertification of state aid for the 2001-02 school year. Currently, the appropriation for the School District Income Tax Fund is capped at \$102,289,817. The amount distributed as allocated income tax funds in the formula is determined by subtracting the amount paid for option students from the \$102.3 million. Since the distribution of funds for option students is increasing each year, the allocated income tax portion of the formula is decreasing.

LB 520 *Introduced by:* Raikes
Status: Held
 (Education)

LB 520 changes the calculation of need in the state aid formula beginning in 2002-03. The bill provides that the current amount of need determined for a local system will be multiplied by a local commitment index to determine the local system's formula need. The local

School Finance*continued*

commitment index is computed by taking an average of the local system's target budget level and its general fund operating expenditures from the same data year and dividing the result by the local system's target budget level. The bill also eliminates the lop-off, minimum levy, stabilization and small school stabilization provisions in the current formula.

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- LB 535** *Introduced by:* Dierks
Status: Held (Education)
- Currently, local system formula resources exempt receipts from the Community Improvements Cash Fund and receipts from the Low-Level Radioactive Waste Disposal Act when calculating the districts general fund operating expenditures. LB 535 provides that receipts from the Environmental Protection Act will not be considered as a local resource for purposes of state aid.
-
- LB 609** *Introduced by:* Raikes
Status: Held (Education)
- LB 609 changes lop-off and the minimum levy adjustment in the state aid formula beginning in 2002-03. The lop-off change provides that no local system may receive equalization aid such that when total aid is added to a levy of \$.87, multiplied by the local system's adjusted valuation divided by one hundred, would result in total local system revenue from state aid plus property tax receipts, that will exceed the total of the preceding year's state aid plus property tax receipts plus adjustments. Current law requires the aid amount to be added to a levy of \$.90 beginning in 2002-03. The minimum levy adjustment is also to be applied to systems that have a levy less than \$.87, rather than \$.90.
-
- LB 689** *Introduced by:* Raikes
Status: Held (Education)
- LB 689 creates a spending index to modify formula need in the state aid formula. The "lop-off" and minimum levy adjustment for equalized systems are eliminated, and the "small school stabilization factor" is detached from the "lop-off" as a funding source. Beginning with 2002-03, each local system would receive equalization aid in the amount that the indexed formula need exceeds total formula resources. The indexed formula need would equal the local system's formula need multiplied by the spending index. The spending index for each local system would equal the lesser of (a) 50% (1+ the spending ratio) or (b) one. The spending ratio would equal the local system's general fund operating expenditures of the most recently available complete data year divided by the local system's formula need.
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- LB 690** *Introduced by:* Raikes
Status: Held (Education)
- LB 690 changes the calculation of need in the state aid formula. Beginning in 2002-03, the bill provides that an average cost per student will be calculated by dividing the total estimated general fund operating expenditures for all local systems by the adjusted formula students

School Finance*continued*

for all local systems. This eliminates the current method of calculating a separate cost per student for each of the three cost groupings based on spending by school systems in each cost grouping. After a statewide average cost per student in all local systems is calculated, a cost grouping multiplier will be applied to determine the cost grouping cost. The cost grouping multiplier for the standard cost group is 1.0, sparse cost group is 1.115 and very sparse cost group is 1.127.

LB 701 *Introduced by:* Bourne
Status: Held
 (Education)

Under current law, a district may not exceed its applicable allowable growth rate for orders from the Commission of Industrial Relations (CIR). A district may only exceed its growth rate for judgments obtained against the school district which require or obligate a school district to pay the judgment, to the extent the judgment is not paid by liability insurance coverage of a school district. LB 701 would include orders by the CIR as an allowable exception.

LB 746 *Introduced by:* Raikes
Status: Held
 (Education)

LB 746 changes the calculation of need in the state aid formula beginning in 2002-03. The bill provides that an average cost per student will be calculated by dividing the total estimated general fund operating expenditures for all local systems by the adjusted formula students for all local systems. This eliminates the current method of calculating a separate cost per student for each of the three cost groupings based on spending by school systems in each cost grouping. After a statewide average cost per student in all local systems is calculated, then a system cost will be added to the formula need for each local system in the sparse and very sparse cost groupings. The system cost would be \$265,000 in 2002-03. The system cost would be increased each year by the basic allowable growth rate.

LB 747 *Introduced by:* Raikes
Status: Held
 (Education)

LB 747 pertains to the local effort rate used in the calculation of state aid. The bill provides that if the maximum levy for school systems is \$1.10 or more for any school year beginning in 2002-03 or thereafter, then the local effort rate will be the maximum levy less \$.15. The current local effort rate is \$.90, based upon a maximum levy of \$1.00 less \$.10. If the maximum levy is increased to \$1.10 or more in the future, then the local effort rate will be the maximum levy less \$.15 instead of \$.10. If the maximum levy is increased to \$1.10 or more in the future, then the amount of state aid distributed will increase. State aid will increase because the local effort rate will be \$.05 less than what is required under current law. A lower local effort rate increases the amount of equalization aid paid to school systems.

School Finance **LB 748** *Introduced by:* Raikes
Status: Held (Education)
continued

LB 748 changes the calculation of need for school systems in the school finance formula beginning with state aid provided in 2002-03. The bill retains three cost groupings (very sparse, sparse and standard) for purposes of determining state aid but eliminates the current calculation of cost grouping cost per student and provides for the calculation of a formula cost per student in each cost grouping. The change in the calculation of formula need is phased-in during 2002-03 and 2003-04. It is fully implemented in 2004-05. Beginning in 2004-05, the bill provides that the formula need for each local system will be equal to the sum of the formula cost per student times the weighted formula students in the system, plus the transportation allowance and the special education receipts allowance. Formula cost per student is equal to the preliminary formula cost per student times a spending index. The preliminary formula cost per student is determined by calculating a typical cost per student. The typical cost per student for each local system equals the sum of: the system cost divided by the weighted formula students in the system; plus the basic student cost; plus the product of the demographic ratio times the demographic coefficient; plus the product of the scale coefficient times the weighted formula students. The factors used to determine the typical cost per student are inflated each year by a cost growth factor. The bill eliminates the “lop-off”, stabilization factor, and small school stabilization adjustment in the current state aid formula. The allowable growth percentage for each local system is also amended. The amount of net option funding for a school system is to be based on the local system formula cost per student rather than the cost grouping formula cost per student. The allowable growth rate is changed to equal the local system's spending index allowable growth rate in 2004-05.

LB 812 *Introduced by:* Cunningham
Status: Held (Education)

LB 812 changes the calculation of adjusted formula students in the state aid formula. The bill provides that adjusted formula students will be the greater of the calculated formula students (current law) or a three-year average of calculated formula students. The three-year average is calculated by adding the calculated formula students for the year of the aid distribution plus the adjusted formula students used in the final calculation of state aid for each of the prior two years and dividing this amount by three. The bill would go into effect for the 2002-03 distribution of state aid.

School Organization **LB 369** *Introduced by:* Robak
Status: Held (Education)

LB 369 makes changes to the annexation process as it relates to school districts. The bill would change the statutes so that if a city annexes property currently in a Class III, IV, or VI district, the school district boundaries do not move with the annexation unless the school boards agree to a change in boundaries.

**School
Organization**
continued

LB 380 *Introduced by:* Janssen
Status: Held (Education)
LB 380 represents a mandatory consolidation of all school districts in Nebraska into one school district per county. The creation of the 93 county school districts must occur by July 1, 2005. The Education Committee is instructed to prepare legislation for introduction in the 2003 legislative session to carry out the goal of LB 380. The committee must hold at least one public hearing on this issue in each of the three congressional districts of the state.

LB 654 *Introduced by:* Kremer
Status: Held (Education)
Under current law, a freeholder may file a petition with a board consisting of the county assessor, county clerk, and county treasurer, asking to have a tract of land described in the petition set off from an existing Class II or III school district in which the land is situated and attached to an accredited district which is contiguous to the tract of land if: (a) The school district has had less than 60 pupils in grades nine through twelve for the two consecutive school years immediately preceding the filing of the petition; (b) The school district has voted to exceed the maximum levy established by law, which vote is effective for the school fiscal year in which the petition is filed or for the following school year; and (c) The high school is within 15 miles on a maintained public highway or maintained public road of another high school. LB 654 would amend the current law to change references of “school year” to “school fiscal year”.

**School
Safety**

LB 697 *Introduced by:* Robak
Status: Held (Education)
Due to “recent occurrences of violence and an increase in disruptive student behavior,” LB 697 was introduced to provide school boards assistance in developing school safety plans. LB 697 creates a statutory requirement for school districts to implement school safety plans (even though rules and regulations have already been implemented to do so). The legislation provides that all public and private school districts must develop and approve for each school under its jurisdiction a school safety plan. To help school districts with the cost of providing school safety plans, LB 697 creates the School Safety Plan Grant Fund. The fund will be administered by NDE. Money in the fund will be distributed as grants to school districts or nonpublic schools to assist in: (i) development, implementation, and review of school safety plans, materials, policies, and procedures, (ii) staff training in prevention, intervention, and emergency response, and (iii) physical plant reviews. Grants may not be used to pay salaries of school employees or to pay for equipment purchases. Grants from the fund will not exceed \$5,000 per school. NDE is authorized to adopt and promulgate rules and regulations to carry out the bill.

***Special
Education***

LB 467 *Introduced by:* Suttle
Status: Held
(Education)

LB 467 places a deadline of 45 days on a determination made by the State Department of Education when two school districts cannot agree on the amount the resident school district must pay to another school district to provide for all educational services, including special education, on behalf of a student who resides in a residential setting located in the state, but not located in the resident school district. The department is required to determine the amount to be paid by the resident school district to the other district based on the needs of the student, approved special education rates, the department's general experience with special education budgets, and the cost per student in the receiving district. The current law has no deadline on the determination to be made by the department. The bill also allows either school district to request the determination by the department. Current law merely states that the department must make its determination if the two districts cannot agree.

LB 650 *Introduced by:* Wehrbein
Status: Held
(Education)

LB 650 requires NDE to adopt rules and regulations for special purpose education programs located in institutions, detention, and emergency shelters. The Department of Health and Human Services will establish rates for special purpose programs in consultation with NDE. The rates will be based on reasonable salary, educational materials and curriculum costs incurred by the providers. State wards are to maintain membership status with their resident school districts. The districts are required to appoint liaisons to coordinate the students' education.

LB 736 *Introduced by:* Price
Status: Held
(Education)

In the 2000 Session, LB 1243 expanded the allowable costs definitions for special education reimbursements to school districts. LB 1243 used the words "individualized education plan" in describing the qualifying conditions for a school district to apply for excess special education costs stated in the bill. Two issues have surfaced since LB1243 was passed. First, the federal government refers to the "individualized education plan" as an "individualized education program." Second, the individualized education plan does not include individuals ages birth to less than three years of age. LB 736 amends the definition of allowable costs for purposes of reimbursement of special education expenditures. The bill provides that medical expenditures by a school district to provide an individualized family service plan for children who are age 0 to 3 are considered to be allowable costs. Currently, medical expenses are allowable costs only for individualized education plans for children ages 3 to 21.

**Spending
Limits**

LB 121	<i>Introduced by:</i> Wickersham <i>Status:</i> Held (Revenue)	LB 121 was filed in order to facilitate the annual review of the budget lid for political subdivisions. The current lid on expenditures for school districts is 2.5% with a growth range up to 4.5%.
LB 521	<i>Introduced by:</i> Raikes <i>Status:</i> Held (Education)	LB 521 amends the applicable allowable growth rate to assure a growth rate sufficient to fund formula needs. Under LB 521 the current applicable allowable growth rate is renamed the “target budget growth rate.” The target budget growth rate retains the current applicable allowable growth rate provisions, which allow districts at least 2.5% growth and allow more growth for districts that spend below their formula needs, up to a maximum of 4.5%.
LB 522	<i>Introduced by:</i> Raikes <i>Status:</i> Held (Education)	LB 522 amends the applicable allowable growth rate to assure a growth rate equal to or greater than the percentage increase in formula needs. The applicable allowable growth rate, combined with some exceptions, determines the maximum budget growth allowed for Class II-VI school districts. The current applicable allowable growth rate is renamed the “target budget growth rate”. The target budget growth rate retains the current applicable allowable growth rate provisions. Each district would continue to have authority to exceed their applicable allowable growth rate by 1% with 75% approval of the board.
LB 602	<i>Introduced by:</i> Hartnett <i>Status:</i> Held (Education)	LB 602 amends the school finance formula by revising the definition of “general fund budget of expenditures.” The legislation removes from the definition certain utility expense items and new budget programs which are generally beyond the control of the school district, including: (i) coal, gas, and other fuels used by the district and the cost of making those fuels available for use by the district; (ii) electricity for light, heat, and power; (iii) water and sanitary sewer service; (iv) gas and oil for motor vehicles used for district purposes; (v) telephone service, including line charges for internet usage; and (vi) costs related to implementing school safety and security committee plans and procedures.
LB 660	<i>Introduced by:</i> Hartnett <i>Status:</i> Held (Education)	LB 660 divides K-12 budgets into separate operating and personnel budgets for purposes of the Tax Equity and Educational Opportunities Act. Personnel budgets would be allowed an increase equal to the percentage increase in the previous twelve months in components of the Consumer Price Index for Urban Wage Earners and Clerical Workers, multiplied by one percent. Operation budgets would be allowed an increase based on the Consumer Price Index.

**Student
Records**

LB 330 *Introduced by:* Redfield
Status: Held (Education)

LB 330 prohibits any public or private elementary, secondary, or postsecondary school to utilize a student's social security number as the student's identification number.

LB 394 *Introduced by:* Smith
Status: Held (Education)

LB 394 amends the Public Records Act concerning records that may be withheld from the public by the lawful custodian of the records. Under current law, personal information in records regarding a student, prospective student, or former student of any tax-supported educational institution maintaining the records may not be released unless the information is routine directory information. LB 394 amends this part of the Public Records Act by stating that no directory information may be released by a school district regarding a student, prospective student, or former student who is 17 years of age or younger.

**Teacher
Assistance
Programs**

LB 560 *Introduced by:* Beutler
Status: Held (Education)

LB 560 amends the state aid formula (TEEOSA) to include an extended teacher contract allowance to provide each school district with funding equivalent to extend the contract of every teacher for five days per year. Beginning with state aid distributed in 2002-03, any district may apply for the extended contract allowance. The total amount of the allowance may not exceed five days times the number of FTE teachers times the daily rate of \$227.46. Thereafter the daily rate will increase by the basic allowable growth rate. School districts are allowed to exceed their allowable growth rate in the first year that a district receives an extended contract allowance by the amount received. Thereafter, it may be exceeded by the amount of any increase. In 2002-03 and 2003-04 the extended contract allowance amount is added to the general fund operating expenditures for each cost grouping after the cost grouping is adjusted by the cost growth factor. Thereafter, general fund operating expenditures will reflect prior year expenditures for extended contracts. The definition of teacher in the bill is a certificated employee who is not performing the duties of a school administrator. The fiscal impact of the bill in 2002-03 for extended teacher contract allowances is estimated to be \$23.9 million of general funds.

LB 613 *Introduced by:* Redfield
Status: Held (Education)

LB 613 would deliver the Governor's pledge to extend funding for the teacher mentor program. The legislation changes the fund distribution of the Education Innovation Fund (State Lottery) to provide the first \$2,300,000 of available funds to the teacher mentor program. The remaining funds would be divided between quality education incentives under the Quality Education Accountability Act (up to 80%) and for incentive grants to encourage the

Teacher Assistance Programs
continued

development of strategic school improvement plans by school districts (up to 20%). LB 613 also requires the State Board of Education to expand the mentor teacher program to include public school teachers in their first three years of teaching in order to provide ongoing support for individuals entering the teaching profession. The program must assure that each participating teacher is provided with a mentor. Each first-year public school teacher is required to participate in the program. Public school teachers in their second or third year of teaching may participate in the program, but are not required to do so.

LB 625 *Introduced by:* Thompson
Status: Held (Education)

LB 625 creates the Encouraging Paraeducators to Teach Program Act. The purpose of the program is to recruit paraeducators to participate in a program designed to encourage them to enroll in teacher education programs in order to teach in the public schools. The legislation requires NDE to establish a pilot program, within available appropriations, to assist paraeducators employed by school districts to become certified teachers. The assistance may include payment of tuition for each participating paraeducator while he or she is enrolled full-time in a teacher education program and payment of the salary of each participating paraeducator for half of any school year or the equivalent, or for one full school year, or both, while he or she is so enrolled. In implementing the pilot program, NDE may select not more than ten school districts to participate in the program. The Commissioner of Education must identify eligible postsecondary educational institutions to provide the necessary teacher education programs. Each participating school district must select paraeducators to participate in the pilot program.

LB 643 *Introduced by:* Beutler
Status: Held (Education)

LB 643 would add ten new sections to the Tax Equity and Educational Opportunities Support Act (TEEOSA). The new language concerns extended contract days for teachers. LB 643 defines "extended contract days" to mean days for which the teacher is paid by the district in excess of the number of contract days in the district's standard contract for certificated teachers for the applicable school fiscal year. Extended contract days may be used for participation in a summer enrichment program, a before-and-after-school program, or a modified or alternative program. The legislation clarifies the definition of "teacher" as meaning a certificated employee who is not performing the duties of a school administrator. LB 643 provides that a district may establish a qualifying summer enrichment program for students, and that the district will be reimbursed for expenses associated with employing certificated teachers for the program. However, the reimbursement will be equivalent to not more than five extended contract days per full-time teacher employed by the district, not to exceed the actual extended contract days used in the program.

**Teacher
Assistance
Programs**
continued

LB 676 *Introduced by:* Thompson
Status: Held (Appropriations)
In an attempt to complete the task she set out to accomplish last session, Senator Thompson filed LB 676 to appropriate funds to the Attracting Excellence to Teaching Program. A program established under LB 1399 (2000), but left unfounded at the conclusion of the last session. The program would forgive loans to students who commit to teaching in Nebraska after graduation. (Note: Funding for the loan forgiveness program was provided in LB 543e.)

LB 708 *Introduced by:* Kristensen
Status: Held (Education)
LB 708 creates the Teacher Tuition Reimbursement Act to be administered by NDE. Eligible teachers include those who (a) hold a bachelor's degree from the teacher education program of a four-year college or university within or outside Nebraska, (b) hold a certificate issued by NDE, and (c) is teaching in a public elementary or secondary school in Nebraska. The program would provide tuition reimbursement to eligible teachers who agree to teach in a public school in Nebraska for five years. The reimbursement would not exceed an unspecified percent of the lesser of (a) the amount the eligible teacher actually paid for tuition each semester for not more than eight semesters or (b) the average amount of tuition charged for 15 credit hours by the teacher education programs of the publicly funded colleges and universities in Nebraska, multiplied by eight. The exact percentage of reimbursement was deliberately left unspecified by the bill's sponsor with the assumption that the figure would be negotiated by the political process. If a teacher who receives tuition reimbursement fails to teach at a public school in Nebraska for five years pursuant to his or her agreement, he or she must repay, within one year of ceasing to teach at a public school in Nebraska, all funds received. LB 708 creates the Teacher Tuition Reimbursement Fund, which would consist of money transferred from the Education Innovation Fund and any other funds appropriated by the Legislature.

LB 715 *Introduced by:* Redfield
Status: Held (Education)
LB 715 creates the Recruiting Educators to Nebraska Program. The program would provide payments to newly hired teachers. A newly hired teacher means a teacher in his or her first, second, or third year of teaching in Nebraska. To be eligible for payments under the program, a teacher must be a newly hired teacher, must be teaching in a subject shortage area as defined by NDE, and must not be participating in the Attracting Excellence to Teaching Program. LB 715 requires NDE to pay to each eligible newly hired teacher the sum of \$1,500 per year for each year of his or her eligibility, not to exceed total payments of \$4,500 per teacher under the program. One-half of each annual payment amount will be paid at the end of the first semester of the school year and one-half at the end of the second semester. Funding for the program would

Teacher Assistance Programs
continued

derive from the Education Innovation Fund (State Lottery). The legislation re-directs the distribution of money allocated to the Education Innovation Fund as follows: (1) Up to \$1 million for the Master Teacher Program; (2) Up to \$1 million for the Attracting Excellence to Teaching Program Cash; (3) Up to \$500,000 for the Recruiting Educators to Nebraska Program; (4) Up to 80% of the remaining funds for quality education incentives under the Quality Education Accountability Act; and the remainder for incentive grants provided by the Governor. LB 715 eliminates funding under the Education Innovation Fund for the teacher mentor program.

LB 745 *Introduced by:* Raikes The Master Teacher Program was created under LB 1399 during the 2000 Session, but was not funded. LB 745 does not allocate funds the program, but it does change some of its characteristics. For the purposes of background, the Master Teacher Program is designed to provide monetary incentives to teachers who pursue and achieve national certification. LB 745 eliminates from eligibility all private school teachers in the program. The legislation also lowers the annual salary bonus available for teachers who complete the program from \$5,000 to \$2,500. Lastly, the legislation eliminates any form of cap on appropriations to the program so that there would be no limit to the number of public teachers who apply and receive the benefits of the program.

Status: Held (Education)

III. MEASURES INDEFINITELY POSTPONED

Certification **LB 33** *Introduced by:* Redfield LB 33 changes the certification reciprocity law (§ 79-813) to state that the State Board may authorize the issuance of certificates or permits to applicants who (1) complete an application prescribed by the board, (2) hold a valid certificate or permit currently in force in a state other than Nebraska, and (3) hold a valid certificate issued by the National Board of Professional Teaching Standards. The legislation appears to eliminates requirements for the out-of-state certificate or permit held by the applicant to be comparable and equivalent to those required under Nebraska law.

Status: Killed (merged into LB 314e)

Class I Districts **LB 181** *Introduced by:* Jones LB 181 states that Class I districts with disbursements and transfers of less than \$150,000 per fiscal year are not required to perform audits or file reports with the State Auditor or Commissioner of Education. An excep-

Status: Killed

Class I Districts
continued

tion is provided in cases where the commissioner receives a verifiable report indicating irregularities or misconduct of employees of the Class I district, misappropriation or misuse of public funds or property of the Class I district, or improper system or method of bookkeeping or condition of accounts of the Class I district.

Construction

LB 249

Introduced by:
Schimek
Status:
Killed

LB 249 states that in any civil action or arbitration proceeding based upon a construction contract, the successful party in the action or arbitration will be awarded reasonable attorney's fees and costs. Construction contract includes a written or oral agreement relating to the construction, alteration, repair, maintenance, moving, or demolition of a building, structure, or improvement or relating to the excavation of or other development or improvement to land.

Criminal Code

LB 229

Introduced by:
Hilgert
Status:
Killed

A repeat from last session, LB 229 prohibits any person to write, paint, draw, or etch upon any wall, rock, bridge, building, fence, gate, tree, or any other structure or any other real or personal property, either publicly or privately owned, any drawing, inscription, figure, or mark of any type. The offense carries the sanction of a Class III to a Class I misdemeanor depending upon the dollar amount of damages committed in the offense. A similar bill failed to advance from committee last year.

Enrollment Option

LB 573

Introduced by:
Redfield
Status:
Killed (partly merged into LB 797)

LB 573 would make several changes to statutes relevant to student admissions and the Enrollment Option Program. *Divorced Parents:* LB 573 amends §79-215 (student admissions) to require that a student whose parents are divorced or legally separated must be admitted without charge to a school district in which any parent resides or in which the student resides. *Option*

Students: The legislation eliminates current stipulations that the option is available only once to each student prior to graduation. LB 573 also eliminates all existing deadlines for the student's parent or legal guardian to submit an application to the option school board. Under current law, the application must be made between September 1st and January 1st for enrollment during the following or subsequent school years. The bill eliminates the requirement that applications submitted after January 1st must be accompanied by a written release from the resident school district. Under current law, the option school district must provide the resident school district with the name of the applicant by January 15th after receipt of the application by the option school district. LB 573 eliminates the date and requires that the option district must provide the information within 15 days after receipt of the option application by the option school district. LB 573 provides that the option school district must notify, in writing, the parent/guardian of the stu-

**Enrollment
Option - continued**

dent, and the resident school district, whether the application is accepted or rejected within 45 days after receipt of the application. Under current law, the notification must take place prior to April 1st.

**Income and
Sales Taxes**

LB 115 *Introduced by:* Quandahl
Status: Killed
LB 115 is a repeat bill from years past. The legislation would provide taxpayers a credit against their Nebraska income tax for up to \$200 paid by a taxpayer during the taxable year to a public school for the support of extracurricular activities to the extent the amount is not used by the taxpayer to reduce federal adjusted gross income or federal taxable income on the taxpayer's state return. The \$200 limitation also applies to taxpayers who elect to file a joint return for the taxable year. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim one-half of the tax credit that would have been allowed for a joint return. The legislation provides that extracurricular activities includes school-sponsored activities that require students to pay a fee in order to participate, including band uniforms, equipment or uniforms for athletic activities, and scientific laboratory materials. The credit would become available in the 2001 tax year.

LB 200 *Introduced by:* Wickersham
Status: Killed
LB 200 represents one of several "discussion" bills for the sake of funding the package proposed by the Teacher Salary Task Force. LB 200 would require the collection of sales tax on all food except for food purchased with "food stamps" issued by the U.S. government. LB 200 compensates for the broadened sales tax by creating a refundable food tax credit. The sales tax on food would commence on October 1, 2001 and the refundable food tax credit would commence in tax year 2001.

LB 202 *Introduced by:* Wickersham
Status: Killed
LB 202 represents one of a series of bills introduced for the sake of funding the proposal forwarded by the Teacher Salary Task Force. LB 202 would impose the collection of sales tax on various services beginning on October 1, 2001. The services to be taxed include the cleaning of garments, carpets, draperies, or other personal effects, building cleaning and maintenance, pest control, security, lawn and landscaping services, automobile parking and other automobile services, barbering and cosmetology services, massage and tanning services, escort and dating services, tattoo services, photography studio services, and installing, applying, and repairing tangible personal property.

Miscellaneous

LB 183 *Introduced by:* Janssen
Status: Killed
LB 183 permits the use of public funds by a local government for flowers or other appropriate memorial provided at the funeral of an elected or appointed official, a former elected or appointed official, an employee, or a

Miscellaneous
continued

former employee in recognition of service to the local government. The governing body must, by official action after a public hearing, establish a uniform policy which sets a dollar limit such memorials.

LB 223 *Introduced by:* Tyson
Status: Killed
LB 223 permits any county or municipality to issue bonds with a maturity of five years or less to purchase technology equipment or services to aid in the delivery of library and information services without a vote of the registered voters of the political subdivision.

LB 230 *Introduced by:* Hilgert
Status: Killed (merged into LB 668)
Current law requires firms that engage in lead abatement projects to hold a certificate for that purpose. The Department of Health and Human Services Regulation and Licensure has responsibility over issuing such certificates. The annual fee for a “firm” certificate is currently set at a range between \$2,000 and \$5,000. LB 230 would reduce the fee range to \$200 to \$500.

Property Taxes

LB 204 *Introduced by:* Wickersham
Status: Killed
Perhaps for the sake of discussion of funding the proposal forwarded by the Task Force on Teacher Salaries, LB 204 would leave the \$1.10 maximum levy limitation in tact as opposed to being decreased to \$1.00 as currently prescribed by law.

LB 514 *Introduced by:* Hartnett
Status: Killed
A repeat from past sessions, LB 514 would attempt to place the county treasurer collection fee outside the levy limitations for political subdivisions, including school districts. The fee is still collected by the county treasurer but the levied amount is not counted against the available levying authority of the political subdivision.

LB 624 *Introduced by:* Thompson
Status: Killed
Under current law (as per LB 1114, 1996), a levy limit exception exists for amounts levied to pay for special building funds and sinking funds established for projects commenced prior to April 1, 1996, for construction, expansion, or alteration of school district buildings. LB 624 would eliminate the date of “April 1, 1996” and thereby extend the levy exclusion to all building funds without regard to the commencement date.

LB 702 *Introduced by:* Kristensen
Status: Killed (merged into LB 170)
Under a law passed in 2000, all transactions of real property for which a sales statement is filed must be available for development of a “sales file” for analysis of level of value and quality of assessment and for use by assessing officials in establishing assessed valuations. All transactions with stated consideration of more

Property Taxes
continued

than \$100 or upon which more than \$1.75 in documentary stamp taxes are paid will be considered sales. All sales must be deemed to be arm's length transactions unless determined to be otherwise. The Department of Property Assessment and Taxation may not overturn a determination made by a county assessor regarding the qualification of a sale unless the department reviews the sale and determines through the review that the determination made by the county assessor is incorrect.

Retirement

LB 475 *Introduced by:* Bruning
Status: Killed
The Nebraska Public Employees Retirement Board (PERB) is currently comprised of seven appointed members, including one member who essentially represents school employees. The “school employee” member has historically been a teacher, certainly a teacher more often than a school administrator or any other school employee. In 2000 a school administrator was appointed to the PERB to fill the vacancy created by the outgoing school representative. NSEA requested the introduction of LB 475 in order to ensure representation of teachers on the PERB. The legislation would increase the composition of the board by two, and both new members must be teachers. LB 475 also ensures that a school administrator will always be appointed as one of the PERB members. LB 475 would become operative on January 1, 2002.

LB 526 *Introduced by:* Bourne
Status: Killed
LB 526 makes a number of changes in the Class V School Employees Retirement System. The contents of LB 526 was merged into LB 711 (see LB 711 under Priority Bill Analysis).

School Boards

LB 594 *Introduced by:* Erdman
Status: Killed (merged into LB 242)
Under current law, a teacher may not serve on the school board of his or her district. The current law applies to Class I, II, III, IV and VI school districts. LB 594 extends the current law to all district classifications and prohibits all school employees from becoming a member of the school board that employs them.

LB 646 *Introduced by:* Tyson
Status: Killed
Under current law, the “seat” of any member of a school board who is continuously absent from the district for a period of 60 days at one time or absent for more than two consecutive regular meetings of the board (unless excused by a majority of the remaining members of the board), is deemed vacant. The vacancy can then be temporarily filled by appointment of a qualified registered voter by the existing members of the board. LB 646 modifies existing law by stating that the legal existence of any vacancy resulting from unexcused absences must be established by the school board by a declaration of vacancy adopted by the school board at a public meeting and recorded in its minutes.

School Boards continued **LB 720** *Introduced by:* LB 720 amends the public meetings law to state that, except for closed sessions, all public bodies must make an intelligible audio recording of any public meeting held by that body.
continued Hudkins
Status:
Killed

School Finance **LB 478** *Introduced by:* LB 478 changes the calculation of need in the state aid formula. The bill provides for the calculation of an extreme poverty factor for local systems. The extreme poverty factor will apply to local systems having 35% or more formula students to whom the poverty factor is applied. The extreme poverty factor equals the total students in the local system to whom the poverty factor applies multiplied by .20. The bill provides that the extreme poverty factor will only be used to calculate formula need and will not be used to calculate cost group costs. Beginning in 2002-03, the lop-off provisions will not apply to local systems that receive less than 20% of their general fund operating expenditures from property taxes. School systems may exceed their applicable allowable growth rate for costs under the extreme poverty student education programs included in their school improvement plans beginning in 2001-02. The bill requires the State Department of Education to recalculate and distribute additional state aid for systems that qualify for the extreme poverty factor in 2001-02. Intent language provides for an appropriation of \$15 million of general funds in 2001-02 to fund the extreme poverty factor.
Killed

LB 576 *Introduced by:* LB 576 provides that the local system formula need calculation in the state aid formula will be adjusted by a professional staff incentive factor beginning with state aid paid in 2002-03. The staff incentive factor is based on the number of full-equivalent teachers and other support staff, in the prior year, who are required to hold a certificate. These FTE are weighted based upon degree level achieved and years of experience and the total is divided by the number of unweighted staff in the district to determine the local system weighting factor. A statewide average factor is determined in the same manner for all professional staff employed in the state. Each local system's weighting factor is then divided by the statewide average factor to determine the local system's professional staff incentive factor. The factor is multiplied by local system need to determine the amount required to be added to calculated needs for the professional incentive factor.
Price
Status:
Killed

School Organization **LB 431** *Introduced by:* LB 431 creates the School Structure Task Force. The task force is authorized to conduct a two-phase study of the school systems in the standard cost grouping. Phase I of the study would determine and gather the information needed to assess the number and configuration of
Beutler
Status:
Killed

**School
Organization**
continued

school districts in the standard cost grouping which most efficiently and most fairly maximize the educational benefits to all the students of such districts considering current resources available to such districts as a whole. Phase I would also identify the fiscal resources necessary to analyze the material and to make any detailed plan required by Phase II of this study. Phase II of the study would determine whether reduction or reconfiguration of existing school districts in the standard cost grouping is advisable and, if so, must recommend to the Legislature a detailed plan to reduce or reconfigure the number of school districts in the standard cost grouping to the number that will best maximize the educational benefits to the students.

**School
Violence**

LB 740 *Introduced by:* Landis
Status: Killed
LB 740 establishes a demonstration grant program to enhance the conflict management and dispute resolution skills of Nebraska students and teachers. Under the program, NDE is required to establish criteria by which competitive grant applications are awarded.

**Teacher
Assistance
Programs**

LB 554 *Introduced by:* Schrock
Status: Killed
LB 554 extends collection of sales tax to snack foods, such as soft drinks, candy, chewing gum, potato chips, popped popcorn, etc. Revenue generated under the so called "twinky tax" would be transferred to the Snack Tax Distribution Fund, which is created under this legislation. The majority of the annual proceeds to the Snack Tax Distribution Fund (90%) would be allocated to the Teacher's Health Insurance Assistance Fund, which is created by the bill. The Teacher's Health Insurance Assistance Fund would be used for distribution of money to fund teacher's health insurance premiums.

LB 710 *Introduced by:* Stuhr
Status: Killed
LB 710 provides a tax credit for any Nebraska public school teachers who is a full-time public school teacher in a kindergarten through grade twelve classroom in Nebraska during the tax year. The teacher will be allowed a refundable credit against the income tax imposed by the Nebraska Revenue Act based on the years of service as a teacher as maintained by the School Employees Retirement System or the Class V School Retirement System.

LB 744 *Introduced by:* Raikes
Status: Killed
LB 744 amends the state aid formula (TEEOSA) to include a teacher salary allowance beginning in 2002-03. The teacher salary allowance is equal to \$2,500 per FTE teacher. The amount is increased by the allowable growth rate each year thereafter. The total number of FTE used to calculate the allowance for school systems that are in the standard and sparse cost grouping cannot exceed one teacher per 13 formula students. No system can have less than 21 teachers.

Teacher Assistance Programs
continued

LB 749 *Introduced by:* Raikes
Status: Killed
LB 749 adds a teacher salary allowance to the state aid formula beginning in 2002-03 based on \$50 per adjusted formula student. If districts in the local system do not use the funding to increase salary expenditures, future aid payments will be reduced to recover the teacher salary allowance from the district. The budget lid is amended to allow additional budget authority equal to \$50 per adjusted formula student.

LB 793 *Introduced by:* Kremer
Status: Killed
LB 793 amends the state aid formula (TEEOSA) to include a teacher salary allowance beginning in 2002-03. The teacher salary allowance is equal to \$50 per adjusted formula student. The amount is increased by the allowable growth rate each year thereafter. Schools must demonstrate to NDE that the funds received for allowances in 2002-03 and 2003-04 were used to increase salaries.

LB 799 *Introduced by:* Raikes
Status: Killed
LB 799 creates a "differential salary allowance" to provide funding through the state aid formula for teachers in high poverty buildings in districts that provide a higher salary for teachers in those buildings. Districts receiving a differential salary allowance are allowed to exceed their applicable allowable growth rate by the amount of the allowance. The measure also removes private school teachers from the Master Teacher Program, removes caps, and reduces the annual salary bonuses for the Master Teacher Program to \$2,500, except that the annual bonuses for teachers in high poverty buildings will remain at \$5,000.

IV. MEASURES VETOED BY GOVERNOR

Immunization **LB 24** *Introduced by:* Suttle
Status: Passed/Vetoed
LB 24 would create the Nebraska Immunization Registry Task Force to study issues and make recommendations to the Legislature concerning: (1) the development of a plan to implement a statewide immunization registry; (2) changes needed in the law in order to enact a statewide immunization registry law; (3) the information that should be included in an effective statewide immunization registry for Nebraska; (4) the agency or entity which should control the statewide immunization registry; (5) which age groups should participate in a statewide immunization registry; (6) any other issues the task force finds relevant to creating and maintaining an effective statewide immunization registry. The task force will be comprised of 32 members, begin its work on July 1, 2001 and submit a report to the Legislature by December 15, 2001.

V. INTERIM STUDIES

The following interim studies have been identified by NCSA as relevant, or potentially relevant, issues to school administrators and public education in general. (Note: See Appendix for the Education Committee interim study priority list.)

LR 67	<i>Sponsored by:</i> Suttle	<i>Subject:</i> Deaf and hard of hearing interpreters	<i>Committee Assignment:</i> Health
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Sponsor's Purpose Statement: "LB 22 (2001) will require licensure of deaf and hard of hearing interpreters. The state court and probation systems need competent interpreters and have had to rely on interpreters from out of state. The purpose of this study is to determine how licensing under LB 22 could encompass (1) provisional licensing when needed for the court and probation systems and (2) levels of competency within a licensing scheme. This study shall include a review of how other states requiring licensure of deaf and hard of hearing interpreters provide for provisional licensing and levels of competency under their licensing schemes."

LR 87	<i>Sponsored by:</i> Janssen	<i>Subject:</i> State Lottery Act	<i>Committee Assignment:</i> General Affairs
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Sponsor's Purpose Statement: "To study the options available to increase money distributed to the three designated beneficiaries of funding pursuant to the State Lottery Act. The study shall examine: (1) The current distribution percentage scheme and whether it is the most efficient way to maximize profits; (2) If there are alternatives available to increase the dollar amount the three beneficiaries receive; (3) Options that other states have examined in order to address the issue of declining lottery revenue; and (4) Any other matters appropriate for complete examination of the issue."

LR 89	<i>Sponsored by:</i> Redfield	<i>Subject:</i> Income tax structure	<i>Committee Assignment:</i> Revenue
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Sponsor's Purpose Statement: "The purpose of this resolution is to examine Nebraska's income tax structure. This study shall examine the taxation of Nebraska's retired citizens. The focus of this study shall be tax equity and shall include an examination of programs such as social security, state pensions, federal pensions, railroad pensions, as well as other private pensions."

LR 95	<i>Sponsored by:</i> Coorsen	<i>Subject:</i> School building structures	<i>Committee Assignment:</i> Education
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Sponsor's Purpose Statement: "To conduct an interim study to determine the status of school building structures in the State of Nebraska."

LR 113	<i>Sponsored by:</i> Kremer	<i>Subject:</i> Property taxes	<i>Committee Assignment:</i> Education
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Sponsor's Purpose Statement: "Since its enactment in 1990, TEEOSA has contained a provision for the use of adjusted valuations in the equalization formula. School systems which are assessed at less than the full standard of assessment (one hundred percent of market value for most real property, eighty percent of market value for agricultural or horticultural land) are held accountable for the valuation their system would have had if it were assessed at the full statutory standard. This prevents school systems in counties assessing at less than the statutory standard from receiving a windfall of state equalization aid. However, due to the implementation of levy limitations in 1998-99, school systems and taxpayers in counties assessed at less than full valuation are treated differently than those in counties assessing at the full statutory standard. The reason is that, while state aid is based on the adjusted valuations, actual property taxes owed by taxpayers and collected by school systems are less in counties assessing at less than full value. This study shall examine: (1) The impact on property taxpayers and on school systems produced by the interaction of the use of adjusted valuations for state aid purposes while simultaneously using assessed valuations for actual property taxation; and (2) The feasibility of adjusting the levy limitations for school systems on the same basis by which their valuations are adjusted for state aid purposes, as a means to enhance the equity of the property tax-state aid interaction."

LR 116	<i>Sponsored by:</i> Kremer	<i>Subject:</i> Poverty and Education	<i>Committee Assignment:</i> Education
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Sponsor's Purpose Statement: "The purpose of this resolution is to examine the extent to which poverty affects students' education, including their achievement levels and related educational needs. The study shall include, but not be limited to, the following: (1) Collection of data statewide regarding the scope of poverty and the needs of children in poverty and their schools, with special focus on the four Native American reservation communities; (2) Collection of data regarding the short-term and long-term effects poverty has on students and the costs to the states when students do not finish high school; (3) Collection of data about Native American students and their educational status in Nebraska; (4) Identification of existing programs within the State Department of Education that can improve the educational status of Native American students and review of relevant research on what works with children in poverty; (5) Examination of other states that have developed strategies to effectively deal with high numbers of students in poverty; and (6) Review of models for incorporating the matter of poverty into the state funding formula, including strategies for tracking funding and determining effects."

LR 119	<i>Sponsored by:</i> Stuhr	<i>Subject:</i> Educational Service Units	<i>Committee Assignment:</i> Education
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Sponsor's Purpose Statement: "The purpose of this study is to clarify who is eligible to run for positions on the boards of educational service units comprising more than one county."

Current statutory language is confusing and needs to be clarified. LB 647 (2001) would have added clarifying language on this issue to section 79-1217. This study shall include, but need not be limited to, consideration of the provisions of current statutes and of LB 647 and any other issues the committee deems relevant.”

LR 122	<i>Sponsored by:</i> Foley	<i>Subject:</i> School bus inspections	<i>Committee Assignment:</i> Transportation
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Sponsor’s Purpose Statement: “On February 6, 2001, the Governor signed LB 36 into law. The law eliminates the duty of school bus inspections by the Nebraska State Patrol. The statement of intent for this legislation noted that, "The State Patrol Task Force found that this is a duplication of quarterly inspections by trained mechanics for each school district required by the Nebraska Department of Education". As a result of a careful investigation of the Nebraska State Patrol school bus inspection reports filed at the State Department of Education, many examples were found of safety violations. Some examples include: Emergency doors that were padlocked or otherwise inoperable; empty fire extinguishers; emergency door handles missing; missing registration and insurance cards; seats not bolted down; brake lights inoperable; exhaust system leaks; stop arms missing or not functioning; first aid kits missing; emergency brakes not holding; tires worn down to tread bars; cracked windows; and others. All of the above violations were discovered by the Nebraska State Patrol after a local mechanic selected by the school district had already inspected the buses. During April 2001, a survey of school districts with bus services for their students revealed that of the seventy-seven districts who responded, seventy-one districts reported having no required qualifications for the mechanic who inspects their buses. Only six districts had some kind of qualification. Thus, there is no assurance that the mechanic who inspects the school buses will find all of the violations. The mechanics selected by the local school districts are not necessarily well versed in the state requirements for safety of school buses. The violations found on school bus inspection reports filed by the Nebraska State Patrol are serious threats to the safety of Nebraska students. In order to assure that student safety is maximized, further study is needed on the question of who conducts school bus inspections and what qualifications might need to be required of those who perform the inspections.”

LR 125	<i>Sponsored by:</i> Wehrbein	<i>Subject:</i> Collective bargaining	<i>Committee Assignment:</i> Transportation
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Sponsor’s Purpose Statement: “To study the provisions of section 81-1385, Reissue Revised Statutes of Nebraska, which is that portion of the State Employees Collective Bargaining Act that specifies consequences in the event of appeal by either the exclusive collective bargaining agent or the employer of a Special Master ruling. It is the intent of the Legislature to study and determine: (1) Whether subsections (1) and (2) of section 81-1385 no longer serve as an incentive for an exclusive collective bargaining agent or the employer to reach agreement in collective bargaining contracts; and (2) Whether subsections (1) and (2) of section 81-1385 contain an unreasonably punitive provision for an exclusive collective bargaining agent or the employer in the event of an appeal by either party of a Special Master ruling.”

LR 131	<i>Sponsored by:</i> Schrock	<i>Subject:</i> Declining enrollments	<i>Committee Assignment:</i> Education
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Sponsor's Purpose Statement: "This study shall look at how schools with declining enrollments are affected by decreases in state aid."

LR 135	<i>Sponsored by:</i> Thompson	<i>Subject:</i> Special building funds	<i>Committee Assignment:</i> Revenue
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Sponsor's Purpose Statement: "As the statutory levy limits for public school districts move from \$1.10 to \$1.00, the current law which combines the general fund, the special building fund, and the hazardous material abatement/handicapped accessibility fund within the tax rate limitation should be reviewed. The issues that should be studied include the effect that maximizing the special building fund has on an equalized school district which is levying near or at the maximum, the effect that the tax rate limitation places on school districts that are growing or have older facilities that require improvement in providing educational services, and how the use of bonds is affected by these limitations."

LR 140	<i>Sponsored by:</i> Schimek	<i>Subject:</i> Budget limitations	<i>Committee Assignment:</i> Revenue
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Sponsor's Purpose Statement: "To review the impact of budget lid restrictions on political subdivisions that have been passed by the Legislature."

LR 145	<i>Sponsored by:</i> Revenue Com.	<i>Subject:</i> Nebraska's tax structure	<i>Committee Assignment:</i> Revenue
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Sponsor's Purpose Statement: "The purpose of this resolution is to examine Nebraska's overall tax structure. The study shall examine the burden borne by Nebraska taxpayers in the aggregate compared to that of taxpayers in other states by various measures, and the burden on individual taxpayers as affected by exemptions from tax, tax credits, and other preferences granted to some taxpayers as compared to others. The study will examine whether tax burdens are similar for similarly situated taxpayers with a focus on tax equity. The study is to examine all of the major tax programs used in Nebraska, the exemptions, credits, and other preferences granted within those tax bases, our relative reliance on each, and the combined burden they place on Nebraska taxpayers in a variety of situations. The study shall also examine the changes that might result if significant proposals that were offered in the 2001 Legislative session and held by the Revenue Committee were enacted. Included in such proposals would be LB 841, proposed by Senator Brashear, that would dramatically expand the sales tax base, lower income tax rates, and provide a homestead exemption. Another example is LB 528, proposed by Senator Raikes, that would substantially simplify and flatten Nebraska's income tax system. The purpose of this analysis is to determine how such dramatic changes might affect Nebraska taxpayers by income group."

LR 146	<i>Sponsored by:</i> Revenue Com.	<i>Subject:</i> Assessment of agricultural land	<i>Committee Assignment:</i> Revenue
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Sponsor's Purpose Statement: "This study is to determine the impact on the assessment of agricultural and horticultural land if the assessment methodology proposed by LB 600 (2001) were implemented. The study will rely on information generated by the Department of Property Assessment and Taxation and the University of Nebraska Institute of Agriculture and Natural Resources and compiled by the department. The study is to analyze the changes in valuation that could be expected to various subclasses within the class of agricultural and horticultural land as compared to each other and between different areas of the state. The study should also determine the sensitivity of those valuations to changes in the capitalization rate or rates. Finally, the study should examine the extent that local governments would be able to finance current operations under the levy limits should LB 600 be enacted into law and the effect that the assessment method would have on equalization aid under the Tax Equity and Educational Opportunity Support Act."

LR 156	<i>Sponsored by:</i> Schimek	<i>Subject:</i> Job application materials	<i>Committee Assignment:</i> Government
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Sponsor's Purpose Statement: "LB 137, passed by the Legislature in 1999, provided that job application materials for positions with public bodies, other than those for finalists, may be withheld from public access. The reason for this exemption from sections 84-712 to 84-712.09 was to allow public bodies to create a large pool of qualified applicants for positions these bodies were attempting to fill. Since the passage of LB 137, questions have arisen as to the definition of finalist. The purpose of this study is to examine the original intent of LB 137 and to determine whether changes in the statutes are needed to balance the securing of the most qualified applicants for public positions and the public's interest in accessing information of applicants applying for these positions."

LR 160	<i>Sponsored by:</i> Hudkins	<i>Subject:</i> Greenbelt law	<i>Committee Assignment:</i> Revenue
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Sponsor's Purpose Statement: "To examine current Nebraska statutes relating to the Greenbelt Law."

LR 163	<i>Sponsored by:</i> Hudkins	<i>Subject:</i> Annexation	<i>Committee Assignment:</i> Education
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Sponsor's Purpose Statement: "To examine current Nebraska statutes relating to the impact of municipal annexation upon school districts and their boundaries."

LR 165	<i>Sponsored by:</i> Stuhr	<i>Subject:</i> Career education programs	<i>Committee Assignment:</i> Education
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Sponsor's Purpose Statement: "The purpose of this study is to examine state policies relating to career and technical education programs in Nebraska. This shall include the following issues: (1) The funding for current and new career and technical education programs at both the middle school and high school levels; (2) Existing and alternative licenses for Career and Technical Education teachers and ways to address potential teacher shortages in this area; and (3) A statewide tracking system to provide followup information on Career and Technical Education graduates regarding postsecondary education and careers."

LR 182	<i>Sponsored by:</i> Brashear	<i>Subject:</i> Nebraska Juvenile Code	<i>Committee Assignment:</i> Judiciary
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Sponsor's Purpose Statement: "Practitioners, professionals, administrators, and policy-makers have acknowledged a necessity for a comprehensive and extensive review and analysis of the Nebraska Juvenile Code. Such a review shall identify specific issues to consider in detail and make recommendations for appropriate revisions and recodification of the Nebraska Juvenile Code to implement any such revisions or changes."

LR 184	<i>Sponsored by:</i> Price	<i>Subject:</i> Budgeted reserve limitations	<i>Committee Assignment:</i> Revenue
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Sponsor's Purpose Statement: "Prior to 1990, all political subdivisions were subject to the same budgeted reserve limitations by the Nebraska Budget Act, specifically subdivision (1)(b) of section 13-504. That limitation is generally fifty percent. The 1990 enactment of the Tax Equity and Educational Opportunities Support Act imposed more restrictive reserve limitations on all school districts. Depending on the enrollment in the district, the limit is as little as twenty percent. In addition, the annual growth in budgeted reserves is further limited to two percent of the general fund budget of expenditures. The intent of the more restrictive school reserve limitation in the act appears to have been to prevent school districts from raising their reserves, thereby reducing the effectiveness of state aid's reduction in the reliance on property taxes. However, the budgeting landscape for school districts and all other political subdivisions which levy and collect property taxes changed dramatically with the 1996 enactment of LB 1114. LB 1114 placed statutory levy limits on all such subdivisions. However, it did not remove the pre-existing budget limitations. The combination of levy limitations and budget limitations now in place for school districts have dramatically altered the landscape upon which the original reserve limitations were founded. First, the existence of the levy lid takes away the original fear that school districts would spike their reserve collections from property taxes. Second, reserves play a crucial role in multi-year planning under levy limitations and under spending limitations. Gone are the days when an unanticipated change in circumstance, such as a drop in assessed valuation for which replacement state aid lags one year, could be addressed by adjusting the property tax request. Now, school districts must prepare multi-year plans, adapting to the annual changes in state aid and other resources available to them. The budgeted reserve is valuable planning tool for those multi-year budget plans. The purpose of this study is to examine the existing statutes limiting the budgeted reserves of school districts to determine whether

these restrictions curtail efficient utilization of funds by school districts. The issues to be examined include, but are not limited to: (1) Whether the school district reserve limitations curtail the long-term budget planning of school districts; (2) The extent to which the school district reserve limitations are a detriment to the efficient utilization of funds by school districts; and (3) The degree to which the original circumstances resulting in the implementation of the reserve limitations in 1990 are still applicable in light of changes in state aid, spending limitations, and levy limitations.”

LR 201	<i>Sponsored by:</i> Erdman	<i>Subject:</i> Age of majority	<i>Committee Assignment:</i> Judiciary
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Sponsor’s Purpose Statement: “The purpose of this study is to determine whether Nebraska should change the age of majority from nineteen to eighteen years of age. Currently all six neighboring states and 44 of the 50 states use age eighteen as their age of majority. The committee should determine what different ages of majority exist in Nebraska statutes currently. The committee should review the financial and social ramifications of such a change with respect to laws administered by the Department of Health and Human Services, Department of Health and Human Services Regulation and Licensure, and Department of Health and Human Services Finance and Support; if such a change would assist eighteen year olds who live alone to obtain medical and legal services and secure housing; and how homeless teenagers would be affected.”

LR 202	<i>Sponsored by:</i> Jensen	<i>Subject:</i> Health issues	<i>Committee Assignment:</i> Health
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Sponsor’s Purpose Statement: “The purpose of this study is to examine health and human services issues, including, but not limited to: The Nebraska Health Care Funding Act; the Nebraska Mental Health Commitment Act, mental health services, the role and mission of the regional centers, and assertive community treatment; implementation of the federal Ticket to Work and Work Incentives Act; early childhood care and education, and child support enforcement; welfare reform and TANF funding; marriage and family, teenage pregnancy, placement and care of state wards, and juvenile justice; developmental disabilities services; licensing of health care professionals and facilities, health insurance, prescription drugs, rural health, minority health, health care quality, health care availability and affordability, and availability of health care providers; public health development, state public health law, implementation of the Public Health Improvement Plan, and tobacco control and cessation; and health and human services funding, health and human services statutes, and the Nebraska Health and Human Services System.”

LR 208	<i>Sponsored by:</i> Jensen	<i>Subject:</i> State wards	<i>Committee Assignment:</i> Health
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Sponsor’s Purpose Statement: “The purpose of this study is to examine the out-of-home placement of state wards in the State of Nebraska, including, but not limited to, the causes

for the increasing number of state wards, the protection of state wards in out-of-home care, and necessary and appropriate changes in public policy affecting state wards.”

LR 210	<i>Sponsored by:</i> Education Com.	<i>Subject:</i> State aid formula needs	<i>Committee Assignment:</i> Education
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Sponsor’s Purpose Statement: “To study the determination of formula needs pursuant to the Tax Equity and Educational Opportunities Support Act.”

LR 211	<i>Sponsored by:</i> Education Com.	<i>Subject:</i> Reorganization of schools	<i>Committee Assignment:</i> Education
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Sponsor’s Purpose Statement: “To study issues related to the reorganization of school districts.”

LR 212	<i>Sponsored by:</i> Education Com.	<i>Subject:</i> Extreme poverty	<i>Committee Assignment:</i> Education
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Sponsor’s Purpose Statement: “To study issues related to the education of students in extreme poverty.”

LR 213	<i>Sponsored by:</i> Education Com.	<i>Subject:</i> Education issues	<i>Committee Assignment:</i> Education
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Sponsor’s Purpose Statement: “The purpose of this study resolution is to investigate and review matters and issues arising during the interim which are within the jurisdiction of the Education Committee of the Legislature.”

LR 215	<i>Sponsored by:</i> McDonald	<i>Subject:</i> Public office qualifications	<i>Committee Assignment:</i> Government
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Sponsor’s Purpose Statement: “This study is to examine issues of eligibility for political office for employees of political subdivisions as raised by the Nebraska Supreme Court in State ex rel. Spire v. Conway, 238 Neb. 766, 472 N.W. 2d 403 (1991). The study should cover employees of all political subdivisions of the state.”

LR 217	<i>Sponsored by:</i> Bus. & Labor Com.	<i>Subject:</i> Collective bargaining	<i>Committee Assignment:</i> Business and Labor
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Sponsor’s Purpose Statement: “To study the collective bargaining process for all public employees of the State of Nebraska. The study shall include, but not be limited to, an investigation into the following: (1) The process used for impasse resolution by the various bargaining groups in the state; (2) The utilization of the special master by various bargaining groups; and (3) The cost associated with utilizing a special master and the CIR.”

LR 221	<i>Sponsored by:</i> Bruning	<i>Subject:</i> Retirement issues	<i>Committee Assignment:</i> Retirement
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Sponsor's Purpose Statement: "The purpose of this resolution is to review the provisions of LB 686 (2001). This legislation proposed that several changes be made to the actuarial funding methods used by the Public Employees Retirement Board in the valuation of the School Retirement System of the State of Nebraska, the Nebraska State Patrol Retirement System, and the Nebraska Judges Retirement System, and that the Nebraska Public Employees Retirement Systems merge several separate funds and accounts in the School Retirement System. In general, it is the purpose of this interim study to determine whether such changes are feasible. More specifically, the study shall include a review as to whether or not various accounts in the school plan may be collapsed into one fund, including the accounts that are used to hold employer contributions, employee contributions, state contributions, and the account from which member retirement benefits are paid, and an analysis regarding a change in the actuarial valuation method in the three retirement plans, with future valuations being made using the 'Entry Age Actuarial Cost Method'. Should the study reveal that it is possible to make the recommended changes, the appropriate amendments will be prepared for introduction during the subsequent legislative session."

LR 222	<i>Sponsored by:</i> Bruning	<i>Subject:</i> Retirement issues	<i>Committee Assignment:</i> Retirement
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Sponsor's Purpose Statement: "The purpose of this resolution is to review the provisions of LB 407 (2001). LB 407 proposes to make several administrative changes to the Retirement System for Nebraska Counties, the School Retirement System of the State of Nebraska, and the State Employees Retirement System of the State of Nebraska, administered by the Public Employees Retirement Board. More specifically, the following proposals will be examined: (1) Whether the membership provisions in the state, county, and school plans should be modified to include both active and inactive members; (2) Whether the standards for beginning and continuing participation in the state and county plans should be added, including clarifications on beginning contributions and continuing contributions without a break for purposes of termination; (3) A review of the process of determining who should be contributing each year to the school plan and modifying it so that it is clearer who should be making contributions to the retirement plan each year; (4) Whether the granting of service credit in the school plan should be modified from an annual to a monthly basis, even though service is still recorded on an annual basis in the school plan; and (5) Whether the status of substitute school employees should be clarified in order to distinguish them from permanent employees who fill in for other absent regular school employees. Should the study reveal that it is possible to make the recommended changes, the appropriate amendments will be prepared for introduction during the subsequent legislative session."

LR 237	<i>Sponsored by:</i> Revenue Com.	<i>Subject:</i> Taxation of public property	<i>Committee Assignment:</i> Revenue
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Sponsor's Purpose Statement: "This study is to examine the implementation of LB 271 that was enacted in 1999 and became fully operable in 2001. That bill implemented a constitutional amendment approved by the people calling for the taxation of public property that is not used for a public purpose. The study is to examine rules and regulations of the Department of Property Assessment and Taxation and how the different counties have dealt with the issue both procedurally and substantively. Finally, the study is to determine the need for more uniform treatment of publicly owned property between counties, if any."

LR 238	<i>Sponsored by:</i> Raikes	<i>Subject:</i> After-school programs	<i>Committee Assignment:</i> Education
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Sponsor's Purpose Statement: "This study shall examine the implementation of new federal guidelines for the funding of after-school programs. The study shall include review of (1) the effectiveness of after-school programs in reducing crime, teenage pregnancy, and drop-out rates, (2) Nebraska's current four 21st Century Learning Centers providing after-school programs to students in Nebraska, and (3) increased federal funding for after-school programs to promote state program development."

LR 251	<i>Sponsored by:</i> Redfield	<i>Subject:</i> Property taxes	<i>Committee Assignment:</i> Revenue
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Sponsor's Purpose Statement: "When municipalities, through the use of eminent domain, assume ownership of utilities previously owned by private entities, taxable property is removed from the tax rolls. This results in a shift of property tax burden among taxpayers and a loss of property tax revenue to other political subdivisions, such as counties, school districts, natural resources districts, and community colleges. Also, state aid formulas to counties, natural resources districts, and municipalities under Neb. Rev. Stat. sections 77-27,137, 77-27,137.02, and 77-27,139.03, respectively, are based upon property taxes levied, and state aid formulas to schools are based, in part, upon the amount of property available for taxation. Removal of large amounts of property from the tax rolls in this manner skews state aid formulas. When political subdivisions construct utility infrastructure to compete with existing utilities, the value of the existing utility's infrastructure is diminished or destroyed. This results in similar revenue issues as with direct condemnation. When the power of eminent domain is exercised to take ownership of and subsequently operate utilities, other taxable transactions may become exempt from sales or use tax and income generated by the utility becomes exempt from income tax. The purpose of this study is to examine how property tax, state revenue, and state aid formulas are impacted by municipalities' use of the power of eminent domain over utilities. Also, the study shall review how property tax, state revenue, and state aid formulas are impacted by political subdivisions' construction of utility infrastructure to compete with existing utilities. Further, the study shall include recommendations, if any, to correct any negative impact, such as adjustments of state aid formulas to include property previously taxed or taxation of proprietary functions of municipalities."

LR 259	<i>Sponsored by:</i> Revenue Com.	<i>Subject:</i> Tax incentives	<i>Committee Assignment:</i> Revenue
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Sponsor's Purpose Statement: "Since December 1999, the Legislative Fiscal Office has used a computable general equilibrium model (TRAIN) to investigate economic impacts of various tax incentives proposed or in existence in Nebraska. The TRAIN model is a comprehensive general economic model that is able to examine how tax changes and incentives affect the Nebraska economy, personal income, and state revenue. However, TRAIN is, in a sense, a static model that measures the changes in the economy from equilibrium at a point before introduction of the shock to a point of new equilibrium at some point in the future. The model does not allocate impacts by year -- the impacts are from one equilibrium point to the new equilibrium point, which occurs over a number of years. more advanced model, a dynamic TRAIN model, will be able to measure economic impacts by year. Because the dynamic model utilizes the economic growth in the model, it will provide more realistic outcomes on the impacts of tax incentive and will present the path of Nebraska economy through time. During the interim study in 2000, the Legislative Fiscal Office investigated many dynamic CGE models published in order to determine the most efficient model framework for examining Nebraska tax incentives. After careful literature review, a National Dynamic CGE model, called the BFSW model (constructed by Ballard, Fullerton, Shoven, and Whalley), was selected as the basic framework for constructing a dynamic Nebraska CGE model. It was originally constructed in 1987 and later modified and used by many researchers for academic and policy research. An interim study should be conducted this year to: (1) Construct a basic framework based on the BFSW model; (2) Specify Nebraska tax systems based on TRAIN model; (3) Construct a Nebraska database based on IMPLAN; and (4) Document the new Dynamic TRAIN model.

VI. APPENDIX

A. LB 305 Summary

The following summary of LB 305 includes all amendments adopted through Select File. A motion for cloture failed after eight hours of debate on Select File, so the measure remains at that stage of the legislative process.

LB 305 incorporates the contents of a bill already advanced by the Revenue Committee (LB 206), which proposes a one-quarter percent increase in the state sales tax rate. It is estimated that the sales tax increase would produce an additional \$32.5 million in state revenue in 2001, \$51.8 million additional revenue in 2002, and \$54.4 million in 2003 (the projected revenue in 2001 is considerably lower since the increase won't become operative until October 1, 2001).

The one-quarter percent sales tax increase will not be sufficient to fully fund the program outlined in LB 305 after the year 2003. Therefore, it will be necessary, eventually, for the Legislature to find additional resources to fund the program, perhaps through the Cash Reserve Fund. The program outlined in LB 305 is projected to cost \$8 million in 2001-02, \$41.3 million in 2002-03, \$63 million in 2003-04, and \$69.6 million in 2004-05.

- 1. Teacher Salary Proposal.** The proposal can be divided into two phases. The first phase is applicable to all school systems (equalized and non-equalized) and all educational service units. The second phase applies only to equalized school districts.

Phase I

The first phase of the plan provides a new exception to the spending lid and also provides "salary adjustment incentives" for all school districts (equalized and non-equalized) and ESUs in 2001-02 that meet the qualifications listed below.

Budget (Spending) Limitations. The legislation would provide a one year exception to the spending lid in the amount of 115% of the increase in the amount budgeted for teacher salaries compared to 2000-01. The additional 15% (above 100%) accounts for social security and the employer's contribution to the employees' retirement system. The intent is to encourage employers to increase teacher salaries for 2001-02 in order to access the one time opportunity for additional budget authority.

Salary Adjustment Incentives. Under Phase I, the legislation would provide state funding in the amount of \$2,000 per "beginning teacher," if the district or ESU raises the standard contract salary for those teachers by \$2,000 as compared to 2000-01. The bill defines "beginner teacher" as a teacher who is within his or her first four years of full-time teaching. The state funding is applicable to all school systems and is not a part of the equalization formula. School districts must apply to NDE for the incentive funds by November 1, 2001 and the funds would be distributed by November 30, 2001.

Districts receiving salary adjustment incentives must report to NDE by November 1, 2002 concerning how the funds were spent. Any amount of incentive funds that are not used to increase salaries of teachers in their first four years of teaching will be withheld from future state aid payments. (NOTE: Non-equalized districts receive state aid in the form of option payments and allocated income tax funds while equalized districts receive state aid in the form of option payments, allocated income tax funds, and equalization funds.)

Additional Spending Authority. Under current law, a school board may exceed its basic allowable growth rate by 1% upon an affirmative vote of 75% of the board. Under LB 305, a school board may seek additional budget authority of up to 3% with an affirmative vote of 75% of the school board (not applicable to Class Is) if the district meets certain requirements. (NOTE: A school board may NOT seek both the existing 1% additional spending authority AND the new spending authority provided under LB 305.)

There are two requirements incumbent upon a school board seeking the additional 3% spending authority under LB 305: (1) the district must be budgeting an increase in salaries for beginning teachers of at least 6%; and (2) the district must have a below average spending for its cost grouping based on the adjusted general fund operating expenditures divided by formula students.

(NOTE: The additional spending authority noted immediately above is intended for whatever purpose designated by the board, such as teacher salaries, textbooks, or any other district need.)

Phase II

Phase II is applicable to equalized school systems only.

School Year 2002-03. A “teacher salary enhancement allowance” is added to formula need at \$100 per adjusted formula student. In order to qualify, local systems must have either: (i) a general fund common levy of \$0.90 or greater and qualified for the salary adjustment incentives for 2001-02; or (ii) have had a general fund common levy of \$0.97 (not \$0.99 as originally proposed) or greater for 2001-02. This accountability mechanism assures that the allowance goes to districts that either raised salaries or were fully utilizing the available resources.

The legislation also provides an exception to the spending limitation in 2002-03 in the amount of the teacher salary allowance. This is intended to allow districts to spend the amount of the allowance, whether or not the district is equalized.

LB 305 also permits the additional (optional) 3% spending authority listed under Phase I provided that the district adheres to the two requirements to obtain the additional spending authority.

School Year 2003-04. The teacher salary allowance is increased by the basic allowable growth rate (2.5%) plus 0.5%. To continue qualification, the local system must have either: (i) a general fund common levy of \$0.90 or greater in 2002-03 and had beginning salaries that were equal to or greater than the statewide average for 2002-03; or (ii) a general fund common levy of \$0.90 or greater in 2002-03, increased beginning teacher salaries from 2000-01 to 2002-03 by an amount equal to or

greater than \$1,500, and increased total teacher salaries from 2000-01 to 2002-03 by an amount equal to or greater than the teacher salary enhancement allowance for 2002-03.

It is the belief of the Education Committee that districts will not need a continuing budget exception at this point in the plan since all Class II - VI districts will have the option of accessing budget growth of at least 3.5%, which is greater than the growth rate for the allowance at 3.0%.

LB 305 also permits the additional (optional) 3% spending authority listed under Phase I provided that the district adheres to the two requirements to obtain the additional spending authority.

School Year 2004-05 and thereafter. The teacher salary allowance is increased by the basic allowable growth rate (2.5%) plus 0.5%. To continue qualification, local systems must have a general fund common levy of \$0.90 or greater in the prior year, and either: (i) had beginning salaries that were equal to or greater than the statewide average for the prior year; or (ii) both increased beginning teacher salaries for the prior year by an amount equal to or greater than 15 times the increase in the per-student amount AND increased total teacher salaries for the prior year by an amount equal to or greater than the increase in the teacher salary enhancement allowance for that year.

LB 305 also permits the additional (optional) 3% spending authority listed under Phase I provided that the district adheres to the two requirements to obtain the additional spending authority.

- 2. Evaluation Pilot Program.** In addition to a teacher salary incentive plan, LB 305 creates an Evaluation Pilot Program. As similarly proposed by the Task Force on Teacher Salaries, the pilot program will develop an evaluation model with criteria defining specified levels of teaching excellence and a performance pay model that compensates teachers based on that evaluation model.

The State Board of Education is required to contract with an educational service unit to develop and administer the program. Up to five school districts may participate as pilot districts. The participating districts must be distributed evenly across the state and must represent districts of various sizes based on average daily membership. An evaluation advisory team will be established by NDE to assist in the selection of the contracting ESU, the selection of the pilot school districts, the development of the teacher evaluation models, the parameters of the pilot programs, and the development of program evaluation. The team must have a balanced representation from the business community, teachers, school administrators, school boards, and educational service units.

If the pilot program is deemed successful, LB 305 requires legislation to be introduced by the Education Committee for the 2006 Session to expand the program.

B. Education Committee 2001 Interim Study Priority List

Fourteen interim studies introduced in the 2001 Session were referred to the Education Committee. All but two of these studies concerns public education (two studies relate to postsecondary education). The Education Committee has prioritized the interim studies in the following order:

Education Committee 2001 Interim Study Priority List

<i>Study</i>	<i>Description</i>	<i>Priority</i>	<i>Page</i>
LR 209	Interim study to examine allocation and distribution of the State Scholarship Award Program, the Scholarship Assistance Program, and the Postsecondary Education Award Program	1	—
LR 210	Interim study of the determination of formula needs pursuant to the Tax Equity and Educational Opportunities Support Act	1	64
LR 238	Interim study to examine the implementation of new federal guidelines for the funding of after-school programs	1	66
LR 95	Interim study to determine the status of school building structures	2	57
LR 116	Interim study to examine the extent to which poverty affects students' education	2	58
LR 119	Interim study to clarify who is eligible to run for positions on the boards of educational service units comprising more than one county	2	58
LR 131	Interim study to look at how schools with declining enrollments are affected by decreases in state aid	2	60
LR 165	Interim study to examine state policies relating to career and technical education programs	2	61
LR 211	Interim study of issues related to the reorganization of school districts	2	64
LR 212	Interim study of issues relating to the education of students in extreme poverty	2	64
LR 78	Interim study to review adjustments to school state aid calculations to include the cost of transporting students to Lincoln for academic events and personnel training	3	—
LR 113	Interim study of the impact of the use of adjusted valuations in the equalization formula for state aid to schools	3	58
LR 163	Interim study to examine statutes relating to the impact of municipal annexation upon school districts and their boundaries	3	61
LR 213	Interim study to review matters and issues within the jurisdiction of the Education Committee	3	64

Priority Level Key: 1 - Full fledged committee study projects and process - full staff support
2 - Mid-level study - some committee staff work
3 - Individual senator study process - committee hearings only if requested

VII. INDEXES

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The following index contains both legislative bills and resolutions (interim studies and constitutional amendments) along with final status at the end of the 2001 Session.

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LR 87	Interim Study.....	57, 71	LB 204	Killed.....	52
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LR 116	Interim Study.....	58, 71	LR 212	Interim Study.....	64, 71
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LB 120	Held (Revenue)	34	LR 215	Interim Study.....	64, 71
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