

Nebraska Council of School Administrators

NCSA Final Legislative Report

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I. Legislation Passed

LB 17	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed</i>
	Brashear	Omnibus Criminal Justice Bill	Judiciary	Engel	5/29/03 46-0-3

As originally introduced, LB 17 creates the offense of sexual abuse of a protected individual. A person subjecting a protected individual to sexual penetration is guilty of first degree sexual abuse of a protected individual, a Class III felony. A person subjecting a protected individual to sexual contact is guilty of second degree sexual abuse of a protected individual, a Class IV felony.

As defined under LB 17, “person” means an employee of the Department of Health and Human Services (HHS) including those HHS has authorized or delegated control over a protected individual. “Protected individual” means an individual in the care or custody of HHS. A protected individual consenting to sexual penetration or sexual contact is no defense to a charge of sexual abuse of a protected individual.

LB 17 was also used by the Judiciary Committee to incorporate a variety of bills that relate to criminal law, including the following:

Mercury Thermometers: Sections 3 and 4 represent LB 136, as it was amended by the Judiciary Committee. Under LB 136, the Legislature finds that elemental mercury in liquid mercury thermometers is a persistent and toxic pollutant. Mercury can enter the environment resulting in human exposure due to accidental spills, breakage, and releases. The bill’s intent is to ban the sale and distribution of such liquid mercury thermometers to prevent further accidental exposure. LB 136 prohibits the sale and distribution of liquid mercury thermometers containing elemental mercury.

Law Enforcement Jurisdiction: Section 9 represents LB 260 as amended by the Judiciary Committee. LB 260 amends the current statute regarding law enforcement jurisdiction. In instances where probable cause exists that a person is operating a vehicle, motorboat, or aircraft under the influence of alcoholic liquor, a law enforcement officer may:

- Transport such person outside the law enforcement officer’s primary jurisdiction for chemical testing;
- Administer a post-arrest chemical test advisement to such person outside the officer’s primary jurisdiction; or
- Perform other procedures, with respect to such person, outside the primary jurisdiction of the law enforcement officer which are related to enforcing “driving under the influence” laws.

Criminal Records: Section 17 represents LB 179 as amended by the Judiciary Committee. Current law authorizes criminal justice agencies to charge reasonable fees, not to exceed actual

costs, for the search, retrieval, and copying of criminal justice records. LB 17 adds “storing” and “maintaining” to what criminal justice agencies may charge reasonable fees for in managing criminal justice records. The criminal justice record fees collected may then be used for computer system maintenance and upgrades as well as storage space.

Inmate Leave: Section 18 represents LB 298 as amended by the Judiciary Committee. Under current law, those serving sentences in a county or city jail may be granted the privilege of leaving such jail for purposes such as work, school attendance, death or serious illness of a family member, or medical treatment. LB 298 adds “outpatient or inpatient treatment for alcohol or substance abuse” to such privileges.

	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed</i>
LB 53	Smith	ESU mergers, core services	Education	None	3/14/03 44-0-5

LB 53 provides that if two or more educational service units (ESUs) merge, the new ESU will receive core services funds equal to the total core services funds received by each of the merging ESUs in the fiscal year prior to the merger. This level of core service funding will be provided for two fiscal years after the merger. If the overall appropriation for core services is reduced below the amount provided in the fiscal year prior to the merger, then the amount provided to the merged ESU is reduced by the same percentage as the percentage reduction in the appropriation. The bill will insure that the same level of collective funding is received by the merged ESU for a two year period. This may result in a higher level of funding for the merged ESU than would have been received in the absence of the bill.

	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed</i>
LB 66e	Raikes	Claims to School Technology Fund	Education	None	5/22/03 45-0-4

LB 66 changes the provisions of LB 6 passed in the 2nd Special Session (2002) to allow additional school districts to claim reimbursement from the School Technology Fund. The bill provides that school districts may receive reimbursement for projects completed on or before July 31, 2002, if the request is received on or before the 10th day after the effective date of the bill.

The School Technology Fund consists of funds received in repayment of energy efficiency loans from the school weatherization program. The fund is used to provide funds to schools for a direct connection to a public computer information network. LB 6 provided that funds would be dispersed for award applications received between August 1, 2000 and July 31, 2002, if a request for reimbursement for a completed project was received by the 10th day after LB 6 was enacted or on or before the 90th day following the receipt of the application. This limited the number of projects for which reimbursement could be requested from the fund. After reimbursement is provided for the projects specified in the bill, the balance of the School Technology Fund is to be deposited in the General Fund.

Under current law, the State Department of Education (NDE) estimates the General Fund will receive approximately \$72,000 of funds remaining in the School Technology Fund in 2002-03. Thereafter the General Fund will receive about \$3,692,600 over a seven to nine year period (\$761,749 in 2003-04 and \$647,150 in 2004-05) as school weatherization loans are repaid.

LB 66 allows the School Technology Fund to be used to pay claims of school districts that had award applications prior to August 1, 2000 and had completed projects prior to July 31, 2002 . NDE indicates there are application awards of about \$2.8 million that have not been submitted for completed projects or funding under LB 6. It is assumed that the majority of the projects were not completed by July 31, 2002, so they will not be eligible for reimbursement pursuant to LB 66. However, NDE estimates that at least \$740,000 of claims (Millard and Lincoln) for reimbursement of projects completed by July 31, 2002 will be requested. There may also be other claims submitted that could up to the total to \$1 to \$1.5 million.

The fiscal impact for the General Fund pursuant to LB 66 is the amount of claims for reimbursement that are submitted by school districts. These funds will be distributed to schools from the School Technology Fund and will result in a loss of revenue for the General Fund. The loss is estimated to be at least \$72,000 in 2002-03 and \$668,000 to \$761,749 in 2003-04. If claims are submitted in excess of the amount anticipated by NDE, then there could be an additional loss of revenue for the General Fund in 2004-05.

	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed</i>
LB 67e	Raikes	NDE's omnibus technical cleanup bill	Education	None	1/30/03 47-0-2

NDE's technical cleanup bill for the 2003 Session includes the following major provisions:

Certification Date: As amended on General File, LB 67e changes the certification date for state aid from February 1st to February 5th in 2003 only. The change in the certification date allows NDE to rerun the state aid computation to make a technical change in the data elements used to compute the cost growth factor in the computation of state aid. The technical change assures that the students used to compute the factor are comparable and that state aid is not erroneously allocated based on an incorrect growth rate.

Reorganization Studies: Another major provision of LB 67e outright repeals laws pertaining to the payment of state aid for the cost of reorganization studies by school districts. In 2002-03, there was \$18,400 of general funds appropriated for the reimbursement of school districts for reorganization studies. Schools were eligible to receive up to \$2,500 for the cost of one-fourth of a reorganization study. Upon approval of a reorganization plan by the school boards and legal voters of the participating districts, the school districts would receive an additional on-fourth of the cost of the study, up to \$2,500.

With the passage of LB 67e there will no longer be funds available from the state for reorganization studies.

Judicial Review Proceedings: LB 67e also extends the time period for judicial review proceedings of special education placements from 30 days to two years (Section 27). Under existing law, proceedings for judicial review must be instituted by filing a petition in the district court of the county in which the main administrative offices of the school district are located within 30 days after service of the final decision and order on the party seeking the review.

Student Fees: LB 67e clarifies that money collected for student fees does not include money collected between schools for summer or night school programs (Section 3).

LB 67e: Section-by-Section Summary

- Section 1 (10-704) -- Allows Class II schools which receive 25% of their general fund budget to issue bonds. (Native American Schools issue)
- Section 2 (79-101) -- Modifies definitions for Chapter 79 to allow the State Board to adopt rules and regulations defining school day, and other units of a school calendar. Removes requirement the State Board shall adopt rules and regulations and also removes school month from this section.
- Section 3 (79-2,135) -- Clarifies money collected for student fees does not include money collected between schools for summer or night school programs.
- Section 4 (79-4,102) -- The high school counts affiliated Class I children ages 14 through 18 on their (the high school's) Census Report.
- Section 5 (79-527) -- Changes chief executive officer to superintendent or head administrator and requires all public and non-public schools to submit a Completer/Drop Out Report.
- Section 6 (79-528) -- Clarifies the superintendent or head administrator of a school district is responsible for filing the census report, annual statistical summary, annual financial report, and the fall membership report. Also changes the reporting requirements on the census report to be children between the ages of 5 through 18.
- Section 7 (79-554) -- Individual school boards that are part of a unified system are not required to hold a monthly board meeting. They are required to meet at least twice during the school year.
- Section 8 (79-565) -- Elections for board members of Class I schools fall under the jurisdiction of the Secretary of State's Office for disputed points of law.
- Section 9 (79-598) -- Removes the requirement the Commissioner provides the form for contracting students. Also repeals the requirement for the State Reorganization Committee to inspect a school building and toilets of a school that has been contracting students and decide to hold school in the building.
- Section 10 (79-602) -- Harmonizes the filing deadline for pupil transportation inspection reports to the filing deadline for the annual statistical summary (June 30).
- Section 11 (79-1007.02) -- Technical change to assure that the students used to compute the

growth factor are comparable and that state aid is not erroneously allocated based on an incorrect growth rate.

- Section 12 (79-1022) -- Changes state aid certification date from February 1st to February 5th for 2003 only.
- Section 13 (79-1023) -- Changes applicable allowable growth percentage to applicable allowable growth rate.
- Section 14 (79-1024) -- Removes requirement the Auditor of Public Accounts consults with NDE before reviewing budget statements. Adds shall to the requirement for the Auditor to notify the Commissioner of a district that does not submit a budget or required corrections to a budget. Changes applicable allowable growth percentage to applicable allowable growth rate.
- Section 15 (79-1026) -- Repeals obsolete language regarding school fiscal years and changes the date for certification of the applicable allowable growth rate (Budget Factors) to February 1 of each year.
- Section 16 (79-1027) -- Changes applicable allowable growth percentage to applicable allowable growth rate.
- Section 17 (79-1027.01) -- Adds language to clarify a Class VI high school may require a Class I school within its system to reduce their tax request (Class I) if the system tax request exceeds the statutory maximum levy plus exclusions.
- Section 18 (79-1028) -- Clarifies a Class II-VI may exceed the local system's applicable allowable growth rate in subsection (1), changes the date in subsection (2) for recovery of projected formula students, and adds language in subsection (3) to reflect current practice for recovering building operation and maintenance exclusions. Changes applicable allowable growth percentage to applicable allowable growth rate.
- Section 19 (79-1029) -- Changes applicable allowable growth percentage to applicable allowable growth rate.
- Section 20 (79-1070) -- Repeals reference to property tax reimbursement fund and environmental hazard abatement and accessibility barrier elimination projects. Adds qualified capital purpose undertaking to the listed funds.
- Section 21 (79-1083.02) -- Harmonizes language to certify state aid on February 5th for 2003 only.
- Section 22 (79-1083.03) -- Adds language clarifying high school districts must provide written notification of approval or denial to a Class I's request for additional budget authority.
- Section 23 (79-10,110) -- Cleans up language on the requesting to hold a hearing on the qualified capital purpose undertaking fund. Adds language for creating an environmental hazard abatement and accessibility barrier elimination project account within the qualified capital purpose undertaking fund. Repeals language regarding itemized estimates to the county board.

- Section 24 (79-1135) -- Repeals language regarding contents of Special Education Plan and Budgets.
- Section 25 (79-1155) -- Changes requirements for filing plans and budgets for special education to filing application information for special education programs and support services.
- Section 26 (79-1156) -- Editorial change concerning special education and support services programs.
- Section 27 (79-1167) -- Provides a two-year limitation on filing an appeal from the final decision of a hearing officer. Adds language regarding agreement of parents with hearing officer's decisions shall be considered an agreement.
- Section 28 (79-1303) -- Repeals reference to Educational Technology Satellite Centers.
- Section 29 (79-1305) -- Repeals reference to a state educational technology consortium. Consortium is changed to center.
- Section 30 (79-1306) -- Repeals reference to Educational Technology Satellite Centers.
- Section 31 (79-1307) -- Changes state educational technology consortium to educational technology center.
- Section 32 (79-1324) -- Repeals requirement for the direction of instructional telecommunications to have a minimum of three years of elementary or secondary school experience and the requirement he or she must hold a Nebraska Administrative and Supervisory Certificate.

Outright repealed under LB 67e:

- Section 79-4,105 and 79-4,106 -- reimbursement for reorganization studies
- Section 79-763 through 79-770 -- Career Prep Task Force
- Section 79-8,118 to 79-8,123 -- Teacher Salary Task Force
- Section 79-1010.01 -- Reorganized School Assistance Fund
- Section 79-1308 and 79-1309 -- Educational Technology Satellite Centers
- Section 79-1311 -- Teacher training programs for educational telecommunications

	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed</i>
LB 191	Vrtiska	Clerical errors, incorrect levies	Revenue	None	2/14/03 42-0-7

Under current law, a county board of equalization must act to correct a clerical error, which resulted in the calculation of an incorrect levy for a political subdivision, within 30 days after the levy has been made. LB 191 eliminates the 30-day requirement and implements a deadline of November 5th of each year to act upon such clerical errors.

Existing law requires the county board of equalization to hold a public hearing to determine what adjustment to the levy is proper, legal, or necessary. LB 191 stipulates that the Notice of the hear-

ing must include the following: (a) the time and place of the hearing, (b) the dollar amount at issue, and (c) a statement setting forth the nature of the error.

	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed</i>
LB 228	Government Committee	Address Confidentiality Act	Revenue	None	3/14/03 47-0-2

LB 228 creates the Address Confidentiality Act, which is designed to assist those who are “attempting to escape from actual or threatened abuse, sexual assault, or stalking.” Such individuals frequently establish new addresses in order to prevent their assailants or probable assailants from finding them.

The purposes of the Address Confidentiality Act are (1) to enable state and local agencies to respond to requests for public records without disclosing the location of a victim of abuse, sexual assault, or stalking, (2) to enable interagency cooperation with the office of the Secretary of State in providing address confidentiality for victims of abuse, sexual assault, or stalking, and (3) to enable state and local agencies to accept a program participant’s use of an address designated by the Secretary of State as a substitute mailing address.

The legislation defines “address” as a residential street address, school address, or work address of an individual as specified on the individual’s application to be a program participant.

Under the Act, an adult, a parent or guardian acting on behalf of a minor, or a guardian acting on behalf of an incapacitated person as may apply to the Secretary of State to have an address designated by the Secretary of State to serve as the substitute address of such adult, minor, or incapacitated person. The Secretary of State is required to approve an application if it is filed in the manner and on the form prescribed by the Secretary of State and if it contains:

- (a) A sworn statement by the applicant that the applicant has good reason to believe (i) that the applicant, or the minor or incapacitated person on whose behalf the application is made, is a victim of abuse, sexual assault, or stalking and (ii) that the applicant fears for his or her safety, his or her children’s safety, or the safety of the minor or incapacitated person on whose behalf the application is made;
- (b) A designation of the Secretary of State as agent for purposes of service of process and receipt of mail;
- (c) The mailing address and the telephone number or numbers where the applicant can be contacted by the Secretary of State;
- (d) The new address or addresses that the applicant requests not be disclosed for the reason that disclosure will increase the risk of abuse, sexual assault, or stalking; and

- (e) The signature of the applicant and of any individual or representative of any office designated in writing who assisted in the preparation of the application and the date on which the applicant signed the application.

Upon filing a properly completed application, the Secretary of State must certify the applicant as a program participant. Such certification will be valid for four years following the date of filing unless the certification is withdrawn or invalidated before that date. The Secretary of State may by rule and regulation establish a renewal procedure.

A program participant may request that state and local agencies use the address designated by the Secretary of State as the program participant’s substitute address. When creating a new public record, a state or local agency which has a bona fide statutory, tax situs, or administrative requirement for the participant’s residence address may request that the participant verbally provide the agency with such residence address if the agency has the capability to use such address for such bona fide purpose without permanently entering it into the agency’s records.

If the agency does not have such capability, it must accept the address designated by the Secretary of State as a program participant’s substitute address, unless the Secretary of State determines that:

- (a) The state or local agency has a bona fide statutory, tax situs, or administrative requirement for the use of the address which would otherwise be confidential under the Address Confidentiality Act; and
- (b) The address will be used only for such bona fide statutory, tax situs, or administrative requirement.

	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed</i>
LB 249e	Stuhr	Student fees, sports eligibility	Education	Stuhr	5/22/03 47-0-2

Introduced by Senator Elaine Stuhr, LB 249e was originally introduced to address the issue of sports eligibility relevant to option students. It was one of several bills introduced in the 2003 Session to address this issue.

During executive session deliberations, it was the decision of the Education Committee to advance LB 249e with the dual purpose to address the sports eligibility issue and to incorporate modifications to the student fees law. The student fee changes were originally proposed under LB 685, introduced by Senator Ron Raikes.

The student fee provisions of the bill remained in tact throughout the legislative process, but the option/sports eligibility provisions were amended significantly. As passed by the Legislature and signed into law, LB 249e related mostly to student fees and, to a lesser extent, sports eligibility (found in section 1 of the bill).

The intent behind the sports eligibility provision is to encourage the Nebraska School Athletics Association (NSAA) to address the issue by changing its bylaws. Although not expressly provided in the bill, the NSAA is responsible for resolving the issue of sports eligibility for both option and transfer students prior to the 2004 Session. LB 249e does not change any dates relevant to the option enrollment program as the bill originally proposed to do.

The major component of LB 249e, as passed, is a series of modifications and clarifications to the Public Elementary and Secondary Student Fee Authorization Act. The bill authorizes schools to charge fees for parking and allows schools to request donations of money, material, equipment or attire to defray costs as long as the requests are not a requirement. The bill repeals a provision that authorizes schools to require that students supply materials for course projects that become the property of the student. However, the bill permits a student to supply materials for such projects. LB 249e also eliminates the authority for a school to require students to provide minor items such as pencils, paper, pens, erasers and notebooks.

**Review of Student Fees: Greater Financial Burdens;
Reduced Financial Burdens; And a Little Clarity**

*[The following summary of LB 249e was prepared by
Perry, Guthery, Haase & Gessford Law Firm, Lincoln, Nebraska,
and submitted here by permission of Greg Perry, Attorney at Law.]*

All but one of the sections of the Public Elementary and Secondary Student Fee Authorization Act was amended during the 2003 Legislative Session. In order to illustrate the changes made and the implications of the changes for schools, we review the provisions which: create greater financial burdens, reduce financial burdens, and provide clarity, and then provide a “side-by-side” review of the legislative changes.

A. Provisions which will shift greater financial burdens to School Districts

1. Mandated specificity of fees–

Schools may only charge fees where the Board-adopted Student Fee Policy has specified the “maximum dollar amount” of the fee involved. Also, schools may only require students to furnish equipment and attire for courses or extracurricular activities where the Board-adopted Student Fee Policy has “specified” the required equipment and attire.¹ This change in the law requires that the Board-adopted Student Fee Policy include a detailed specification of fees and required equipment and attire.

¹ LB 249 Sec. 10. Section 79-2,134, Revised Statutes Supplement, 2002, is amended to read: * * * No fee, specialized equipment or attire, or nonspecialized attire may be required pursuant to the Public Elementary and Secondary Student Fee Authorization Act unless the maximum dollar amount of the fee, the specifications for the specialized equipment or attire, or the specifications for the nonspecialized attire are specified in the student fee policy approved by the board. Reimbursement pursuant to subdivision (6) of section 79-2,127 for property lost or damaged by a student may be required without specification in the student fee policy.

2. Minor personal or consumable items–

Schools no longer have the authority to require students to furnish “minor personal or consumable items” for courses. Previously, the law had specifically said that schools could require students to furnish such items as “pencils, paper, pens, erasers, and notebooks” for courses.²

This change in the law means that schools will need to: (1) modify class supply lists to make sure students are only “asked” and not “required” to provide their own day-to-day school materials,³ and (2) be prepared to have materials available for students to use.

3. Materials for course projects–

Schools no longer have the authority to require students to “furnish materials for course projects meeting written guidelines if (1) upon completion, the project becomes the property of the student and (2) the written guidelines are reasonably related to the course.”⁴ Now, all schools can do is “ask” students to provide their own materials.⁵

This change in the law, however, does not necessarily mean that schools have to supply all project materials for shop, art and similar classes without the possibility of reimbursement from students. There are two circumstances where student may be required to pay for project materials. First, if a student wants to work on non-standard projects or use non-standard materials, the school may require that the student pay for the non-standard materials. Second, if a student wants to keep a project upon completion, and the project has more than minimal value, the project may be purchased by the students at an amount up to the fair value of the project or the cost of the materials provided by the school.

4. Post-secondary education costs–

Post-secondary education costs are defined as tuition and fees associated with obtaining post-secondary credit. Schools no longer have the authority to require students to pay for such costs where the course is being taken as part of an approved accelerated or differentiated cur-

² LB 249 Sec. 6. Section 79-2,128, Revised Statutes Supplement, 2002, is amended to read: 79-2,128. A governing body may require students to furnish minor personal or minor consumable items for ~~specified courses and participation in extracurricular activities. , including, but not limited to, pencils, paper, pens, erasers, and notebooks.~~

³ LB 249 Sec. 5 [To be codified at Section 79-2,127.01]. The Public Elementary and Secondary Student Fee Authorization Act does not limit the ability of a governing body to request donations of money, materials, equipment, or attire to defray costs if the request is made in such a way that it is clear that the request is not a requirement. The act does not prohibit a governing body from permitting students to supply materials for course projects.

⁴ LB 249 Sec. 12. The following section is outright repealed: Section 79-2,130, Revised Statutes Supplement, 2002. [This repeal is illustrated as follows: ~~79-2,130. Course project materials furnished by students: when. Except as provided in section 79-2,133, a governing body may require students to furnish materials for course projects meeting written guidelines if (1) upon completion, the project becomes the property of the student and (2) the written guidelines are reasonably related to the course.~~

⁵ See LB 249 Sec. 5 (footnote 3 above).

riculum program, or where the student could, but does not, apply for postsecondary education credit.⁶

5. Removal of other student fee authority–

Schools may now only collect money from students to the extent authorized by the Public Elementary Secondary Student Fee Authorization Act.⁷ This new provision muddies the water with respect to the reasonably implied powers of schools to collect monies from students. Previously, the Attorney General had said that schools had the power to charge student fees and to require students to pay fees or furnish materials even without express statutory authority set forth in the Act.⁸

B. Provisions which will reduce financial burdens for School Districts

1. Eliminate fee waiver for admission fees–

Schools are no longer required to provide a fee waiver to free and reduced lunch students for gate admission fees.⁹ This is a welcome relief.

⁶ LB 249, Sec. 3. Section 79-2,126, Revised Statutes Supplement, 2002, is amended to read: 79-2,126. For purposes of the Public Elementary and Secondary Student Fee Authorization Act: * * * (3) Postsecondary education costs means tuition and other fees associated with obtaining credit from a postsecondary educational institution. For a course in which students receive both high school and credit and for which they may also choose to apply for postsecondary education credit, or a course being taken as part of an approved accelerated or differentiated curriculum program pursuant to sections 79-1106 to 79-1108.03, the course shall be offered without charge for tuition, transportation, books, or other fees, except that if the student chooses to apply for postsecondary education credit, he or she may be charged tuition and other fees only associated with obtaining credits from a postsecondary educational institution.

⁷ LB 249, Sec. 4. Section 79-2,127, Revised Statutes Supplement, 2002, is amended to read: 79-2,127. * * * Except as provided in this section, sections 79-2,131 and 79-2,132, and section 5 of this act, a governing body shall not collect money pursuant to the Public Elementary and Secondary Student Fee Authorization Act from students.

⁸ Nebraska Attorney General Opinion No. 02004 (February 01, 2002) states: “Error! Main Document Only. Since the Legislature saw the need to expressly prohibit fees for transportation, textbooks, and ‘necessary’ equipment and supplies, it may be inferred that fees for other items are not prohibited. We are of the opinion that the latter view is more persuasive. This conclusion is supported by *Affholder v. State*, 51 Neb. 91 (1897), as well as *Att’y Gen. v. East Jackson Pub. Sch.* 372 N.W.2d 638 (Mich. App. 1985).”

⁹ LB 249, Sec. 9. Section 79-2,133, Revised Statutes Supplement, 2002, is amended to read: 79-2,133. Each governing body shall establish a policy waiving the fees and providing the items otherwise required to be provided by students pursuant to subdivisions (1) and (2) subdivision (1) of section 79-2,127 and pursuant to section 79-2,130 for students who qualify for free or reduced-price lunches under United States Department of Agriculture child nutrition programs. Participation in a free-lunch program or reduced-price lunch program is not required to qualify for free or reduced-price lunches for purposes of this section. Each governing body may establish a policy for waiving fees or providing items otherwise required to be provided by students in other circumstances. NOTE: The subdivisions which are referenced above read as follows: Subdivision (1) of section 79-2,127: “Participation in extracurricular activities.” Subdivision (2) of section 79-2,127: “Admission fees and transportation charges for spectators attending extracurricular activities.” Section 79-2,130, now repealed, had authorized schools to require students to furnish their own course project materials.]

2. Reduce requirements for distribution of student handbook–

Schools are only required to send student handbooks to each household, as opposed to sending handbooks to each student.¹⁰ A cautionary note in applying this provision: student handbooks typically contain disciplinary rules which are required, by the Student Discipline Act, to be given to each student and their parents.¹¹

C. Provisions which provide clarity

1. “Student store”–

The authority to charge students for items at a student store is clarified by stating that the “student store” does not need to have a “physical presence.”¹² Most schools have assumed that this provision authorized sale to students of items via order forms. This provision clarifies that this assumption is accurate.

2. Student fee fund–

The Student Fee Act requires the creation of a student fee fund. Now, the law has been clarified to say that a District is not required to establish a student fee fund if it does not “collect money from students” for purposes of “participation in extracurricular activities”, “postsecondary education costs,” and “summer school or night school.” Also, the Act has been clarified to specify that money collected from other schools for summer school or night school programs is to be placed in the general fund, and not in the student fee fund.¹³

¹⁰ LB 249, Sec. 10. Section 79-2,134, Revised Statutes Supplement, 2002, is amended to read: 79-2,134. On or before August 1, 2002, and annually each year thereafter, each school board shall hold a public hearing at a regular or special meeting of the board on a proposed student fee policy, following a review of the amount of money collected from students pursuant to, and the use of waivers provided in, the student fee policy for the prior school year. The student fee policy shall be adopted by a majority vote of the school board and shall be published in the student handbook. The board shall provide a copy of the student handbook to every student, or to every household in which at least one student resides, at no cost to the student or household. * * *

¹¹ Neb. Rev. Stat. § 79-262 (3) Rules or standards which form the basis for discipline shall be distributed to each student and his or her parent or guardian at the beginning of each school year, or at the time of enrollment if during the school year, and shall be posted in conspicuous places in each school during the school year. Changes in rules and standards shall not take effect until reasonable effort has been made to distribute such changes to each student and his or her parent or guardian.

¹² LB 249, Sec. 8. Section 79-2,132, Revised Statutes Supplement, 2002, is amended to read: 79-2,132. The Public Elementary and Secondary Student Fee Authorization Act does not preclude operation of a school store in which students may purchase food, beverages, and personal or consumable items. A school store need not have a permanent physical presence and may consist of providing order forms for students to voluntarily purchase items from the school or another vendor.

¹³ Sec. 3. Section 79-2,135, Revised Statutes Supplement, 2002, is amended to read: 79-2,135. Each school ~~board~~ district that collects money from students pursuant to subdivisions (1), (3), and (8) of section 79-2,127 shall establish a student fee fund. For purposes of this section, student fee fund means a separate school district fund not funded by tax revenue, into which all money collected from students pursuant to such subdivisions ~~(1), (3), and (8) of section 79-2,127~~ shall be deposited and from which money shall be expended for the purposes for which it was collected from students. Funds collected from another school district for providing summer school or night school instruction to a school district's students and the related expenditures for providing such instruction shall be accounted for in the general fund of the school district providing the instruction.

NOTE: One other modification to the student fees act may be found in LB 67 (2003), NDE’s technical cleanup bill. LB 67 amended 79-2,135 by clarifying that money collected for student fees does not include money collected between schools for summer or night school programs.

	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed</i>
LB 292e	Revenue Committee	Omnibus revenue legislation	Revenue	None	4/11/03 44-0-5

LB 292e represents both technical and substantive changes to revenue-related laws, including the following:

Building Permit: Under former law (§ 18-1743), any city or village which requires that a building permit be issued for the erection, alteration, or repair of any building within its jurisdiction must, if the improvement is \$1,000 or more, issue a duplicate of the permit to the county assessor. Section 1 of LB 292e increases this threshold amount to \$2,500 or more.

Actual Value: Under existing law (§ 77-112), “actual value” of real property for purposes of taxation means the market value of real property in the ordinary course of trade. Actual value may be determined using professionally accepted mass appraisal methods, including, but not limited to, the (1) sales comparison approach, (2) income approach, and (3) cost approach. Section 4 of LB 292e maintains the existing language of section 77-112, but also incorporates new language to elaborate on the definition of actual value. Under LB 292e, actual value is further defined as:

[T]he most probable price expressed in terms of money that a property will bring if exposed for sale in the open market, or in an arm’s length transaction, between a willing buyer and willing seller, both of whom are knowledgeable concerning all the uses to which the real property is adapted and for which the real property is capable of being used. In analyzing the uses and restrictions applicable to real property, the analysis shall include a consideration of the full description of the physical characteristics of the real property and an identification of the property rights being valued.

Taxable Value: Section 8 of LB 292e adds a definition of “taxable value,” which according to the legislation will have the same meaning as assessed value as defined in section 77-201.

77-201. PROPERTY TAXABLE; VALUATION; CLASSIFICATION. (1) Except as provided in subsection (2) of this section, all real property in this state, not expressly exempt therefrom, shall be subject to taxation and shall be valued at its actual value.

(2) Agricultural land and horticultural land as defined in section 77-1359 shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued at eighty percent of its actual value.

(3) Tangible personal property, not including motor vehicles registered for operation on the highways of this state, shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued at its net book value. Tangible personal property transferred as a gift or devise or as part of a transaction which is not a purchase shall be subject to taxation based upon the date the property was acquired by the previous owner and at the previous owner's Nebraska adjusted basis. Tangible personal property acquired as replacement property for converted property shall be subject to taxation based upon the date the converted property was acquired and at the Nebraska adjusted basis of the converted property unless insurance proceeds are payable by reason of the conversion. For purposes of this subsection, (a) converted property means tangible personal property which is compulsorily or involuntarily converted as a result of its destruction in whole or in part, theft, seizure, requisition, or condemnation, or the threat or imminence thereof, and no gain or loss is recognized for federal or state income tax purposes by the holder of the property as a result of the conversion and (b) replacement property means tangible personal property acquired within two years after the close of the calendar year in which tangible personal property was converted and which is, except for date of construction or manufacture, substantially the same as the converted property.

OPS School Tax: Section 16 of LB 292 amends section 79-1082 relating to the school tax within a Class V School District (OPS). LB 292 modifies the existing law to state that the levy for the site and building fund for the Class V school is inclusive of the aggregate school tax. The Department of Education notes that the potential fiscal impact would be an approximate \$16.395 million increase in property taxes for Omaha Public Schools.

	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed</i>
LB 367	Janssen	Lottery proceeds, beneficiary funds	Government	Government Committee	5/8/03 36-8-5

LB 367 provides that for the time period October 1, 2003 to January 1, 2008, the amount of lottery money transferred to the Education Innovation Fund, the Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund shall not be less than the amounts transferred in FY2002-03. On and after January 1, 2008, the transfers would revert back to the current “at least twenty-five percent” language.

The fiscal impact of LB 367 will depend on how lottery revenue in FY02-03 compares to revenue in future years. If future revenue drops compared to FY02-03 revenue, the amounts distributed to the three funds would be higher than under current law (held harmless at the FY02-03 level), presumably at the expense of lottery prizes.

If future revenue from lottery games is higher compared to FY02-03, the fiscal impact is indeterminate the way the bill is drafted. The bill does not direct where the increased revenue should

go. It would allow the increased revenue to be distributed to the three funds given the bill says “not less than” the amount transferred in FY02-03. It would also be possible to hold the distribution to the three funds at the FY02-03 level and distribute the increased revenue as prizes.

Note: Under current law the money transferred to the Education Innovation Fund, less Excellence in Education Council expenses, is then transferred to the General Fund for FY03-04 and FY04-05. This places the impact discussed above regarding the Education Innovation Fund on the General Fund during these two fiscal years.

	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed</i>
LB 451e	Retirement Committee	Changes to retirement plans	Retirement	None	4/11/03 38-0-11

The Nebraska Public Employees Retirement Systems’ (NPERS’) clean-up bill for 2003 focuses on various administrative matters that have been brought to light through the process of implementing the PIONEER integrated computer system and the new cash balance plan in the State and County plans.

In addition, the 2002 compliance audit conducted by the Segal Company and Groom Law Group brought up several issues that needed to be addressed in the bill. Finally, the PERB’s actuary suggested changes through the valuation and experience study process. Therefore, the changes in this bill can be generally grouped into one of these four categories.

PIONEER Changes

Employers will be reporting under the system by payroll period, some of which will occur less frequently than every two weeks - notice of termination of employment will occur through this reporting. Therefore, the two-week notification requirement in the definition of termination is removed from all plans. The new language simply states that the employer must notify the PERB of a termination (no time frame is included). This change is implemented in 23-2301, 24-701, 79-902(36), 81-2014, and 84-1301.

In the County plan, a new provision makes re-enrollment of a returning member mandatory within 60 days of beginning employment with a participating county. This provision is meant to increase efficiency in re-enrolling members.

In the County, Judges, School and State plans, provisions governing members who die prior to beginning a retirement benefit have been modified, so that surviving spouse have 120 days during which to determine whether to take an annuity benefit or a refund - creating consistency between the administration of the various plans.

In the Spousal Pension Rights Act, language is added that clarifies when an alternate payee may have investment authority over his or her share of a defined contribution account.

Cash Balance Administrative Changes

In the State & County Plans, it became necessary to more clearly define dates to begin annuities and to value accounts when they are being either distributed to members or converted to annuity payments. This is being accomplished by defining both the “annuity start date” and the “final account value” within the plans.

Language is also added clarifying that an application is necessary for benefits to begin, whether in the form of a retirement benefit or a termination benefit - and that the member’s funds are retained until a benefit application is received.

The administrative record-keeping fees are being specifically authorized for the accounts of cash balance members. (This should have been included in the original Cash Balance legislation last year.)

Compliance Audit Changes

A new section is added to the State & County plans that specifically lays out the ways in which money & contributions may be added to the plan - basically eliminating the possibility of voluntary contributions to the plans.

Language is added in all plans that specifically prohibits forfeited member monies from being used to enhance the benefits of the remaining members - this is an IRS requirement. In addition, language is added that clarifies how unclaimed accounts are to be disposed of through the Uniform Disposition of Unclaimed Property Act.

New language is added that explicitly includes the 401(a)(9) required minimum distribution rules be followed - including changing all references in all acts to comply with the federal requirement that distribution begin no later than April 1 of the year following the year in which the member turns 70 or terminates employment (whichever is later).

Actuary-Recommended Changes

In the Judges, School, and State Patrol plans, the definition of “actuarial equivalent” is modified to refer to the more current 1994 Group Annuity Mortality Table. (This replaces references to earlier tables now in the definitions). In addition, the interest rate used in the definition is raised from 7% to 8%, reflecting the assumed rate of return within the plans.

Language referring to the service annuity liability in the School Plan and transfers of money to the Omaha (Class V) School Retirement Plan is being revised to better reflect the process the actuary recommended to the Legislature through last year’s LB 407 and its reorganization of the funding mechanisms in the School Plan.

LB 540e	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed*</i>
	Raikes	Temporary school finance provisions	Education	Raikes	5/27/03 44-4-1

* LB 540e was passed on Final Reading on May 20th by a 42-6-1 vote. The Governor vetoed the legislation on May 26th. The Legislature approved a motion to override the veto on May 27th by a 44-4-1 vote.

LB 540e represented one of several bills closely linked to the budget package in the 2003 Session. The bill was originally introduced by Senator Ron Raikes as a proposal to temporarily reduce state expenditures for public education while at the same time providing a mechanism for school districts to offset reductions in state aid.

As advanced from committee, and ultimately passed by the Legislature, the bill provided temporary adjustments to finance provisions related to both public schools and community colleges. The bill includes provisions to:

- Void the February 5, 2003 certification of state aid;
- Maintain the existing 1.25% needs reduction as per LB 898 (2002);
- Maintain the existing authority to exceed the maximum levy to recover lost state aid due to the 1.25% needs reduction (as per LB 898, 2002);
- Increase the maximum levy from the current \$1.00 to \$1.05;
- Increase the Local Effort Rate (LER) from the current \$.90 to \$.95;
- Lower the base spending lid from 2.5% to 0%;
- Extend the spending lid range from 2% to 3% thereby creating a lid range of 0 - 3% for the 2003-05 biennium;
- Authorize a school board to exceed its annual growth rate by 1% with a 3/4s vote (consistent with existing authority);
- Provide for a recertification of the 2003-04 state aid by June 15, 2003;
- Incorporate provisions of LB 246 to provide bonding authority for school districts in the amount of expenditures for modifications to correct life safety code violations, for indoor air quality, or for mold abatement and prevention; and
- Incorporate provisions of LB 302 to impose a 0% resource/spending lid on community colleges and also provide a levy exclusion to make up lost state aid (similar to the existing K-12 levy exclusion).

On Tuesday, May 27th, the Legislature took quick action to override the Governor's veto of LB 540, the K-12 funding bill for the upcoming biennium. The Legislature voted to override the veto

on a 44-4 vote. Under the Rules of the Legislature, LB 540 would become operative one day after the Legislature votes to override. Accordingly, LB 540 officially became law on May 28, 2003. (We are now awaiting the re-certification of state aid - due no later than June 15th).

NCSA would like to offer special recognition and appreciation to Senator Ron Raikes, Chair of the Education Committee, without whom this legislation would not have been possible. While no one recognizes LB 540 as a step forward for public education, the legislation is still a victory in comparison to that which the Governor originally advocated.

NOTE: The intent behind LB 540 is that the 0% lid would expire at the conclusion of the next biennium. After the next biennium, the base spending lid would return to 2.5% with a spending lid range of 3% (i.e., a 2.5% to 5.5% lid range).

	<i>Sponsor</i>	<i>Subject</i>	<i>Committee</i>	<i>Priority</i>	<i>Passed*</i>
LB 685e	Raikes	Certification; private colleges	Education	Education Committee	5/20/03 49-0-0

LB 685e, as amended, includes provisions from LBs 264, 683 and 684 pertaining to teacher certification and private postsecondary career schools. The sections of the bill from LB 264 change provisions relating to the issuance of administrator and teacher education certificates and permits. The bill establishes a new Certification Fund to replace the existing Teachers' Certification Fund. It also reduces the amount of teacher certificate fees that are placed in the Professional Practices Fund. The balance of the existing Teachers' Certification Fund is deposited into the new fund on the effective date of the bill.

LB 685e provides that \$13, rather than \$15, of the \$45 fee for a certificate or permit is to be used for costs of the Professional Practices Commission. The \$2 difference is instead used to certify educators and is placed in the newly created Certification Fund. This change will shift approximately \$18,000 of cash funds each year from the operations of the Professional Practices Commission (PPC) to teacher certification activities. The change should not impact the on-going operations of the PPC, unless operating costs of the Commission increase significantly in the future over the current level of expenditures.

The bill provides that the expenses for advisory committees established for teacher education and certification matters will be paid by the Certification Fund rather than the General Fund. The cost of substitute teachers for school district employees serving on a teacher education advisory committee are also to be paid from the Certification Fund rather than the General Fund. The estimated shift in expenditures from the General Fund to the Certification Fund is \$30,000 per year. The \$30,000 decrease in General Fund expenditures and like increase in cash fund expenditures is reflected in the budget bill, LB 407.

The sections of the bill from LBs 683 and 684 change provisions of the Private Postsecondary Career School Act. A 20% increase in all of the fees applicable to the act is authorized in 2003-

04, 2004-05 and 2005-06. Thereafter fees may increase by up to 10% each year to cover administrative costs. The bill establishes a new \$200 fee to be charged career schools seeking authorization to offer a baccalaureate degree. The State Department of Education (NDE) estimates about five applications by career schools each year seeking to offer these degrees.

NDE indicates the authorized fee increases will increase cash fund revenue for the Private Postsecondary Career Schools Cash Fund by about \$6,182 in 2003-04 and \$7,148 in 2004-05. The new fee may also increase cash revenue of approximately \$1,000 per year. NDE submitted a budget modification to eliminate general fund support for the operation of the Private Postsecondary Career School Act and use the increased cash fees contained in this bill to finance the activity. The budget modification shows a reduction of \$50,598 of general funds in 2003-04 and 2004-05 for this activity. The beginning balance in the Private Postsecondary Career Schools Cash Fund was \$97,579 on June 1, 2002. The projected beginning balance for the fund in 2003-04 is \$128,505.

Given the fee increases in the bill and the existing revenue stream, the Appropriations Committee adopted the budget modification based on the assumption there will be sufficient revenue to easily sustain the activity with cash funds for a significant period of time. The budget bill, LB 407, reduces general funds to administer the Private Postsecondary Career Schools Act by \$50,598 each fiscal year and increases cash funds by a like amount. NDE will also have increased costs to revise rules and regulations. The cost of rule revisions can be handled with the existing resources of the department.

LB 685e allows private postsecondary career schools to apply to NDE for authority to award baccalaureate degrees. NDE is required to refer these applications to the Coordinating Commission for Postsecondary Education for its review and approval. The bill authorizes the Coordinating Commission to assess reasonable fees based on its administrative costs to conduct such reviews. Using the NDE estimate of five applications by schools for authority to award baccalaureate degrees each year, it is estimated the revenue and expenditures of the Commission will increase by about \$1,000 per year. It is assumed the existing cash fund authority for the Commission is sufficient at the present time to cover any increase related to the approval process.

II. Carry-over Legislation

The following bills were introduced in the 2003 Session but were not advanced from their respective committees. Since the bills were not indefinitely postponed, each bill will carry-over to the next regular session of the Legislature.

Bill: LB 63

One-liner: Adopt the School Pesticide Notification Act

Introduced by: Preister

Committee: Agriculture

LB 63 creates the School Pesticide Notification Act, which is designed to protect children from health hazards associated with pesticides. The legislation is also designed to help parents, teachers, and other employees to make informed decisions about the level of pesticide exposure to them and their children.

The legislation applies to any “school facility,” which is defined as any public elementary or secondary school including buildings or structures, playgrounds, landscape areas, athletic fields, vehicles owned or leased by the school, or any other area of school property.

Among other duties to be imposed, each school district would be required to:

- (a) Provide written notice, annually or upon enrollment, to parents or guardians of students and to employees, describing the school’s posting and notification requirements. Such notice may be included in the policy manual distributed at the beginning of each school year; and
- (b) Establish a system for providing notice to parents or guardians of students and to any employee who has indicated he or she wants to receive such notice at least 48 hours before a pesticide application to a school facility, which notice may also include an alternate date in case the first date must be canceled and must be posted in a prominent place in the main office of the school facility to which the pesticide will be applied.

Bill: LB 64

One-liner: Adopt the School Integrated Pest Management Act

Introduced by: Preister

Committee: Agriculture

LB 64 creates the School Integrated Pest Management Act to protect children against the health hazards associated with pesticides. LB 64 would apply to all school facilities meaning any public elementary or secondary school including buildings or structures, playgrounds, landscape areas, athletic fields, vehicles owned or leased by the school, or any other area of school property.

The legislation suggests that an integrated pest management system, as promoted by the federal Environmental Protection Agency, is an effective and environmentally sensitive approach to pest management that limits the exposure of children, teachers, and staff to pesticides and provides long-term health and economic benefits.

Bill: LB 152

One-liner: Change residency provisions relating to postsecondary education

Introduced by: Schimek

Committee: Education

LB 152 changes provisions relating to the resident / non-resident status of students enrolled in the state's postsecondary educational institutions. These changes would apparently result in certain students being deemed state residents who, under current law, technically would not be deemed residents. In amounts varying by postsecondary education institution, tuition assessed to nonresident students exceeds that assessed to resident students. As such, the provisions of the bill may result in some reduction in tuition revenue. However, the number of students to whom the changed provisions of the bill would apply is estimated to be relatively small.

Bill: LB 335

One-liner: Change annexation provisions relating to certain Class III school districts

Introduced by: Kremer

Committee: Education

The original version of LB 335 applies to Class I, II, III or VI districts involved in an annexation. The bill provides for school boards with territory involved in an annexation to negotiate as to which school district will serve the annexed territory. If an agreement is not reached in 90 days, the annexed territory remains part of the original school district, unless:

- (i) A majority of the legal voters of that district vote to transfer the annexed property to the school district lying within the annexing city or village; and
- (ii) no later than 90 calendar days after certification of the election, a majority of the members of the school board of the school district lying within the annexing city or village vote to accept transfer of the annexed property.

Currently, the annexed territory would transfer to the school district of the annexing municipality if an agreement between the school districts is not reached within 90 days.

LB 335 represents one of the most contested and controversial bills facing the Education Committee in the 2003 Session. The committee did take action (on a 7-0 vote) to adopt an amendment to the bill, which requires the use of arbitration procedures among the parties if no agreement is reached within 90 days. However, all efforts to advance the bill failed.

Bill: LB 340

One-liner: Provide for extended contract days and change certain programs and funding related to teaching

Introduced by: Bourne

Committee: Education

LB 340 provides reimbursement to extend the contract of certified teachers for up to five additional days each year. Eligible certified teachers must be employed by a school district, educational service unit or state-operated school. Compensation is provided at a per diem rate based upon the teacher's salary. The reimbursement is to come from proceeds of the Education Innovation Fund (lottery funds). If there are insufficient funds in a school year to provide full reimbursement of extended teacher contracts, then the funds are pro-rated. The bill repeals programs that are slated to receive lottery funding in 2005-06: Quality Education Accountability Act; Mentor Teacher Program; Attracting Excellence to Teaching Program Act; and the Competitive Incentive Grant Program. The operative date is July 1, 2005. (Note that the proceeds of the Education Innovation Fund are currently being diverted to the General Fund through 2004-05.)

Bill: LB 341

One-liner: Adopt the Teacher Tuition Reimbursement Program Act

Introduced by: Bourne

Committee: Education

LB 341 is the Teacher Tuition Reimbursement Program Act. The bill provides for the reimbursement of tuition to certified staff, exclusive of administrators, actively teaching in public schools, educational service units and state operated schools. After January 1, 2003 a certified school employee may enroll in certain classes and after successful completion of nine credit hours and one additional school year of service, the employee may apply to the State Department of Education (NDE) for tuition reimbursement of the actual amount paid for the nine credit hours. The fiscal impact of the bill is difficult to determine. It is assumed that the first tuition reimbursement payments will be made in 2004-05, however, the bill may allow for some tuition reimbursement to occur late in 2003-04. Based on data compiled by NDE, there are about 24,000 certified staff who could be eligible for tuition reimbursement pursuant to the bill. The average cost per undergraduate credit hour at the teacher education institutions in the state in 2002-03 is \$95.06. The average cost per graduate credit hour is \$120.63.

Using current year rates, the average cost for nine undergraduate credit hours is \$855.54 and for nine graduate credit hours is \$1,085.67. It is not known how many certified staff will qualify for tuition reimbursement pursuant to the bill. If 25% of the eligible staff qualified for tuition reimbursement and 90% of the hours were at the graduate level, the fiscal impact of the bill using current tuition rates would be \$6,375,942. It is assumed that a significant percentage of teachers will apply for tuition reimbursement at some time in the future. The actual annual fiscal impact will depend upon the number of persons qualifying for reimbursement each year and the rate of reimbursement. The amount could fluctuate considerably from year to year.

Bill: LB 356**One-liner:** Change provisions relating to freeholder petitions**Introduced by:** Stuhr**Committee:** Education

LB 356 changes the student threshold used to determine when land may be set off from a Class II or III school district and attached to an accredited district that is contiguous to the land. Currently, the average daily membership in grades nine through twelve must be less than 60 students for two consecutive school years in order for the freeholder to petition for transfer. The bill changes the student threshold to less than 40 students. The bill may result in fewer tracts of land being transferred between school districts. It is not possible to project any fiscal impact for the bill. The transfer of land between school districts will change the valuation of the districts involved in the transfer and may impact the revenues and expenditures of the affected schools.

Bill: LB 544**One-liner:** Change the employee contribution rate under the School Employees Retirement Act**Introduced by:** Stuhr**Committee:** Retirement

LB 544 may best described as a worst case scenario measure in the event an increase is required for the employee contribution rate under the School Employees Retirement System. At the November meeting of the Public Employees Retirement Board (PERB), the state appointed actuary indicated that a rate increase would likely not be necessary. Senator Stuhr, chair of the Retirement Committee, offered LB 544 as an available vehicle to move a rate increase in the event circumstances change and an increase becomes necessary.

The current employee contribution rate is 7.25% with the employer rate equaling 101% of the employees' rate (7.32%). Any increase in the employees' rate automatically means an increase in the employers' rate.

Bill: LB 660**One-liner:** Prohibit unfunded mandates relating to elementary and secondary education**Introduced by:** Maxwell**Committee:** Education

The intent of LB 660 is to prohibit the Legislature from mandating any program or activity for school districts unless the Legislature provides an adequate funding mechanism for the mandated program or activity. The legislation pertains also to rules and regulations adopted by state agencies.

The bill states that adequate funding mechanisms may include state appropriations or authorization for affected districts to charge fees or to exceed statutory budget or levy limits to fund the mandated program or activity.

Bill: LB 680**One-liner:** Create and provide duties for the Nebraska Commission for Quality Education**Introduced by:** Wehrbein**Committee:** Education

LB 680 creates a ten member Nebraska Commission for Quality Education to study the best method of developing partnerships among small school districts. The Commission is to make recommendations to the Legislature by December 15, 2003. The bill provides that the Commission may request small school districts to submit a goal statement for a four-year period which will include options for partnership with other schools in the area and ideas for reducing the cost of education while increasing the quality. The statements are to be submitted in time for the Commission to review the ideas for the report to the Legislature.

Bill: LB 686**One-liner:** Change provisions relating to administrative fines**Introduced by:** Raikes**Committee:** Education

LB 686 changes the deposition of fines and penalties. Currently civil and administrative fines and penalties levied and collected by state agencies, commissions and other entities are deposited in the Permanent School Fund. The bill requires the fines to be allocated to the counties where the fine was imposed to be paid over to the public schools in the respective subdivisions where the fine accrues. The bill also requires that the proceeds of any sale of educational land by the Board of Educational Lands and Funds be remitted to the counties for use by the schools. The bill has a fiscal impact for school districts. The impact of the bill will vary by district.

The Permanent School Fund will have decreased revenue from fines and penalties. This will decrease the amount of interest from the fund that is available to be distributed annually to schools as state apportionment. State apportionment is an annual allocation to school districts of the interest from the Permanent School Fund and income from the school lands that is allocated on a per pupil basis according to census. It is estimated that the annual allocation of state apportionment funds will be reduced by about \$100,000 due to the redirection of fine proceeds to the counties. Each school district in the state will receive a smaller amount of state apportionment each year based on the census of children in the district.

BELF indicates that historical amounts deposited into the Permanent School Fund from fines and penalties in the last five bienniums have been \$4 million in 2000-02, \$2.6 million in 1998-00, \$3.1 million in 1996-98, \$1.9 million in 1994-96 and \$4.1 million in 1992-94. The revenue from fines and penalties can vary significantly from year to year. The bill provides for the distribution of these proceeds directly to counties for allocation to school districts each year. It is assumed that a high percentage of these proceeds will accrue to the school districts in Lancaster County where a majority of the state agencies are domiciled.

On a statewide basis, there will be more revenue distributed to school districts each year initially pursuant to the bill because the amount of fines levied currently exceeds the amount of state apportionment funding that will be reduced. At some point in the future, the interest that could have been earned on these funds had they been placed in the Permanent School Fund each year will exceed the amount that is being redirected on an annual basis to schools. The fiscal impact of the bill will vary by school district depending upon the amount of state apportionment lost versus the increased amount of revenue from fines and penalties. If a school district experiences a net increase in revenue pursuant to the bill, then the state aid for the school district will decrease two years later. Likewise, a net decrease in revenue for a school district pursuant to the bill will be reflected as decreased resources for state aid purposes two years later and an increase in state aid will result for schools receiving equalization aid. Assuming annual fine revenue of approximately \$2 million and reduced state apportionment funding of about \$100,000, the bill will result in a decrease in state aid of about \$1.9 million in 2005-06.

Bill: LB 698

One-liner: Change calculation of state aid pursuant to the Tax Equity and Educational Opportunities Support Act

Introduced by: Education Committee

Committee: Education

LB 698 changes the Tax Equity and Educational Opportunities Support Act which provides state aid to school districts beginning in 2004-05. The overall fiscal impact of the bill cannot be calculated because the impact of the new provisions relating to additional state aid for children in poverty and in English proficiency programs is unknown until school districts submit a plan for these services.

The bill changes the computation of the needs component of the state aid formula. Instead of using cost groups as the primary basis to calculate need, the bill establishes comparison groups for each school system to determine the amount of basic funding. The comparison group for a school system is the next five systems that are larger than the system and the next five systems that are smaller than the system in size. Basic funding is determined by first subtracting the allowances for poverty, limited-English proficiency students, special education, special receipts, transportation and elementary sites to determine adjusted general fund operating expenditures. Then, for school systems with less than 900 formula students, the basic funding for the system becomes the average of the adjusted general fund operating expenditures of the comparison group of school systems, omitting the high and low systems from the calculation. Basic funding for school systems with 900 or more formula students will be based on average adjusted general fund operating expenditures per student for the comparison group.

It is assumed the change from using cost groups to comparison groups for purposes of calculating basic funding will be cost neutral in terms of the total amount of state aid distributed because adjusted general fund operating expenses are not changed in the calculation. However, there will be a shift in state aid between school systems.

The new allowances established by the bill for poverty, limited-English proficiency, and elementary sites will not change the overall amount of state aid allocated, but will alter the distribution of aid between school systems. The allowances enable expenditures for these types of programs to be attributed to the school system actually providing the program rather than have the expenditures spread out amongst all of the systems in a particular cost grouping.

The bill establishes several adjustments that are to be subtracted or added to the basic funding for a school system. A local choice adjustment will reduce state aid for systems with fewer than 390 students. The averaging adjustment will increase state aid for systems whose basic funding per student is less than the statewide average basic funding per student. The teacher education adjustment will increase aid for school systems having teachers with masters or doctoral degrees. The student growth adjustment will increase aid for school systems that are experiencing a growth of more than 25 students.

The bill increases the stabilization factor from 85% to 90%. The 5% increase in the factor may allow some systems to receive additional state aid. The change in aid is not projected to be significant. The definition of valuation for state aid purposes is changed in the bill to assessed valuation rather than adjusted valuation. Based on the 2002-03 distribution of state aid, it is estimated that this change will increase state aid by about \$35.8 million.

Section 21 provides that school systems may exceed the applicable allowable growth rate in 2004-05 by the amount that the poverty allowance plus the limited English proficiency allowance exceed the poverty weightings plus the limited English proficiency weightings times the cost grouping cost in the 2003-04 state aid allocation. In the following years, school systems will be able to exceed the allowable growth rate if the growth in these two allowances is greater than the applicable growth rate of the school system. These provisions allow school districts to increase spending with property tax dollars by the amount of exclusions. This will increase state aid two years later when the increased expenditures are included in the calculation of adjusted general fund operating expenditures. There will be an unknown fiscal impact from these provisions beginning with aid distributed in 2006-07.

Bill: LB 771

One-liner: Change calculation of state aid under the Tax Equity and Educational Opportunities Support Act

Introduced by: Synowiecki

Committee: Education

LB 771 changes the computation of formula need for purposes of allocating state aid to schools through the Tax Equity and Educational Opportunities Support Act beginning in 2004-05. The bill will increase the amount of state aid provided to schools. The bill provides for the calculation of a target per pupil foundation amount for each school district based upon size (large, moderate, small, very small, or elementary). The bill states a minimum base target amount for each size of district that is multiplied by fall membership, an inflation factor and then adjusted by a linear interpolation. This amount is then multiplied by 1.5% for very large districts only and an

annual per pupil amount for an at-risk pupil, an English language learner, highly credentialed teachers is added. The State Department of Education is to determine the annual inflation factor adjustment in rules and regulations.

Sections 5 and 9 phase in the change in state aid over a five year period beginning in 2004-05 through 2008-09. These sections provide that in the initial year (2004-05), only 20% of the amount calculated for target per pupil foundation aid, at-risk pupil aid and English language learner aid will be included in the calculation of need and 80% of the calculation of need will still be based on the cost grouping cost formula and allowances currently utilized to determine state aid. In each of the four years thereafter the use of the new formula will increase by 20% each year and the use of the formula based on cost groups will decrease by 20% until 2008-09 when the new formula will be the basis to determine state aid. The language in the bill appears to decrease the amount of the current allowances (transportation, special receipts) used in the calculation of need until 2008-09, when the full amount is included again.

Section 5 also establishes the definition of a highly credentialed teacher credit. The credit, which is to be included in the computation of state aid beginning in 2004-05 is \$3,500 times the number of teachers employed in a district with master's or higher level degrees or having national board certification. Assuming that about 40% of the teaching staff in the state have a master's degree or higher, the fiscal impact of this provision is \$30 million of increased state aid in 2004-05. This amount will change annually based upon the number of teachers with masters or higher degrees and an inflation factor that is used to adjust the amount provided per teacher.

NDE estimates that need in the state aid calculation will increase by at least \$114 million and equalization aid will increase by \$100 million in 2004-05 based upon the calculation of need using the target per pupil foundation aid, at-risk pupil aid, English language learner aid and aid for a credentialed teacher credit. The calculation of need does not include an inflation adjustment as required in the bill. Whatever inflation factor is decided upon will increase this estimate.

Section 10 establishes The Cost of an Adequate Education Panel which is to meet periodically. The panel is to contract to conduct a calculation of the cost of an adequate education and can recommend adjustments to the target per pupil foundation, at risk and English language learner amounts and the highly credentialed teacher credit. A study shall be contracted for every five years beginning in 2007-08. The annual costs of the panel will vary depending upon the number of members on the panel and whether a contract is established with an outside entity. A fiscal impact of \$5,000 to \$65,000 per year is estimated.

Sections 15 and 16 allow schools to exceed the allowable growth rate by the specific dollar amount to fund the local system's formula need. Section 1 allows the levy limit to be exceeded to provide financing for the exceptions to the allowable growth rate. These provisions allow school systems to increase spending with property tax dollars by the amount that is spent above the allowed growth rate in 2003-04. Under the current formula, this will increase state aid two years later (2005-06) when the increased expenditures are included in the calculation of adjusted general fund operating expenditures, so these provisions will increase the amount of state aid required until the new formula is phased-in. After the new formula is implemented, increased spending by schools will not increase the state aid provided two years later.

III. 2003 Interim Studies

The Legislature's Education Committee has established its priorities for the 2003 interim period. The committee designated LR 180, relating to reorganization, as its top priority, followed by LR 138, relating to the collective-bargaining process. The priority designation means that the committee will likely hold public hearings, conduct research, and produce some form of report by the end of the interim period on the issues contained in LR 180. LR 138 represents a joint study by the Education Committee and the Business and Labor Committee. The study will not receive as much time or attention as LR 180, but the issues raised by the interim resolution will at least be discussed.

There are two "tier three" interim studies, LRs 144 and 184. Both interim studies represent legislative proposals that were indefinitely postponed (killed) by the Education Committee on May 29, 2003. Any report or summation from these studies would have to derive from the sponsor of the resolution.

EDUCATION COMMITTEE Interim Study Priority Designation

<i>LR</i>	<i>Description</i>	<i>Priority</i>
180	Interim study to review the organizational structure of elementary and secondary education	1
138	Interim study of the collective-bargaining process used by teachers' unions and school boards	2
144	Interim study to examine the area of need-based aid to students attending postsecondary educational institutions	3
184	Interim study to examine the state's obligation to provide for free instruction for persons between the ages of five and twenty-one years with respect to co-curricular and extracurricular activities	3

Priority Key:

- 1 - Full fledged committee study projects/process - coordinated committee staff
- 2 - Mid-level study - some committee staff work
- 3 - Individual senator study, committee hearings, or other venue if requested

TEXT OF INTERIM STUDY RESOLUTIONS

LEGISLATIVE RESOLUTION (LR) 180

Priority Level: 1

Introduced by Raikes, Wehrbein, Byars, Bromm, Bourne, Dw. Pedersen, Stuhr, Schrock, Maxwell, Jensen, Janssen, Kremer, Hartnett, Jones, Brashear, Baker, Connealy, Beutler, Loudon, McDonald, Synowiecki

PURPOSE: The purpose of this study is to review the organizational structure of elementary and secondary education in Nebraska and to develop a proposal to refine the structure to support an effective and efficient delivery of education to the students of Nebraska now and into the future. The study shall include, but need not be limited to, the following:

- (1) Collection of data regarding the current structure;
- (2) Collection of data regarding demographic trends in Nebraska, including predicted changes in the concentration of students in various geographic areas;
- (3) Analysis of regional and national information regarding organizational structures of elementary and secondary education;
- (4) Analysis of how work by the State Board of Education on potential changes to the accreditation rules should affect organizational structures; an
- (5) Development of a process to move Nebraska elementary and secondary education toward a structure that will effectively and efficiently support education with the available funds, taking into account predicted demographics and potential accreditation rules.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-EIGHTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Education Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

LEGISLATIVE RESOLUTION (LR) 138*

Priority Level: 2

Introduced by Cunningham

** Referred to a joint committee of members from the Education Committee and the Business and Labor Committee*

PURPOSE: The purpose of this resolution is to study the collective-bargaining process used by teachers' unions and school boards when determining the negotiated agreement for teachers. With the present teacher shortage that is occurring in Nebraska as well as other states, it is becoming increasingly difficult to hire teachers, particularly in certain fields. This study shall focus on whether school boards should be given statutory authority to deviate above the standard contract when necessary to attract quality teachers.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-EIGHTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Business and Labor Committee and the Education Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committees shall upon the conclusion of the study make a report of their findings, together with their recommendations, to the Legislative Council or Legislature.

LEGISLATIVE RESOLUTION (LR) 144

Priority Level: 3

*(NOTE: LR 144 refers to LB 777, introduced in the 2003 Session.
The Education Committee voted to kill LB 777 on May 29, 2003.)*

Introduced by Beutler, 28

PURPOSE: Despite the progress made this session in the area of need-based aid to students attending postsecondary educational institutions, Nebraska still ranks quite low in the support given to needy students. LB 777, Ninety-eighth Legislature, First Session, 2003, was introduced to present a unique approach to identify needy students earlier in their academic careers and to assure them support to attend postsecondary educational institutions. An interim study should be conducted to examine the feasibility of enacting such a measure.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-EIGHTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Education Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

LEGISLATIVE RESOLUTION (LR) 184

Priority Level: 3

*(NOTE: LR 184 refers to LB 534, introduced in the 2003 Session.
The Education Committee voted to kill LB 534 on May 29, 2003.)*

Introduced by Erdman, Synowiecki

PURPOSE: The Nebraska constitution provides that the Legislature shall provide for free instruction for all persons between the ages of five and twenty-one years and the Nebraska Supreme Court has ruled that statutes related to education should be liberally and broadly construed to provide for free instruction. The Legislature recognizes this obligation and further recognizes that cocurricular and extracurricular activities play an important role in the education of our youth.

The purpose of this study is to consider the steps that can be taken to meet the state's obligation, especially with respect to cocurricular and extracurricular activities, to the five thousand exempt students in Nebraska through the public school system. This study shall include, but not be limited to, reviewing Nebraska laws and the laws of other states related to cocurricular and extracurricular opportunities of exempt students, as well as the rules of school organizations applicable to student participation in cocurricular and extracurricular activities. In addition, information shall be gathered on the number of students and types of programs that could be made available to exempt students if LB 534 (2003) is adopted. Input shall be solicited from the State Department of Education, the Nebraska School Activities Association, education professionals, parents of and groups representing parents of exempt students, and any other government agencies, groups, or individuals with relevant information.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-EIGHTH LEGISLATURE OF NEBRASKA, FIRST SESSION:

1. That the Education Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.
2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

IV. Appendix

A. PUBLIC ELEMENTARY AND SECONDARY STUDENT FEE AUTHORIZATION ACT

[The following is the text of the student fee act as modified by LB 249 (2003)]

79-2,125. Act, how cited. Sections 79-2,125 to 79-2,135 shall be known and may be cited as the Public Elementary and Secondary Student Fee Authorization Act.

SOURCE: Laws 2002, LB 1172, § 1; Laws 2003, LB 249, § 2.

Effective date May 29, 2003.

79-2,126. Terms, defined. For purposes of the Public Elementary and Secondary Student Fee Authorization Act:

(1) Extracurricular activities means student activities or organizations which are supervised or administered by the school district, which do not count toward graduation or advancement between grades, and in which participation is not otherwise required by the school district;

(2) Governing body means a school board of any class of school district or an educational service unit board; and

(3) Postsecondary education costs means tuition and other fees associated with obtaining credit from a postsecondary educational institution. For a course in which students receive high school credit and for which they may also choose to apply for postsecondary education credit, the course shall be offered without charge for tuition, transportation, books, or other fees, except that if the student chooses to apply for postsecondary education credit, he or she may be charged tuition and other fees only associated with obtaining credits from a postsecondary educational institution.

SOURCE: Laws 2002, LB 1172, § 2; Laws 2003, LB 249, § 3.

Effective date May 29, 2003.

79-2,127. Student fees authorized. Except as provided in section 79-2,133, a governing body may require and collect fees or other funds from or on behalf of students or require students to provide specialized equipment or specialized attire for any of the following purposes:

(1) Participation in extracurricular activities;

(2) Admission fees and transportation charges for spectators attending extracurricular activities;

(3) Postsecondary education costs;

(4) Transportation pursuant to sections 79-241, 79-605, and 79-611;

(5) Copies of student files or records pursuant to section 79-2,104;

(6) Reimbursement to the school district or educational service unit for school district or educational service unit property lost or damaged by the student;

(7) Before-and-after-school or prekindergarten services offered pursuant to section 79-1104;

(8) Summer school or night school;

(9) Parking; and

(10) Breakfast and lunch programs.

Except as provided in this section, sections 79-2,127.01, 79-2,131 and 79-2,132, a governing body shall not collect money pursuant to the Public Elementary and Secondary Student Fee Authorization Act from students.

SOURCE: Laws 2002, LB 1172, § 3; Laws 2003, LB 249, § 4.

Effective date May 29, 2003.

79-2,127.01. Donations Authorized. The Public Elementary and Secondary Student Fee Authorization Act does not limit the ability of a governing body to request donations of money, materials, equipment, or attire to defray costs if the request is made in such a way that it is clear that the request is not a requirement. The act does not prohibit a governing body from permitting students to supply materials for course projects.

SOURCE: Laws 2003, LB 249, § 5.

Effective date May 29, 2003.

79-2,128. Extracurricular activities; incidentals furnished by students; authorized. A governing body may require students to furnish minor personal or minor consumable items for participation in extracurricular activities.

SOURCE: Laws 2002, LB 1172, § 4; Laws 2003, LB 249, § 6.

Effective date May 29, 2003.

79-2,129. Nonspecialized attire furnished by students; authorized. A governing body may require students to furnish and wear nonspecialized attire meeting general written guidelines for specified courses and activities if the written guidelines are reasonably related to the course or activity.

SOURCE: Laws 2002, LB 1172, § 5.

Effective date July 20, 2002.

79-2,130. Repealed.

SOURCE: Laws 2002, LB 1172, § 6; Laws 2003, LB 249, § 12.

Effective date May 29, 2003.

79-2,131. Musical instruments furnished by students; fee authorized; when. A governing body may require students to furnish musical instruments for participation in optional music courses that are not extracurricular activities if the governing body provides for the use of a musical instrument without charge for any student who qualifies for free or reduced-price lunches under United States Department of Agriculture child nutrition programs. Participation in a free-lunch program or reduced-price lunch program is not required to qualify for free or reduced-price lunches for purposes of this section. This section does not require a governing body to provide for the use of a particular type of musical instrument for any student. For musical extracurricular activities, a governing body may require fees or require students to provide specialized equipment, such as musical instruments, or specialized attire consistent with the Public Elementary and Secondary Student Fee Authorization Act.

SOURCE: Laws 2002, LB 1172, § 7; Laws 2003, LB 249, § 7.

Effective date May 29, 2003.

79-2,132. School store; authorized. The Public Elementary and Secondary Student Fee Authorization Act does not preclude operation of a school store in which students may purchase food, beverages, and personal or consumable items. A school store need not have a permanent physical presence and may consist of providing order forms for students to voluntarily purchase items from the school or another vendor.

Source: Laws 2002, LB 1172, § 8; Laws 2003, LB 249, § 8.

Effective date May 29, 2003.

79-2,133. Fee waiver policy. Each governing body shall establish a policy waiving the fees and providing the items otherwise required to be provided by students pursuant to subdivision (1) of section 79-2,127 for students who qualify for free or reduced-price lunches under United States Department of Agriculture child nutrition programs. Participation in a free-lunch program or reduced-price lunch program is not required to qualify for free or reduced-price lunches for purposes of this section.

Each governing body may establish a policy for waiving fees or providing items otherwise required to be provided by students in other circumstances.

SOURCE: Laws 2002, LB 1172, § 9; Laws 2003, LB 249, § 9.

Effective date May 29, 2003.

79-2,134. Student fee policy; hearing; procedure; contents. On or before August 1, 2002, and annually each year thereafter, each school board shall hold a public hearing at a regular or special meeting of the board on a proposed student fee policy, following a review of the amount of money collected from students pursuant to, and the use of waivers provided in, the student fee policy for the prior school year. The student fee policy shall be adopted by a majority vote of the school board and shall be published in the student handbook. The board shall provide a copy of

the student handbook to every student, or to every household in which at least one student resides, at no cost to the student or household. The student fee policy shall include specific details regarding:

- (1) The general written guidelines for any nonspecialized attire required for specified courses and activities;
- (2) Any personal or consumable items a student will be required to furnish for participation in extracurricular activities;
- (3) Any specialized equipment or attire which a student will be required to provide for any extracurricular activity;
- (4) Any fees required from a student for participation in any extracurricular activity;
- (5) Any fees required for postsecondary education costs;
- (6) Any fees required for transportation costs pursuant to sections 79-241, 79-605, and 79-611;
- (7) Any fees required for copies of student files or records pursuant to section 79-2,104;
- (8) Any fees required for participation in before-and-after-school or prekindergarten services offered pursuant to section 79-1104;
- (9) Any fees required for participation in summer school or night school;
- (10) Any fees for breakfast and lunch programs; and
- (11) The waiver policy pursuant to section 79-2,133.

No fee, specialized equipment or attire, or nonspecialized attire may be required pursuant to the Public Elementary and Secondary Student Fee Authorization Act unless the maximum dollar amount of the fee, the specifications for the specialized equipment or attire, or the specifications for the nonspecialized attire are specified in the student fee policy approved by the board. Reimbursement pursuant to subdivision (6) of section 79-2,127 for property lost or damaged by a student may be required without specification in the student fee policy.

SOURCE: Laws 2002, LB 1172, § 10; Laws 2003, LB 249, § 10.

Effective date May 29, 2003.

79-2,135. Student fee fund. Each school board shall establish a student fee fund. For purposes of this section, student fee fund means a separate school district fund not funded by tax revenue, into which all money collected from students pursuant to subdivisions (1), (3), and (8) of section 79-2,127 shall be deposited and from which money shall be expended for the purposes for which it was collected from students.

SOURCE: Laws 2002, LB 1172, § 11.

Effective date July 20, 2002.

B. VOTE RECORD

The Legislature voted to override the vetoes of the budget, education, and tax bills on May 27, 2003. The vote was 37-11-1 to pass the mainline budget bill, LB 407, into law despite the governor's objections. LB 407 calls for \$5.4 billion in spending over the 2003-05 biennium that begins July 1st. Senators voted 37-12 to override the veto of LB 759, the bill raising about \$343 million over the two-year period to bridge the revenue/budget gap. Senators also voted to override the Governor's veto of LB 540, which authorizes local school districts to levy \$1.05 per \$100 assessed valuation on property rather than \$1. The vote to override on LB 540 was 44-4-1.

Motions to Override Vetoes

Vote Key: Y=Yes; N=No; P=Present, not voting; E=Excused, not voting

SENATOR	LB 407e <i>(Mainline Budget Bill)</i>	LB 759 <i>(New Revenue Bill)</i>	LB 540e <i>(K-12 Funding Bill)</i>
Aguilar.....	Y.....	Y.....	Y.....
Baker.....	Y.....	Y.....	Y.....
Beutler.....	Y.....	Y.....	Y.....
Bourne.....	Y.....	Y.....	Y.....
Brashear.....	Y.....	Y.....	Y.....
Bromm.....	Y.....	Y.....	Y.....
Brown.....	Y.....	Y.....	Y.....
Burling.....	N.....	N.....	Y.....
Byars.....	Y.....	Y.....	Y.....
Chambers.....	Y.....	Y.....	Y.....
Combs.....	Y.....	Y.....	Y.....
Connealy.....	Y.....	Y.....	Y.....
Cudaback.....	Y.....	Y.....	Y.....
Cunningham.....	Y.....	Y.....	Y.....
Engel.....	Y.....	Y.....	Y.....
Erdman.....	N.....	N.....	Y.....
Foley.....	N.....	N.....	Y.....
Friend.....	N.....	N.....	N.....
Hartnett.....	Y.....	Y.....	Y.....
Hudkins.....	Y.....	Y.....	Y.....

SENATOR	LB 407e (Mainline Budget Bill)	LB 759 (New Revenue Bill)	LB 540e (K-12 Funding Bill)
Janssen.....	Y	Y	Y
Jensen	N	N	Y
Johnson.....	Y	Y	Y
Jones.....	Y	Y	Y
Kremer.....	Y	Y	Y
Kruse.....	Y	Y	Y
Landis.....	Y	Y	Y
Louden.....	Y	Y	Y
Maxwell.....	N	N	Y
McDonald.....	Y	Y	Y
Mines.....	Y	Y	Y
Mossey.....	N	N	N
Dw. Pedersen.....	Y	Y	Y
D. Pederson	Y	Y	Y
Preister.....	P	N	P
Price.....	Y	Y	Y
Quandahl.....	N	N	N
Raikes.....	Y	Y	Y
Redfield	N	N	Y
Schimek.....	Y	Y	Y
Schrock.....	Y	Y	Y
Smith	N	N	Y
Stuhr	Y	Y	Y
Stuthman.....	Y	Y	Y
Synowiecki.....	Y	Y	Y
Thompson.....	Y	Y	Y
Tyson	N	N	N
Vrtiska.....	Y	Y	Y
Wehrbein.....	Y	Y	Y
TOTALS.....	37-11-1-0.....	37-12-0-0.....	44-4-1-0
	(Y-N-P-E)	(Y-N-P-E)	(Y-N-P-E)