

Nebraska Council of School Administrators

# NCSA Final Legislative Report

## 2005 Legislative Session

99th Legislature, First Session  
January 5 - June 3, 2005

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## I. Legislation Passed

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<b>LB 80</b>	<i>Sponsor</i> Baker	<i>Priority</i> None	<i>Subject</i> Bus speed limits	<i>Effective</i> 9/4/05
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LB 80 amends current law by eliminating provisions that created separate speed limits for school buses. School buses will now be required to abide by the same speed limits as other vehicles.

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<b>LB 98</b>	<i>Sponsor</i> Schimek	<i>Priority</i> None	<i>Subject</i> Elections by mail	<i>Effective</i> 9/4/05
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LB 98 allows an election commissioner or county clerk to determine whether to conduct a special election by mail. In making the determination, the election commissioner or county clerk must consider the costs and the expected voter turnout of holding the election by mail.

Currently, the political subdivision wanting to place an issue on the ballot determines whether to conduct the special election by mail.

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<b>LB 114</b>	<i>Sponsor</i> Byars	<i>Priority</i> Heidemann	<i>Subject</i> Eye examinations	<i>Effective</i> 9/4/05
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LB 114 will require that children entering into the beginner grade or transferring to any grade from out of state have an eye examination beginning in 2006-07. The “visual evaluation” may be conducted by a physician, a physician assistant, an advanced practice registered nurse, or an optometrist, but must be conducted within six months prior to the entrance of a child into the beginner grade or transfer from out of state.

The examination must include testing for amblyopia, strabismus, and internal and external eye health, with testing sufficient to determine visual acuity. As with physical examinations, a parent or guardian may object in writing to prevent their student from taking the visual evaluation. The cost of visual evaluation would be borne by the parent or guardian.

During second-round debate, Senator Byars successfully amended the legislation to include a requirement that school districts provide the parent/guardian a telephone number or other contact information to assist in receiving information regarding free or reduced-cost visual evaluations for low-income families who qualify. This information must be provided along with the notification that the student is required to take a physical exam and eye exam.

NOTE: One of the sections of law amended by LB 114 (§ 79-214) was further amended by a separate piece of legislation, LB 256. LB 256 created a new category of nursing specialty, the clinical nurse specialist. It also creates the Advanced Practice Registered Nurse Act, which would

incorporate the regulation and licensure of several advanced nursing specialties including advanced registered nurse, certified registered nurse anesthetist, nurse practitioner, clinical nurse and certified nurse midwife. For purposes of the eye exam requirement, LB 256 specifies that if the eye exam is rendered by an advanced practice registered nurse, then such nurse must be practicing under and in accordance with his or her respective certification act. LB 256 does not add any new burden or requirement upon schools.

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<b>LB 126</b>	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
	Raikes	Education Com.	Class I reorg.	Various provisions/dates

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### BRIEF SUMMARY

LB 126 requires the reorganization of school districts. On or before December 1, 2005, the State Committee for the Reorganization of School Districts shall issue orders merging the property of each Class I school district into one or more Class II, III, IV or VI school districts. On or before December 1, 2005, the State Committee must also order each Class VI school district to be converted into a Class II or Class III school district. The effective date for mergers pursuant to the bill is June 15, 2006. Bonded indebtedness approved prior to the mergers remains the responsibility of the property owners in the original district voting such bonds. School boards may not close elementary attendance centers unless certain conditions are met regarding membership, proximity to another attendance site or location.

The bill changes the certification date for 2006-07 state aid from February 1, 2006 to March 1, 2006. Class II and III districts, that were Class VI districts prior to the required mergers, are allowed to exceed their allowable growth rates in 2006-07 by an amount equal to the amount anticipated to meet new transportation requirements, from which they were exempt prior to the bill. NDE is required to compute the amount of transportation expenditures that are exempt from the allowable growth rate.

LB 126 provides that an elementary attendance center cannot be closed if resident students in the prior year were at least 2.5 times the number of grades offered at the site and the attendance center is at least ten miles from another elementary site or the site is the only elementary center within an incorporated city or village.

There are 231 operating Class I districts in 2004-05. The data indicates about 56% (96 of 171 districts) of the Class Is currently having less than 2.5 resident students per grade could be closed, dependent upon local decisions.

### FULL OUTLINE

The following outline of LB 126 was prepared by the Nebraska Department of Education.

### Additional Budget Authority (Effective 6/15/06)

Districts that have been exempt from providing transportation may apply for additional budget authority for increased kindergarten through eighth grade transportation costs as a result of becoming a Class II or III school district.

### Allocation of Certified Staff

Sections 79-850 through 79-858 set forth the procedures for the allocation of all certificated employees to one or more school districts involved in a reorganization. No certificated employee shall be allocated to more than one district. Pursuant to LB 126, all certificated employees from the Class I school district who have not been previously allocated shall be allocated to the school district receiving the assets and liabilities of the Class I school district.

### Assessment Adjustments

Pursuant to orders issued by the State Committee for the Reorganization of School Districts on or before December 1, 2005, for a Class I school district which dissolves and attaches its territory to a Class II, III, IV, V, or VI school district in such a manner that the parcels of property do not become a part of the local system with which they were previously affiliated or to which they were previously attached, the Property Tax Administrator shall require the county assessor to recertify the Class I district's taxable valuation according to the new local system on or before December 20, 2005, on forms prescribed by the Property Tax Administrator. For any local system's territory which is affected by a recertification of a Class I district's taxable valuation, the Property Tax Administrator shall compute and recertify the adjusted valuation to each local system and the department on or before February 1, 2006.

### Attendance Center Information

1. The school board of any Class II, III, IV, or V school district shall not take action to close an elementary attendance center or to change the elementary grades offered at an elementary attendance center if:
  - (a) The closing of the elementary attendance center or the changing of the elementary grades offered at such elementary attendance center would cause at least one resident elementary student to reside more than twenty miles from the nearest elementary attendance center in the district on a route that would be actually and necessarily traveled from the student's residence to such elementary attendance center; and
  - (b) A parent or guardian of such student or child has notified the school board in writing on or before May 1 (of the school year proceeding the school year for closure or grade changes at the elementary center) that the distance from the residence to the nearest elementary attendance center is more than twenty miles.
2. The school board of any Class II, III, IV, or V school district shall not take action to close an

elementary attendance center or to change the elementary grades offered at an elementary attendance center if:

(a) The fall membership of the elementary attendance center for the school year immediately preceding the first school year in which the elementary attendance center would be closed or the grades offered would be changed included at least ten students who were either resident students, students residing within the boundaries of a former Class I district that contained the elementary attendance center as such boundaries existed for school year 2005-06, or students who were in the fall membership of the elementary attendance center for school year 2005-06 if the elementary attendance center was in a Class I school district at such time; and

(b) Either:

i. The elementary attendance center is at least ten miles on a route that would be actually and necessarily traveled from the closest elementary attendance center within the district; or

ii. The elementary attendance center is at least ten miles on a route that would be actually and necessarily traveled from the closest elementary attendance center within the district for which the fall membership for the immediately preceding school year included a total number of resident elementary students that was at least ten times the number of elementary grades offered at such elementary attendance center; or

iii. The elementary attendance center is the only elementary attendance center located within the boundaries of an incorporated city or village.

3. The school board of any Class II, III, IV, or V school district shall not take action to close an elementary attendance center or to change the elementary grades offered at an elementary attendance center without the approval of at least seventy-five percent of the school board of the Class II, III, IV, or V school district if:

(a) The fall membership of the elementary attendance center for the school year immediately preceding the first school year in which the elementary attendance center would be closed or the grades offered would be changed included at least ten students who were either resident students, students residing within the boundaries of a former Class I school district that contained the elementary attendance center as such boundaries existed for school year 2005-06, or students who were in the fall membership of the elementary attendance center for school year 2005-06 if the elementary attendance center was in a Class I school district at such time; and

(b) Either:

i. The elementary attendance center is at least four miles but less than ten miles, on a route that would be actually and necessarily traveled, from the closest elementary attendance center within the district; or

- ii. The elementary attendance center is at least four miles but less than ten miles, on a route that would be actually and necessarily traveled, from the closest elementary attendance center within the district for which the fall membership for the immediately preceding school year included a total number of resident elementary students that was at least ten times the number of elementary grades offered at such elementary attendance center.
4. Until the completion of the school year in which a kindergarten student from school year 2005-06 would complete the highest grade offered at the elementary attendance center if such student would progress through the grades at the normal rate, the school board of any Class II, III, IV, or V school district shall not take action to close an elementary attendance center or to change the elementary grades offered at an elementary attendance center if:
  - (a) The fall membership of the elementary attendance center for the school year immediately preceding the first school year in which the elementary attendance center would be closed or the grades offered would be changed included at least five students who were either resident students, students residing within the boundaries of a former Class I school district that contained the elementary attendance center as such boundaries existed for school year 2005-06, or students who were in the fall membership of the elementary attendance center for school year 2005-06 if the elementary attendance center was in a Class I school district at such time; and
  - (b) At least one resident student, student residing within the boundaries of a former Class I school district that contained the elementary attendance center as such boundaries existed for school year 2005-06, or student who was in the fall membership of the elementary attendance center for school year 2005-06 if the elementary attendance center was in a Class I school district at such time has registered to attend such elementary attendance center as of August 1 immediately preceding the beginning of the school year for which the elementary attendance center would be closed or the grades offered would be changed.

\* This protection only applies to Class I attendance centers with students who were in kindergarten during the 2005-06 school year.
5. The school board of any Class II, III, IV, or V school district shall not take action to close an elementary attendance center or to change the elementary grades offered at an elementary attendance center unless public notice has been given that the school board is considering such action on or before January 1 of the school year preceding the first school year for which the elementary attendance center would be closed or the grades offered would be changed. This requirement does not apply to elementary attendance centers under 4(b) above.
6. The temporary relocation of some or all of the students to an alternate elementary attendance center for a period not to exceed two years shall not constitute the closing of an elementary attendance center or a change in the grades offered at such elementary attendance center.

An alternate elementary attendance center shall not be subject to the above listed provisions. The grades offered at the alternate elementary attendance center shall include any grade for which a student could enroll and receive education at the elementary attendance center for the specified school year;

7. For purposes of this section:

- (a) Elementary attendance center means a building in which education was offered by a school district in one or more of the grades kindergarten through grade four;
- (b) Resident elementary student means a student who will be attending school in an elementary grade in the school year in which the elementary attendance center would otherwise be closed or the grades offered would otherwise be changed and who resides within the boundaries of the school district which contains the elementary attendance center;
- (c) Resident student means a student who resides within the boundaries of the school district, which contains the elementary attendance center.

#### Certification of State Aid

Certification of the 2006-07 State Aid and each districts applicable allowable growth rate will be on March 1, 2006 instead of February 1, 2006. This will allow for the adjustments to valuations as a result of Class I reorganizations that would impact State Aid for the 2006-07 school year.

#### Community Schools and Operating Council Procedures

On or before June 14, 2006, the school board of each Class I school may form an operating council for the district's elementary attendance center. Any elementary attendance center may be designated as a community school through the formation of an operating council. School boards of Class II, III, IV, and V school districts shall establish procedures for the formation of operating councils.

If the school board of a Class II, III, IV, or V school district receives a request for an elementary attendance center to be designated as a community school, the school board shall hold an operating council organizational meeting at such elementary attendance center sixty days after receiving the request, except that the school board shall not be required to hold organizational meetings at any one elementary attendance center more than once during a calendar year.

Once formed, operating councils shall determine the timing and procedures for selecting successor members. Each operating council shall be composed of not less than three and not more than six members. Operating councils shall be advisory to the superintendent, the school board, and the principal of the community school on all matters affecting the community school. Operating councils shall propose and submit a budget for the community school to the school board and one or more members of the operating council shall interview and recommend staff for the communi-

ty school. The superintendent of any school district containing at least one community school shall provide the operating councils with copies of public information provided by the school district staff to the school board regarding the budget and staffing decisions for the community school and proposed policy changes affecting the community school. The principal of a community school shall provide an opportunity for the operating council to meet with the principal not less than once each month.

### Elementary Improvement Grants

Class II and III school districts shall qualify for elementary improvement grants for the 2007-08, 2008-09, and 2009-10 school fiscal years if:

- (1) The voters of the Class II or Class III school district approve a bond issue for at least two million dollars on or after June 15, 2006, and on or before June 14, 2007, for a project to remodel an existing elementary attendance center or to build a new elementary attendance center;
- (2) Demographic factors increase the number of weighted formula students for the school district's local system by at least four and one-half percent to arrive at the adjusted formula students for the final calculation of state aid pursuant to section 79-1065 for the 2005-06 school year;
- (3) The final calculation of state aid pursuant to section 79-1065 for the 2005-06 school year included at least three hundred ninety formula students for the school district's local system;
- (4) The school district consists of at least one hundred fifty square miles; and
- (5) The State Board of Education approves the project as being designed to improve the educational environment for students with diverse economic and cultural backgrounds.

The amount to be distributed each school fiscal year shall be divided equally among qualifying school districts up to one hundred thousand dollars for each school district. The amount to be distributed shall be distributed to the school district as one lump-sum payment on the last business day of December and shall be treated as special grant funds as defined in section 79-1003.

### General Information

By August 1, 2006, all taxable property and all elementary and high school students shall be in school districts which offer education in grades kindergarten through twelve. Nebraska Department of Education Education Support Services - School Finance & Organization Services

No new school district shall be created unless such district provides instruction in kindergarten through grade twelve.



For bond elections to be held during 2006, the legal voters of a Class II, III, IV, V, or VI school district shall include residents of territory that will be attached to such school district on June 15, 2006.

#### Membership Percentage Calculation Process

On or before September 10, 2005 each Class I board secretary shall certify to each Class II, III, IV, V, or VI school district that territory of the Class I is affiliated and/or part of the following:

- (a) A statement of the highest grade offered by the Class I school district (the grades offered at an elementary attendance center shall include any grade for which a student could enroll and receive education at the elementary attendance center for the specified school year) ; and
- (b) A list of the former students of the Class I school district who in school year 2001-02, 2002-03, or 2003-04 completed the highest grade offered by the Class I school district.

By October 1, 2005, the superintendent of each Class II, III, IV, or V, VI school district receiving such list of students shall return to the Class I school district a modified list specifying:

- (a) The students, if any, who appear on the list provided by the Class I school district and who were enrolled in the high school district for any part of school year 2002-03, 2003-04, or 2004-05; and
- (b) Additional students, if any, who were residents of the Class I school district but who completed the highest grade offered by the Class I school district as an enrollment option student in the Class II, III, IV, V, or VI school district in school year 2001-02, 2002- 03, or 2003-04.
  - ▶ If a Class II, III, IV, V, or VI school district fails to provide the modified list to a Class I school district on or before October 1, 2005, such Class II, III, IV, V, or VI school district shall be deemed to have had no such students to specify and shall have a membership percentage of zero percent.

The secretary of the school board of each Class I school district shall determine a membership percentage for each Class II, III, IV, V, or VI school district with which territory within the boundaries of the Class I school district is affiliated or of which territory within such boundaries is a part (by dividing the number of students specified by the Class II, III, IV, V, or VI school district by the total number of students specified by all Class II, III, IV, V, or VI school districts with which territory within the boundaries of the Class I school district is affiliated or of which territory within such boundaries is a part).

On or before November 1, 2005, the secretary of the school board of each Class I school district shall certify and file with the State Committee for the Reorganization of School Districts and pro-

vide a copy to each Class II, III, IV, V, or VI school district with which territory within the boundaries of the Class I school district is affiliated or of which territory within such boundaries is a part, a list of all membership percentages calculated by the Class I school district.

#### Rural Education Transition Funds

Each Class II or Class III school district with a fall membership for school year 2006-07 of six hundred or more students, formed on June 15, 2006, from a Class VI system, shall receive rural education transition funds pursuant to this section for school fiscal years 2006-07, 2007-08, and 2008-09. The amount to be distributed to each such district shall be calculated by first calculating the target amount for each such district.

The target amount shall equal eighty percent of the sum of:

- (1) Twenty thousand dollars multiplied by the sum of the number, up to nine, of Class I school districts which had one hundred percent of their territory within the Class VI system from which the Class II or Class III school district was formed and which had an average daily membership of less than six hundred students for school year 2005-06 plus one if the Class VI school district from which the Class II or Class III school district was formed had an average daily membership of less than six hundred students for school year 2005-06; plus
- (2) One hundred dollars multiplied by the sum of the difference of average daily membership minus fifty students for school year 2005-06 for each Class I school district which had one hundred percent of their territory within the Class VI system from which the Class II or Class III school district was formed and which had an average daily membership of less than six hundred students for school year 2005-06 and for the Class VI school district from which the Class II or Class III school district was formed if the Class VI school district had an average daily membership of less than six hundred students for school year 2005-06. The difference of the average daily membership minus fifty students shall be zero if there were less than fifty students in the average daily membership for the district.

The amount to be distributed to each such district shall equal the target amount for the district unless the total of all target amounts exceeds the amount appropriated by the Legislature. If the total of all target amounts exceeds such appropriated amount, the target amounts shall be reduced proportionately such that the total of all target amounts equals such appropriated amount. The amount to be distributed shall be distributed to the school district as one lump-sum payment on the last business day of December and shall be treated as special grant funds as defined in section 79-1003.

#### State Committee Responsibilities on or before December 1, 2005

- (1) On or before December 1, 2005 the State Committee for the Reorganization of School Districts shall enter an order dissolving any Class I school district that does not comply with the Certification of Membership percentages requirement and attach the territory of such district to the Class II, III, IV, V, or VI school district with which the territory is affiliated or of which the territory is a part.

The State Committee for the Reorganization of School Districts is not required to conduct public hearings prior to issuing these orders.

The effective date for all these orders shall be January 1, 2006, for determining residence for election purposes and June 15, 2006, for all other purposes.

The elementary attendance center for any Class I school district dissolved pursuant to this section shall not be subject to the Community School / Operating Council procedures or the Attendance Center closing or change protection provisions.

The assets and liabilities of such district, except bonded indebtedness, shall be distributed among the Class II, III, IV, V, or VI school districts to which the territory has been attached in proportion to the taxable valuation of the territory attached to such Class II, III, IV, V, or VI school district.

The territory obligated for the bonded indebtedness of any Class I, II, III, IV, V, or VI school district shall not change as a result of an order issued pursuant to this section.

To attach territory of a Class I district dissolved to a Class VI district with which the territory is a part means to include the territory in the new Class II or Class III school district formed from the Class VI school district.

This action will be taken notwithstanding the provisions of any affiliation petition or plan entered into by Class I school districts prior to the operative date of this section, on or before December 1, 2005.

- (2) State Committee for the Reorganization of School Districts shall also issue orders, on or before December 1, 2005, which dissolve and attach the territory of each Class I school district, except as provided above, to one or more Class II, III, IV, V, or VI school districts pursuant to one of the methods contained below.
  - (a) If a valid statement of commitment is filed on or before November 1, 2005 with the State Committee for the Reorganization of School Districts, the territory of the Class I district shall be attached to one or more Class II, III, IV, V, or VI school districts according to the statement of commitment. The assets and liabilities, except bonded indebtedness, of the Class I school district shall be transferred to the Class II, III, IV, V, or VI school district which will receive the largest percentage of the taxable valuation of the territory of the Class I school district.
  - (b) If a valid statement of commitment was not filed on or before November 1, 2005, and the primary high school district for the Class I school district as designated for school year 2005-06 has a certified membership percentage of at least fifty percent or if there is not a high school district with a membership percentage above zero percent, the territory of the Class I school district shall be attached to the Class II, III, IV, V, or VI

school district with which the territory is affiliated or of which it is a part; and the assets and liabilities, except bonded indebtedness, of the Class I school district shall be transferred to the primary high school district as designated for school fiscal year 2005-06 pursuant to section 79-1083.02.

- (c) If a valid statement of commitment was not filed on or before November 1, 2005, and the primary high school district for the Class I school district as designated for school year 2005-06 does not have a certified membership percentage of at least fifty percent then:
1. The territory of the Class I school district that is affiliated with or a part of a Class II, III, IV, V, or VI school district that has a membership percentage of at least twenty percent shall be attached to such Class II, III, IV, V, or VI school district; and
  2. The territory of the Class I school district that is affiliated with or a part of a Class II, III, IV, V, or VI school district that has a membership percentage that is not at least twenty percent shall be attached to the Class II, III, IV, V, or VI school district which has the largest membership percentage for the Class I school district.

The assets and liabilities, except bonded indebtedness, of the Class I school district shall be transferred to the Class II, III, IV, V, or VI school district with the largest membership percentage certified.

- (3) The State Committee for the Reorganization of School Districts shall issue orders classifying each Class VI school district into a new Class II or Class III school district. The territory of Class I school districts ordered to be attached to a Class VI school district shall be attached to the new Class II or Class III school district created from such Class VI school district.

The existing school board members of each Class VI school district as of June 15, 2006, shall continue as the school board members for the new Class II or Class III school district created from such Class VI school district until their terms expire and their successors are elected and qualified.

The territory obligated for the bonded indebtedness of any Class I, II, III, IV, V, or VI school district shall not change as a result of an order issued pursuant to this section.

The effective date for all orders pursuant to this section shall be January 1, 2006, for determining residence for election purposes and June 15, 2006, for all other purposes.

The State Committee for the Reorganization of School Districts shall not be required to conduct public hearings prior to issuing orders pursuant to this section.

### Statements of Commitment

On or before October 1, 2005, each Class I board may hold a public hearing regarding the dissolution of the Class I school district and its attachment to one or more Class II, III, IV, V, or VI school districts.

On or before November 1, 2005, each Class I school board that held a hearing pursuant to this subsection may file with the State Committee for the Reorganization of School Districts a valid statement of commitment to attach all of the territory of the Class I district to one or more Class II, III, IV, V, or VI school districts.

Valid statements of commitment shall:

- (a) Specify the Class II, III, IV, V, and VI school districts to which the territory of the Class I school district will be attached and the territory to be attached to each specified school district; and
- (b) Be approved by a majority of the members of the school boards of:
  - (i) The Class I school district.
  - (ii) All Class II, III, IV, or V school districts with which territory of the Class I school district is affiliated;
  - (iii) All Class VI school districts of which territory of the Class I school district is a part; and
  - (iv) All Class II, III, IV, V, or VI school districts which will receive territory from the Class I school district.

*All statements of commitment must be approved by a majority of the members:*

Class I school board (2 of 3, or 4 of 6);  
Class II school board (4 of 6);  
Class III school board (4 of 6, or 5 of 9);  
Class IV school board (4 of 7);  
Class V school board (7 of 12); and/or  
Class VI school board (4 of 6).

### Transportation Provisions Changes (Effective 6/15/06)

The school board shall either provide free transportation or pay an allowance for transportation in lieu of free transportation as follows:

- (a) When a student in only grades kindergarten through eight attends an elementary school in his or her own district and lives more than four miles from the public schoolhouse in such district; and
- (b) When a student in only grades kindergarten through eight is required to attend an elementary school outside of his or her own district and lives more than four miles from such elementary school.

Districts that have been exempt from providing transportation may apply for additional budget authority for increased kindergarten through eighth grade transportation costs as a result of becoming a Class II or III school district (see section entitled “Additional Budget Authority”)

	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
<b>LB 144</b>	Price	None	Retirement statements	9/4/05

LB 144 relates to the statements of information mailed to each plan member under the School Employees Retirement Plan and to the duty of the Retirement Agency in addressing incorrect data.

As a matter of background, the Legislature passed LB 1191 in 1998 requiring the Retirement Agency to send each member of the School Employees Retirement Plan a statement of information at least once every two years. The statement included years of creditable service, reported salary, and other information. The idea was to give each plan member a chance to make sure the information on file is indeed correct.

The law gave each plan member 90 days in which to dispute any information contained in the statement and request that the Public Employees Retirement Board (PERB) modify or correct the information. If the member does not dispute the statement before the 90 days have elapsed, the statement becomes “binding upon the member and the member shall be forever barred from challenging such statement thereafter.”

The information provided in the statement of information is critical because it reflects what the employer has submitted to the Retirement Agency on behalf of the employee and is the basis for which employees estimate retirement income. However, without a mutual requirement for correction by the Retirement Agency, employees may be misinformed about the level of income they can expect at retirement and consequently fail to make informed decisions about their retirement.

As passed, LB 144 would remove the current statutory requirement that plan members are to verify their statements of information for errors within 90 days after receipt. Plan members would no longer be barred from bringing challenges to the attention of the PERB.

In addition, the bill would specify that the PERB has an ongoing fiduciary duty to modify or correct a member’s statement if the Board discovers an error in the information it has on record. The Board would be required to make a modification or correction of the information within 60 days after the error is brought to the attention of the Board.

	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
LB 198	Raikes	None	Property transfers	9/4/05

LB 198 provides for adjusted state aid payments to schools to reflect transfers of property due to annexation, dissolutions of Class I districts, and reorganizations of one or more Class I district. In order to receive additional state aid under the bill a school district from which property is being transferred must apply to NDE on or before August 20th preceding the first fiscal year for which the property will not be available for taxation.

NDE, with the help of the Property Tax Administrator, is to calculate the adjustment in state aid due to the property transfer and increase the state aid payment to such school system. State aid payments are also reduced by an equal amount for local systems receiving valuation. In order to insure the bill is revenue neutral, a portion of the state aid adjustments may be delayed for the applicant school systems to future years if receiving systems will not receive enough state aid in the initial year to offset the increases for the applicant districts.

The bill allows school districts that lose valuation to receive state aid in the year in which the valuation is lost, rather than one year later. Systems that gain taxable property will have a reduction in state aid in the year the school system has an increase in valuation pursuant to the acquisition of property, rather than a year later.

	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
LB 217	Flood	Flood	Facility finance	9/4/05

LB 217 enacts the Public Facilities Construction and Finance Act. The bill would authorize a variety of political subdivisions to issue bonds to jointly finance various capital improvement projects and library information technology improvements as outlined in the bill. The bill authorizes bonds to be issued for jointly financed projects so long as the second largest participant in the joint project contributes at least 25% toward related debt service.

The principal amount of bonds issued for capital improvement projects would be limited to \$5 million for participating political subdivisions and annual debt service for participants is not to exceed 5% of the restricted funds of an obligated political subdivision in the year prior to the issue of related bonds.

The principal amount of bonds issued for library information technology improvements would be limited variously according to municipality class or other type of political subdivision for participating public agencies and annual debt service for participants is not to exceed 5% of the restricted funds of an obligated political subdivision in the year prior to the issue of related bonds. Political subdivisions involved with jointly financed projects would be required to hold public hearings with respect to proposals to issue bonds. Issuance of such bonds would not require an election/vote within affected political subdivisions unless a remonstrance petition against the issuance of bonds, signed by a sufficient number of registered voters of the relevant political subdivision, was to be filed.

LB 217 also provides that taxes levied to retire debt issued for jointly financed projects under provisions of the bill are not subject to the political subdivision tax levy limitations.

To the extent that political subdivisions might be more likely to issue bonds under the provisions of LB 217 than under provisions of current law, the bill could result in some greater level of political subdivision bonds issued for joint projects as authorized by the bill. Correspondingly, the bill could result in increased property taxes levied to retire related bonds.

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<b>LB 234</b>	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
	Connealy	None	Storm sewers	9/4/05

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Current law authorizes first class cities to provide for construction of storm sewers within the corporate limits of the city as well as within the area that lies one mile beyond its corporate limits and provide for the assessment of related costs.

LB 234 would expand the extraterritorial area within which first class city storm sewer construction is authorized. This area would be amended to include the area that lies within first class cities' extraterritorial zoning jurisdiction as established by the municipalities.

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<b>LB 263</b>	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
	Landis	None	Adjusted valuation	3/10/05

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LB 263 represents the annual cleanup bill brought to the Revenue Committee by the Property Tax Administrator to improve the administration of the property tax.

Section 16 would amend §79-1016 to change a filing date for the non-appealable corrections of the adjusted valuation for purposes of the Tax Equity and Educational Opportunities Support Act from June 30 to May 31.

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<b>LB 329</b>	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
	Stuhr	None	401(a) deferred comp. plans	9/4/05

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LB 329 officially permits school districts to offer 401(a) deferred compensation plans to employees for purposes of separation payments made at retirement and early retirement inducements.

Specifically, the bill would permit a school board to make contributions for the purposes of separation payments paid at retirement and for early retirement inducement payments. Such contributions would be picked up under section 414(h) of the Internal Revenue Code and would be deposited into qualified plans permitted under sections 401(a), 403(a) or 403(b) of the Internal Revenue Code. LB 329 would also make changes to the definition of compensation [§79-902 (35)(a)] to provide that employer contributions made for the purposes of separation payments at retirement and early retirement inducements are not defined as compensation for the purposes of the calculation of school employees' retirement benefits.



Currently, various school districts across the State of Nebraska provide payments to their employees in order to induce them to take early retirement. The payments are deposited in qualified retirement accounts and may be paid to the retiree in the form of regular annuity payments. The purpose of LB 329 was to codify this current practice into state law.

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	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
<b>LB 361</b>	Bourne	Judiciary Com.	Civil immunity	7/1/05

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LB 361 represented an omnibus criminal justice bill containing both technical and substantive provisions. As passed and signed into law, LB 361 contains the provisions of LB 110, introduced on behalf of the NSEA, relating to civil immunity for certain school employees in certain circumstances. Specially, the bill provides immunity from civil liability for a school nurse, medication aide, or non-medical staff person who responds to life-threatening asthma or systemic allergic reactions protocols adopted by a school or educational program.

Such civil immunity exists in current law (§25-21,280). However, the existing immunity provision is set to expire on July 1, 2005 unless extended by the Legislature. LB 361 will accomplish this objective by removing the sunset clause permanently.

The immunity granted would extend to any act or omission in rendering emergency care for a person experiencing a potentially life-threatening asthma or allergic reaction that occurs on school grounds, in a school vehicle, at school-sponsored activity or athletic event, or at a facility used by a school or educational program unless damage or injury was caused by the willful or wanton act or omission of such employee.

If the employee performs an act or omission, which results in damage or injury that occurs when the employee is impaired by alcohol or any controlled substance, immunity would not extend to the employee, school district, educational service unit, or early childhood education program.

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	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
<b>LB 364</b>	Retire. Com.	Retire. Com.	Technical/substantive	6/1/05

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LB 364 contains a number of technical and substantive provisions relating to the Omaha Public Schools (Class V) Retirement Plan and the School Employees Retirement Plan.

Changes to the Class V Retirement Plan

- *1,000 Hours would Define a Year of Service.* LB 364 would require the completion of 1,000 hours of service to receive credit for a full year of membership service. Currently, membership service has not been defined and has varied depending on the member’s contract. This change defines a year of service as a fiscal period in which the member completes 1,000 hours.

- *Fractional Years Measured in Tenths.* In the past, fractional years of service have been measured in half years. LB 364 provides for fractional portions of a year in tenths with one tenth earned for each 100 hours.
- *Compensation to Include Qualified Transportation Fringes.* A technical change that would add to the definition of compensation amounts not currently included in reported income by reason of a qualified transportation fringe. Currently, this feature of the IRS Code is not utilized by the Omaha Schools.
- *Purchased Prior Years of Service.* LB 364 replaces the existing procedures for the purchase of prior service credits. As a result the years of purchased service from other school districts may not exceed the member's service in the Omaha Public Schools. Any service from another school district that has been reflected in the calculation of the retirement benefit that the employee is receiving, or is eligible to receive, may not be purchased. Once the credit has been purchased, it is applied to increase the member's retirement benefit from the Class V Retirement System.
- *Changes in Eligibility of Designated Beneficiary.* The legislation introduces a technical change that will increase the acceptable age difference of a designated beneficiary and member who selects a joint and survivor retirement option. Members who select a joint and survivor form of payment will continue to receive a smaller actuarially equivalent monthly benefit.

#### Changes to the School Employees Retirement Plan

LB 364 provides for a few technical corrections to the definition of compensation within the School Employees Retirement Act. These provisions of LB 364 effectively amended some of the provisions of LB 503, also passed in the 2005 Session.

As a matter of background, LB 503 address the issue of salary spiking by placing into state law a similar system used in other states to limit the amount of salary increase counted toward retirement.

Beginning July 1, 2005, LB 503 will implement what might be loosely called a "floating cap" to determine compensation for purposes of retirement. In the determination of compensation for members on or after July 1, 2005, LB 503 would implement an annual compensation cap of 7% (for purposes of the retirement plan) for each of the last five years (60 months) of employment prior to actual retirement. This does not preclude an increase in compensation greater than 7%, but no more than 7% would be counted toward calculation of retirement benefits in each of the last five years of employment.

There are three exceptions to the cap, and one of these exceptions gives rise to the rationale for calling it a "floating cap."

1. The first exception is consistent with that under existing law: the member experienced a substantial change in employment position.

2. The second exception is a modified version of existing law in that the 7% cap would not apply to employees covered by a collective bargaining agreement between the employer and a recognized collective-bargaining unit or category of school employee. The twist in this modified exception is that if the collective bargaining agreement arrives at an average compensation increase in excess of 7%, that percentage would also apply to employees not covered by the collective bargaining agreement (e.g., school administrators). For example, if the compensation increase is 9% in a given year for employees under the collective bargaining agreement, then school administrators in that school district may have as much as 9% of their compensation increase counted toward retirement (thus the floating cap).
3. The third exception applies to compensation increases in excess of 7% due to a district-wide permanent benefit change made by the employer for a category of school employee.

LB 364 effectively amends various portions of LB 503 as follows:

First, the bill requires school districts to make a verification of the percentage amount of compensation contained within a collective bargaining agreement when such amount is greater than the 7% limit for purposes of retirement.

*Excerpt of the language contained in LB 503 along with the changes under LB 364 (underlined):*

... (e)(i) In the determination of compensation for members on or after July 1, 2005, that part of a member's compensation for the plan year which exceeds the member's compensation with the same employer for the preceding plan year by more than seven percent of the compensation base during the sixty months preceding the member's retirement shall be excluded unless (A) the member experienced a substantial change in employment position, (B) as verified by the school board, the excess compensation above seven percent occurred as the result of a collective-bargaining agreement between the employer and a recognized collective-bargaining unit or category of school employee, and the percentage increase in compensation above seven percent shall not be excluded for employees outside of a collective-bargaining unit or within the same category of school employee, or (C) the excess compensation occurred as the result of a district-wide permanent benefit change made by the employer for a category of school employee in accordance with subdivision (35)(a)(iv) of this section. ...

Second, LB 364 clarifies that the compensation base is the lesser of 7% or the actual annual compensation received by a plan member. The language contained in LB 503 defined the compensation base as an amount that was to increase by 7% each year. However, there was a concern that such language could be misinterpreted to permit a salary increase in excess of the 7% cap.

For example, a school plan member may receive a salary increase of 3% (well under the 7% cap), and, in a subsequent plan year, the member may attempt to utilize the unused 4% difference to justify a salary increase in excess of the 7% cap (in this example 11%). Such interpretation could

have resulted in a salary spike prior to retirement, where the member would not have contributed a sufficient amount in order to cover the resulting retirement benefit.

*Excerpt of the language contained in LB 503 along with the changes under LB 364 (underlined):*

... (B) Compensation base means (I) for current members employed with the same employer, the member’s compensation for the plan year ending June 30, 2005, or (II) for members newly hired or hired by a separate employer on or after July 1, 2005, the member’s compensation for the first full plan year following the member’s date of hiring. Thereafter, the member’s compensation base shall be increased each plan year by the lesser of seven percent of the member’s preceding plan year’s compensation base or the member’s actual annual compensation increase during the preceding plan year;

...

Finally, LB 364 clarifies that if a member’s compensation has exceeded the compensation base by 7% then the school employer must provide such information to the director of NPERS within 90 days of the end of the plan year. This change would amend the language found in LB 503, which required the school employer to provide such information within 30 days of such occurrence.

*Excerpt of the language contained in LB 503 along with the changes under LB 364 (underlined):*

... (2) If a member’s compensation for a plan year exceeds the member’s compensation with the same employer for the preceding plan year by more than seven percent of the compensation base, then the employer shall, within ~~thirty~~ ninety days of ~~such occurrence~~ the end of a plan year, provide information indicating to the director that the member’s compensation has exceeded seven percent of the compensation base. Such information shall be provided in an accurate and verifiable form as specified by the director. ...

	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
LB 380	Redfield	None	Bonding for treasurers	9/4/05

LB 380 would allow insurance coverage as an alternative to bonding for school district treasurers in all classes of school districts. Currently, school district treasurers are required to execute and file a bond of not less than \$500 or more than two times the amount of money that will come into his or her hands as treasurer at any one time.

LB 503	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
	Retire. Com.	Retire. Com.	Omnibus bill	Various provisions/dates

LB 503 embodies a number of technical and substantive changes to several state sponsored public employees retirement plans. The four major provisions of the legislation include: (1) an increase in the contribution rates; (2) provisions concerning salary spiking; (3) school reporting of salary information; and (4) provisions for a temporary spending lid exclusion.

### CONTRIBUTION RATE

To address the existing \$14.9 million actuarial shortfall, LB 503 will raise the contribution rates under the School Employees Retirement Plan for a period of two years. The current employee contribution rate is set at 7.25% with an employer rate of 7.32%. LB 503 would cause the rates to change as follows:

Effective September 1, 2005 to August 31, 2006:

- Employee: 7.98%
- Employer: 8.06%

Effective September 1, 2006 to August 31, 2007:

- Employee: 7.83%
- Employer: 7.91%

### SALARY SPIKING

*Current Law:* Existing law for the School Employees Retirement System employs what is commonly referred to as the “10% rule.” Under this rule, the amount of compensation that may be counted toward retirement for each plan member is capped at 10% growth from the previous year. The rule does not limit the amount a board may pay an employee, but it does limit the amount a plan member may count toward retirement. The 10% rule applies to each year of membership prior to actual retirement.

*There are two exceptions to the rule:* (1) the member experienced a substantial change in employment position; or (2) the excess compensation occurred as the result of a collective-bargaining agreement between the employer and a recognized collective-bargaining unit or category of school employee.

Current law defines “category of school employee” as either all certificated employees of the employer or all non-certificated employees of the employer or both. The law defines “recognized collective-bargaining unit” as a group of employees similarly situated with a similar community of interest appropriate for bargaining recognized as such by a school board.

*Policy Issue:* One of the policy issues addressed by LB 503 is that the existing 10% rule simply did not curb the problem of salary spiking by school administrators, which sometimes occurred in the last few years of employment prior to retirement. A bill was introduced in the 2004 Session to specifically address the problem, and that legislation led to an interim study. The interim study led to the introduction of LB 411 in the 2005 Session. The contents of an amended version of LB 411 were absorbed into LB 503, which became a priority bill for the Retirement Committee.

*Change:* LB 503 will put into place a similar system used in other states to limit the amount of salary increase counted toward retirement.

Beginning July 1, 2005, LB 503 will implement what might be loosely called a “floating cap” to determine compensation for purposes of retirement. In the determination of compensation for members on or after July 1, 2005, LB 503 will implement an annual compensation cap of 7% (for purposes of the retirement plan) for each of the last five years (60 months) of employment prior to actual retirement. This does not preclude an increase in compensation greater than 7%, but no more than 7% would be counted toward calculation of retirement benefits in each of the last five years of employment.

*Examples:*

*Pay increase exceeds base.* An employee (not part of a collective-bargaining agreement) receives an annual salary of \$50,000 for 2004-05. During 2005-2006, the employee receives a 10% increase (\$5,000) in compensation with no substantial change in employment position. Their salary increases to \$55,000, but only \$53,500 is counted as compensation for retirement purposes (during the 60 months preceding retirement) because the 10% increase exceeds their retirement base of 7%. The following year, 2006-07, their retirement base increases by 7% to \$57,245, and so their full salary of \$55,000 would now be counted as compensation for retirement purposes in that year because that amount does not exceed the new retirement base amount.

*Pay increase does not exceed base.* An employee (not part of a collective-bargaining agreement) receives an annual salary of \$50,000 for 2004-05. During 2005-06, the employee receives a 5% increase (\$2,500) in compensation. Their salary increases to \$52,500, and that amount is also counted as compensation for retirement purposes because the 5% increase does not exceed their retirement base of 7%. The following year, 2006-07, their retirement base increases by 7% to \$56,175. The employee could receive a 7% compensation increase that year (up to \$56,175) and have the full increase count towards their compensation amount for retirement purposes.

*Exceptions:* There are three exceptions to the new cap, and one of these exceptions gives rise to the rationale for calling it a “floating cap.”

The first exception is consistent with that under existing law: the member experienced a substantial change in employment position.

The second exception is a modified version of existing law in that the 7% cap would not apply to employees covered by a collective bargaining agreement between the employer and a recognized collective-bargaining unit or category of school employee. The twist in this modified exception is that if the collective bargaining agreement arrives at an average compensation increase in excess of 7%, that percentage would also apply to employees not covered by the collective bargaining agreement (e.g., school administrators). For example, if the compensation increase is 9% in a given year for employees under the collective bargaining agreement, then school administrators in that school district may have as much as 9% of their compensation increase counted toward retirement (thus the floating cap).

The third exception applies to compensation increases in excess of 7% due to a district-wide permanent benefit change made by the employer for a category of school employee.

Those school employees retiring this year, provided that they retire before July 1, 2005, would not be subject to the new rule implemented under LB 503. They would be subject to the old 10% rule. The new rule cannot be applied retroactively.

#### SCHOOL REPORTING

In order to assist the Retirement Agency in monitoring salary information from school employees, LB 503 also requires school districts to report each occurrence of an employee's compensation exceeding 7% of the previous year's compensation. The "self-reporting" provision requires the employer district to report such information within 30 days of the compensation change. The Retirement Agency would maintain this information in order to assist the administration of the floating 7% cap under LB 503.

#### SPENDING LID EXCLUSION

On Monday, April 11th, the Legislature adopted an amendment to LB 503 concerning a temporary spending lid exception for the amount of contribution increase born by employer districts. The spending lid exception will apply only to the 2005-06 and 2006-07 school fiscal years.

The current employer contribution rate is set at 7.32% of employee salaries. LB 503 would raise the employer rate to 8.06% for 2005-06 and a slightly lower rate of 7.91% for 2006-07. The employer rate would automatically return to the 7.32% rate beginning in 2007-08.

#### Employer Rate Changes/Amount of Spending Lid Exclusion\*

<i>Current</i>		<i>Difference</i>		<i>Difference</i>
<i>2004-05</i>	<i>Rate for</i>	<i>from 2004-05</i>	<i>Rate for</i>	<i>from 2004-05</i>
<u><i>Rate</i></u>	<u><i>2005-06</i></u>	<u><i>Rate</i></u>	<u><i>2006-07</i></u>	<u><i>Rate</i></u>
7.32%	8.06%	.74%	7.91%	.59%

\* The provision applies only to the spending lid and not the levy limitation.

<b>LB 566</b>	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
	Schimek	Speaker	Election law revision bill	1/1/06

LB 566 is intended to “clean-up” and make technical changes to Nebraska’s election laws. Many of the changes contained in LB 566 are in response to provisions of the federal Help America Vote Act (HAVA) which were adopted by Nebraska in 2003. Issues addressed in the bill include changes to the voter registration application, clarifying when voters can be purged from the voter registration register, outlining procedures for persons waiting in line to vote when the polls close, defining what constitutes a valid vote, guidelines for absentee ballot counting boards, and the elimination of the “abbreviated transfer of registration” form. The specific provisions of the bill include:

- Allowing the Secretary of State to adopt rules and regulations regarding all aspects of elections.
- Clarifying that a registration application is not rejected solely because of a lack of driver’s license or the last four digits of a social security number if these numbers are found when checked against a database.
- Eliminating the abbreviated transfer of registration form for changes in a voter’s name, party affiliation or address. The voter will now be required to register again or update his or her registration information when these changes occur. The bill also eliminates the change of address and change of name forms.
- Clarifying that the Secretary of State will provide registration forms to military recruitment offices in Nebraska only.
- Providing that if an elector mails the registration application, the application must be received no later than the second Tuesday before the next election if the postmark is unreadable.
- Providing that if a voter registration form is incomplete, the election official will notify the applicant and provide him or her the opportunity to either submit an identification document or to complete a corrected registration form in a timely manner.
- Clarifying that a voter, who has moved from the address at which he or she is registered, cannot be purged from the voter registration register until after being sent a confirmation notice and failing to vote in two federal general elections. It also clarifies that a voter can be removed from the voter registration register if the election commissioner or county clerk has received information the voter has moved out of state and has registered to vote in another state.
- Requiring poll workers to contact the election commissioner or county clerk prior to making corrections to the voter registration register and issuing the non-provisional voter ballots.



- Clarifying language regarding what constitutes a valid vote for manually counted ballots and ballots counted by optical scanner.
- Providing that any person waiting in line to vote when the polling site closes will be allowed to vote. Previous language used the term “registered voters” instead of person. This change is to accommodate provisional voting.
- Allowing a registered voter to remain within the enclosure in which the voting booths are situated for more than 20 minutes if he or she is waiting in line to vote or voting. It also changes the amount of time allowed for occupying the voting booth from five to ten minutes.
- Outlining the procedures for voters and agents to submit requests for an absentee ballot and clarifies that an agent may either pick up or have an absentee ballot mailed to the voter.
- Providing absentee ballot request deadlines for persons who are not registered to vote in the county or have no residence within the county.

	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
<b>LB 577</b>	Raikes	Schimek	Early childhood education	9/4/05

LB 577 pertains to funding for early childhood education programs. The bill changes the state aid formula (TEEOSA) to provide a weighting factor for early childhood education programs and to include the membership of children enrolled in an early childhood grant funded program in the calculation of state aid. The membership of those who will be eligible to attend kindergarten in the following year is included, if the program has received an early childhood grant through the Early Childhood Education Grant Program for three years.

The early childhood education students are included as adjusted formula students for determining formula “needs” in the first two years, but are subtracted from adjusted formula students for the first two years when determining average formula cost per student in each cost grouping. This is to allow the funding to continue to be provided based upon K-12 students until the expenditures for early childhood education students are reflected in the calculation of state aid. School districts which receive additional state aid attributed to the early childhood program are authorized to exceed the allowable growth rate in an amount equal to the number of adjusted formula students in the early childhood program times the cost group cost per student. The bill prioritizes the distribution of grant funds. It also provides for a reduction of grant funds to an early childhood program equal to the amount of state aid that is calculated and included in the state aid formula for early childhood education students. These funds are then reallocated to other early childhood programs.

The early childhood grant program served a total of 1,350 children in 2003-04. Approximately 800 of the children were four year olds who would attend kindergarten in the following year. The

bill allows these students to be included as part of adjusted formula students in the calculation of state aid beginning in 2007-08. Assuming half of the children attend a full-day kindergarten program (1,032 hours) and the other 50% attend a half-day program, the estimated increase in state aid in 2007-08 to include 800 early childhood students in the calculation of the formula, will be about \$2.4 million. Based upon new funding for early childhood programs provided in LB 425, it is estimated that funding for an additional 335 children will be phased into the formula in 2008-09. The increase in children funded through the formula in the following years is based upon granting funds to other early childhood programs that are freed up from: (1) a 33% differential in funding in the initial year of a grant and second year funding, and; (2) the integration of funding for four year olds into the state aid formula. The following chart shows the estimated annual increase in state aid for a five-year period as funding for children in early childhood programs is phased into the formula.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Estimated State Aid Increase					
1st Year - 800 Children	2,400,000	2,500,000	2,700,000	2,800,000	2,800,000
2nd Year - 335 Children		1,100,000	1,100,000	1,200,000	1,200,000
3rd Year - 84 Children			300,000	300,000	300,000
4th Year - 204 Children				700,000	700,000
5th Year - 204 Children					800,000
Estimated Fiscal Impact	2,400,000	3,600,000	4,100,000	5,000,000	5,800,000

These calculations assume the Early Childhood Education Grant Program will continue to fund programs in the existing manner, with base year grants being 33% higher than continuation grants. It also assumes approximately 50% of the programs will be full day and 50% will be half-day early childhood education programs. The calculations are also based upon the assumption that 60% of the children in early childhood education grant programs are four year olds. Any variations from these assumptions will impact the fiscal impact of the bill.

The bill, as amended on Select File, provides that early childhood programs that have operated for three years and have been approved as meeting the same guidelines as early childhood programs receiving state grants may also have their four year olds integrated into the state aid formula. At the present time, there may be around 50 programs that may meet these criteria that are primarily small early childhood programs for special education students. The fiscal impact shown above will be greater beginning in 2008-09, if these programs are approved as meeting the guidelines. It is estimated the fiscal impact will increase by \$500,000 to \$1 million in 2008-09, if these programs are approved.

<b>LB 675</b>	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
	Langemeier	Langemeier	School permits	1/1/06

LB 675 changes provisions relating to LPE-learner's (school learner permits) and school permits. The bill requires that applicants for a school permit have a LPE-learner's permit for at least two months prior to the issuance of a school permit.

	<i>Sponsor</i>	<i>Priority</i>	<i>Subject</i>	<i>Effective</i>
LB 689	Stuhr	Raikes	Distance education	6/1/05

LB 689 creates the Distance Education Enhancement Task Force. Members of the task force must be appointed by June 15, 2005, and will include a few specific individuals and others appointed by the Legislature's Executive Board or by the Governor. Members include:

- The chair of the Education Committee (Sen. Ron Raikes);
- The chair of the Transportation and Telecommunications Committee (Sen. Tom Baker);
- The chairperson of the Appropriations Committee (Sen. Don Pederson)

#### Other Members of the Task Force

##### *Appointed by the Legislature's Executive Board*

- One member of the Education Committee in addition to the chair of the committee
- One representative of the ESUs
- One representative of distance education consortia
- One representative of NDE who has expertise in technology infrastructure
- One representative of the Public Service Commission
- Two representatives of postsecondary education who have expertise in technology infrastructure, distance education, or dual-enrollment courses
- Two members who are either public school superintendents or principals
- One representative of the Nebraska Educational Telecommunications Commission who has expertise in technology infrastructure or distance education

##### *Appointed by the Governor*

- Two representatives of the Nebraska Information Technology Commission
- One representative of the Governor

The chair of the Education Committee will serve as the chairperson of the task force and will call the initial and subsequent meetings of the task force. Staff from the Education Committee, the Transportation Committee, the Legislative Fiscal Analyst, NDE, and the Nebraska Information Technology Commission will provide research and administrative support for the task force. The task force will have a relatively small budget of \$10,000 to carry out its work, and the task force will automatically terminate on December 31, 2005.

The purpose of Task Force will be to develop an improvement plan to upgrade and coordinate distance education in Nebraska. At a minimum, the plan must include:

1. The development of a high capacity, scalable telecommunications infrastructure;
2. The development of an Internet protocol-based network to interconnect all existing and future distance education and videoconferencing facilities;

3. Upgrades of current telecommunications equipment;
4. Training and support programs for educators in the development and use of distance learning;
5. The transfer of distance education coordination responsibilities from distance education consortia to educational service units on or before July 1, 2007;
6. Statewide coordination for distance education offerings;
7. Potential funding sources;
8. The establishment of an equitable and affordable financing system for both equipment and usage;
9. The establishment of a system that allows school districts to purchase quality distance education offerings from other school districts either directly or with educational service units acting as fiscal agents; and
10. Statewide provision of other technology-based services.

The task force must make its recommendations for policies and potential legislation to the Legislature by December 31, 2005. The task force is authorized but not required to hold one or more public hearings to obtain public input.

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## **Business and Labor Committee**

*Sen. Doug Cunningham, Chair*

### **LR 215**

Introduced by Business and Labor Committee

*Purpose:* To study whether mold is a serious issue that affects the health and public safety of the citizens of Nebraska and the proposed issues raised in LB 608, introduced in 2005. In determining that mold is a serious issue affecting Nebraska citizens, the study shall determine the most appropriate method and processes for the intervention and the prevention of mold in buildings. This study shall include, but not be limited to, identifying (1) when intervention techniques should be imposed, (2) the individuals that should be designated as responsible for applying intervention and prevention techniques, (3) the training and certification required to carry out the goals of the program, and (4) whether inspection is required and the individuals necessary to carry out the inspection process.

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## **Education Committee**

*Sen. Ron Raikes, Chair*

### **LR 74**

Introduced by Howard

*Purpose:* The purpose of this study is to determine the potential need for social workers to be placed as staff in public schools. The study will include, but not be limited to:

1. Examination of the impact of social and environmental concerns on children's academic achievement;
2. Examination of the manner in which social concerns are currently being met in school settings;
3. Examination of the potential improvements in academic and social outcomes for children and their families;
4. Examination of existing models of social workers in school settings; and
5. Consideration of the fiscal impact associated with placement of social workers in school settings.

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### **LR 109**

Introduced by Howard, Kruse, Landis, Raikes

*Purpose:* The purpose of this study is to determine the feasibility of a policy to prohibit bullying behavior in public schools. The study will include, but not be limited to:

1. Examination of the definition of bullying behavior;

2. Examination of the manner in which bullying issues are currently addressed in schools;
  3. Examination of the potential improvements in academic outcomes for children as a result of an anti-bullying policy;
  4. Examination of existing models of anti-bullying policies in school settings; and
  5. Consideration of the fiscal impact associated with implementing antibullying policies in school settings.
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### **LR 155**

Introduced by Louden

*Purpose:* The purpose of this study is to examine the relationship between school districts' formula needs as calculated under the Tax Equity and Educational Opportunities Support Act and school districts' costs of meeting accreditation under Rule 10, including, but not limited to, elementary curriculum, secondary curriculum, administrative costs, and other mandatory requirements for legal operation.

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### **LR 174**

Introduced by Landis

*Purpose:* The purpose of this study is to explore the need of institutions of higher education to attract and retain outstanding faculty through the use of publicly funded endowment funds and other means. The study shall include, but not be limited to:

- (1) An inventory of states with programs to attract and retain outstanding faculty, including state-financed or supplemented faculty endowment programs;
  - (2) A review of the success of these programs in terms of hiring and retaining outstanding faculty and obtaining private endowment matching funds;
  - (3) An assessment of faculty positions unfilled due to non-competitive salaries offered at the University of Nebraska; and
  - (4) Other issues raised through the introduction of LB 47, Ninety-ninth Legislature, First Session.
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### **LR 184**

Introduced by Smith

*Purpose:* To investigate the reasons for the large increase in the number of school administrators in Nebraska from the 1970-1971 school year to the present, compared with the sharp decline in the overall number of school districts within the same period. The study shall include, but not be limited to:

- (1) Identifying the factors causing the increase in administrators and the justification for the increase;
- (2) Quantifying administrators by district;

- (3) A description of duties performed by administrators; and
  - (4) The proportion of each school district's budget devoted to administrators' salaries, benefits, travel expenses, and budget or operational costs. The goal of this study is to look for inefficiencies and duplication of administration within our educational system and to provide taxpayers an effective tool with which to evaluate school districts.
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### **LR 185**

Introduced by Smith

*Purpose:* To formulate a plan to implement the option of allowing contract schools to operate within public school districts. The study shall include, but not be limited to, identifying contract school procedures and policies that would best fit Nebraska's public education system.

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### **LR 204**

Introduced by Erdman

*Purpose:* The Constitution of Nebraska 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. Input shall be solicited from the State Department of Education, the Nebraska School Activities Association, the Nebraska Association of School Boards, the Nebraska Council of School Administrators, education professionals, families, parents of and groups representing parents of exempt students, and any other government agencies, groups, or individuals with relevant information as well as any other interested parties.

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### **LR 205**

Introduced by Erdman, Redfield

*Purpose:* The purpose of this study is to provide an analysis of Nebraska's compulsory education laws and the enforcement of such laws. Input shall be solicited from educators, school administrators, school board members, and any other government agencies, groups, or individuals with relevant information, as well as any other interested parties.



## **General Affairs Committee**

*Sen. Ray Janssen, Chair*

### **LR 209**

Introduced by McDonald

*Purpose:* The purpose of this study is to examine matters and issues related to the state lottery including, but not limited to: (1) The allotment and expenditure of all lottery revenue generated by the sales of Lotto games and Scratch games; (2) the effect of the passage of LR 209CA, Ninety-eighth Legislature, Second session, on future disbursements to lottery beneficiaries; (3) the ratio of state lottery employees to operating expenses; and (4) agency compliance with Nebraska open meetings laws and the need for additional legislation to clarify agency accountability.

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## **Government Committee**

*Sen. DiAnna Schimek, Chair*

### **LR 112**

Introduced by Schimek

*Purpose:* To examine the use of agreements by political subdivisions under the Interlocal Cooperation Act or the Joint Public Agency Act. In 2004, the Legislature passed LB 939 requiring certain political subdivisions to file with the Auditor of Public Accounts all agreements these entities have entered into under the Interlocal Cooperation Act or the Joint Public Agency Act. The bill was in response to studies conducted by both the Auditor of Public Accounts and the Government, Military and Veterans Affairs Committee of the Legislature. Both studies discovered the increased use of such agreements by political subdivisions.

With the information gathered as a result of LB 939, additional issues have arisen. The issues to be examined by this interim study will include determining why there has been an increase in the use of such agreements and whether these agreements are consistent with the intent of the Interlocal Cooperation Act and the Joint Public Agency Act.

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## **Retirement Committee**

*Sen. Elaine Stuhr, Chair*

### **LR 176**

Introduced by Retirement Committee

*Purpose:* The purpose of this study is to examine various actuarial and accounting mechanisms that can be appropriately utilized in order to resolve or minimize state actuarial contributions required for each of the public retirement systems administered by the Public Employees Retirement Board.

**LR 177**

Introduced by Retirement Committee

*Purpose:* The purpose of this study is to examine the five public employee retirement systems administered by the Public Employees Retirement Board. The study shall examine issues as they relate to the funding needs of the various retirement systems and the administration of each system.

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**LR 178**

Introduced by Retirement Committee

*Purpose:* The purpose of this study is to examine items defined as compensation in subdivision (35)(a) of section 79-902 as each pertains to the School Employees Retirement System of the State of Nebraska and to determine whether such provisions are appropriate in order to ensure uniformity among school districts and school boards. The study should examine other technical corrections and clarification of statutory language for the School Employees Retirement Act. In addition, modifications to the system's benefits or contribution processes may be considered.

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**LR 189**

Introduced by Stuhr, Erdman, Price

*Purpose:* The purpose of this study is to review the retirement system created under the Class V School Employees Retirement Act. The study may include, but is not limited to, the following:

- (1) Examine the conversion and transfer of new members and current members who elect to transfer from the retirement system created under the Class V School Employees Retirement Act into the retirement system created under the School Employees Retirement Act;
  - (2) Examine placing the administration of the Class V retirement system under administration of the Public Employees Retirement Board; and
  - (3) Compare benefits in the Class V retirement system and the School Employees Retirement System of the State of Nebraska. The intent of the study is the drafting of legislation designed to perform such a transfer and conversion and a report detailing the benefits of each system.
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**Revenue Committee**

*Sen. Dave Landis, Chair*

**LR 134**

Introduced by Janssen

*Purpose:* The purpose of this study is to investigate the implications of a bill that would exempt amounts levied by political subdivisions to satisfy the fees provided in section 33-114 from statu-

tory levy limitations. Section 33-114 authorizes county treasurers to receive fees on behalf of their respective counties for taxes collected on behalf of other political subdivisions.

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**LR 138**

Introduced by Schrock

*Purpose:* To study issues relating to elimination of personal property tax on agricultural property and changing agricultural land valuation, except grassland, from 80% of market value to 85% of market value.

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**LR 208**

Introduced by Landis

*Purpose:* The purpose of this study is to continue and improve work done by the Revenue Committee of the Legislature during past interims to inform the Legislature and other interested parties of Nebraska's tax structure compared with the past and with other states. Carrying out the purposes of this study does not involve conducting public hearings, but should result in one or more reports to the Legislature detailing Nebraska's tax structure. Examples of reports conducted pursuant to this study would include the base and rates of Nebraska's sales, income, property, excise, and miscellaneous taxes in comparison to the past or to other states; spending by the state and local governments compared to that of governments in other states; the effectiveness of tax reform legislation enacted in the past; and financial and tax policy implications of tax reform or restructuring proposals that have been proposed during recent legislative sessions or that arise during this interim. This study shall be directed toward gathering information that will assist the Legislature in determining the State of Nebraska's tax structure in future years.