

*Nebraska Council of School Administrators*

**NCSA Final Legislative Report**

The 102nd Legislature, 2nd Session, 2012

Convened, January 4, 2012  
Adjourned Sine Die, April 18, 2012

*Submitted by*  
*Dr. Michael Dulaney*  
*NCSA Executive Director*  
April 19, 2012

*Table of Legislation Passed and Signed into Law*

<i>Bill</i>	<i>Sponsor</i>	<i>Subject</i>	<i>Pg</i>
LB 446	Adams	Educational Service Units	1
LB 633	Adams	Levy/bonding authority for improvement projects	1
LB 727	Cornett	Change various tax provisions	2
LB 800	Louden	Appraised value of school lands	4
LB 821	Health Com.	Create the Nebraska Children's Commission	5
LB 823	Adams	Duties of county treasurers / school district funds	5
LB 870	Adams	School accountability / career academies	6
LB 916	Retire. Com.	Change provisions relating to retirement	7
LB 933	Ashford	Change provisions relating to truancy	9
LB 959	Janssen	Immunity to employers for job references	10
LB 962	Pahls	Tax Rate Review Committee	11
LB 968	Flood	Provide for deficit appropriations	12
LB 970	Cornett	Individual income tax reduction	13
LB 996	Wightman	Change provisions relating to compulsory attendance	13
LB 1038	Council	Lead poisoning prevention program for children	15
LB 1039	Brasch	School bus safety requirements	15
LB 1058	Carlson	Employment Security Law / New Hire Reporting Act	16
LB 1079	Mello	Grants for educational bridge programs	17
LB 1090	Wallman	Grants / Summer Food Service Program	19

<b>LB 446</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Adams	Educational Service Units	7/19/2012

LB 446 changes provisions related to educational service units (ESUs). The bill revises current law to allow an ESU to continue to consist of a single school district, if the single school district is a Class IV (Lincoln) or Class V (Omaha) district. The bill requires that an ESU composed of one district must participate in one or more of the statewide projects managed by the ESU Coordinating Council. The formula used to allocate state aid to ESUs is also changed in the bill.

Intent language is added to require multidistrict ESUs to use at least 5% of the resources received from state aid and property taxes (adjusted value x the local effort rate) for cooperative projects between member school districts and at least 5% for statewide projects managed by the ESU Coordinating Council.

*State Aid:* The bill changes the computation of state aid for ESUs consisting of a single school district by altering the number of adjusted students used in the formula calculation. Presumably, the formula change will begin in FY 2013-14 since the bill does not have an emergency clause and state aid to ESUs is certified on or before July 1st for the ensuing school year.

Under current law, in FY2011-12 and thereafter, 100% of the prior year fall membership is used in the calculation for ESU 18 - LPS and 90% for ESU 19 - OPS. The bill decreases the percentage used by 5% for these two ESUs. Therefore, 95% of the prior year membership is to be used in the calculation for ESU 18 and 85% of the prior year membership is used for ESU 19.

The formula change decreases state aid for ESUs 18 and 19, beginning in FY2013-14, due to the change in adjusted students used in the calculation. However, decreased aid for the two ESUs will not reduce the overall amount of aid distributed to ESUs because the formula allocates the amount of state aid appropriated by the Legislature. Reduced aid pursuant to the change in adjusted students for ESUs 18 and 19 is offset by an increase in the per student allocation in the formula of a like amount, which increases state aid for all of the ESUs.

*Property Taxes:* The law is also amended to allow ESUs with one district to levy a property tax in FY2013-14 and thereafter. Current law repealed the levy authority beginning in FY2013-14. Other ESUs must have four or more districts to levy a property tax in FY2013-14.

<b>LB 633</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Adams	Levy/bonding / improvement projects	7/19/2012

LB 633 changes provisions relating to the issuance of bonds by school districts and also changes the certification date for FY2012-13 state aid pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA).

*Issuance of Refunding Bonds for Projects:* LB 633 allows school districts that have issued bonds for projects addressing environmental hazards, accessibility barriers, life safety, indoor air quality, or mold abatement, qualified capital purposes, or, American Recovery and Reinvestment Act of 2009 purposes, to issue refunding bonds to call and redeem all or any part of the outstanding bonds at or before the maturity or redemption date of such bonds.

The bill does not change the cap on the tax levy that is authorized for these types of bonded projects. It is assumed the issuance of refunding bonds by school districts will result in decreased expenditures for capital projects in the districts that opt to issue the bonds.

*Exceeding Levy Cap for Certain Bond Projects:* LB 633 includes the provisions of LB 634, which also pertains to bonds issued by school districts for projects addressing environmental hazards, accessibility barriers, life safety, indoor air quality, or mold abatement, qualified capital purposes, or, American Recovery and Reinvestment Act of 2009 purposes.

The provisions allow a district to exceed the current maximum levy of 5.2 cents in any year in which the district’s valuation is lower than the year in which the district last issued bonds for these purposes and when the maximum levy is insufficient to meet the principal and interest obligations for all of the bonds issued. The amount generated from the levy in excess of the current maximum cannot exceed the principal and interest obligations for the bonds minus the amount derived from the levy maximum less federal payments or subsidies associated with such bonds.

*State Aid Certification Date Change:* LB 633 changes the certification date under TEEOSA for state aid in FY2012-13 from on or before March 1, 2012 to on or before May 1, 2012. The certification date returns to March 1st for 2013-14 and thereafter.

<b>LB 727</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Cornett	Change various tax provisions	various

LB 727 represents the Department of Revenue omnibus technical and substantive cleanup bill for the 2012 Session.

One of the provisions added to the bill during legislative debate derived from another bill, LB 903, relating to exemption of sales tax for certain youth sports activities.

*Participation:* Effective July 1, 2012, this legislation exempts sales and use tax on the gross receipts from the sale, use, or other consumption of amounts charged to participate in a youth sports event, youth sports league, or youth competitive educational activity by political subdivisions or organizations that are exempt from income tax under section 501(c)(3) of the Internal Revenue Code.

The bill defines the following for purposes of implementing this new exemption:

- (a) Competitive educational activity means a tournament or a single competition that occurs over a limited period of time annually or intermittently where the participants engage in a competitive educational activity.
- (b) Sports event means a tournament or a single competition that occurs over a limited period of time annually or intermittently where the participants engage in a sport.
- (c) Sports league means an organized series of sports competitions taking place over several weeks or months between teams or individuals that are members of the league.
- (d) Youth sports event, youth sports league, or youth competitive educational activity means an event, league, or activity that is restricted to participants who are less than 19 years of age.

*Admissions:* Effective October 1, 2012, this legislation exempts from sales tax those fees and admissions charged for participants in any activity provided by a nonprofit organization that is exempt from income tax under section 501(c)(3) of the Internal Revenue Code of 1986, which organization conducts statewide sport events with multiple sports for both adults and youth; and

LB 727 also exempts from sales tax those fees and admissions charged for participants in any activity provided by a nonprofit organization that is exempt from income tax under section 501(c)(3) of the Internal Revenue Code of 1986, which organization is affiliated with a national organization, primarily dedicated to youth development and healthy living, and offers sports instruction and sports leagues or sports events in multiple sports.

The bill defines the following:

- (a) Admission means the right or privilege to have access to a place or location where amusement, entertainment, or recreation is provided to an audience, spectators, or the participants in the activity.

Admission *includes* a membership that allows access to or use of a place or location, but which membership does not include the right to hold office, vote, or change the policies of the organization.

Admission *does not include* the lease or rental of a location, facility, or part of a location or facility if the lessor cedes the right to determine who is granted access to the location or facility to the lessee for the period of the lease or rental.

- (b) Access to a place or location means the right to be in the place or location for purposes of amusement, entertainment, or recreation at a time when the general public is not allowed at that place or location absent the granting of the admission.

- (c) Entertainment means the amusement or diversion provided to an audience or spectators by performers.
- (d) Recreation means a sport or activity engaged in by participants for purposes of refreshment, relaxation, or diversion of the participants. Recreation does not include practice or instruction.

NOTES: Existing law exempts from sales tax collection prepared food, food, and food ingredients served by public or private schools, school districts, student organizations, or parent-teacher associations pursuant to an agreement with the proper school authorities, in an elementary or secondary school or at any institution of higher education, public or private, during the regular school day or at an approved function of any such school or institution.

Existing law also currently exempts from sales tax collection fees and admissions charged by a public or private elementary or secondary school and fees and admissions charged by a school district, student organization, or parent-teacher association, pursuant to an agreement with the proper school authorities, in a public or private elementary or secondary school during the regular school day or at an approved function of any such school.

<b>LB 800</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Louden	Appraised value of school lands	7/19/2012

LB 800 relates to the establishment of the value of school lands that are offered for sale. Current law provides for the appraised value of school land to be established pursuant to section 72-257 or 72-258. These sections of law provide that land may be appraised for purposes of sale by a certified general real property appraiser and require that the land cannot be sold for less than appraised value. LB 800 changes the definition of appraised value for sale purposes to be the value as determined by the Board of Educational Lands and Funds (BELF).

Prior to the passage of LB 210 (2011), BELF was determining the appraised value of school land for sale purposes. The 2011 legislation changed the process to require an appraisal by a real property appraiser prior to the sale of a parcel of land. Appraisals cost \$1,500. The cost of the appraisal is ultimately borne by the school land trust through reduced revenue from the sale of the land. LB 800 appears to eliminate the requirement for the appraisal, which reduces expenditures by an unknown amount dependent upon the number of parcels of land offered for sale. Revenue from the sale of land is deposited in the Permanent School Fund, the interest from which is allocated to school districts on an annual basis.

It is unknown whether the appraised value as established by BELF in the future will be greater or less than what would have been established by a contracted property appraiser. However, BELF indicates that the sale value established by the board in the last year has

been higher in all instances than the value determined by the appraiser and BELF has a fiduciary duty as a trustee to sell school land for the highest amount.

---

<b>LB 821</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Health Com.	Nebraska Children's Commission	4/12/2012

---

LB 821 creates a 24-member Nebraska Children's Commission. The commission would be comprised of representatives of the three branches of state government and members of the general public. The commission is charged with developing a statewide strategic plan for reform of the system of child welfare programs and services.

The commission is to examine the operations of the Department of Health and Human Services (HHS) and make a recommendation on either a new children's agency or new children's division within HHS.

The bill also establishes the Office of Inspector General of Nebraska Child Welfare Act. The position of Inspector General would be established within the Office of Public Counsel. The Inspector General would be charged with conducting investigations, audits, inspections and other reviews of the child welfare system. The Inspector General must be certified as a Certified Inspector General within two years of the date of appointment. The Inspector General would employ investigators and support staff as is necessary within the amount available in the appropriations to the Office of Public Counsel. The office is required to investigate the following:

- (1) allegations of possible misconduct, misfeasance, malfeasance, or violation of statutes or rules and regulations; and
- (2) the death or serious injury of a child in homes, agencies, facilities and program licensed by the Department of Health and Human Services or in any case where services are provided by the department.

The process for filing of complaints to be investigated and the process to be followed by the Inspector General are outlined. The office is required to report to the Health and Human Services Committee and the Governor annually.

LB 821 passed with the emergency clause attached and becomes operative on April 19, 2012.

---

<b>LB 823</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Adams	Duties of county treasurers	7/19/2012

---

State law requires surety bonds for school district treasurers to be filed with the county treasurer. County treasurers are required to distribute funds to school districts at least once a month. However, state law was not clear whether a county treasurer may distribute funds to school district treasurers who do not have the surety bond on file. LB 823 would require the surety bond be filed in the county treasurer's office.

In essence, LB 823 allows a county treasurer to hold funds collected for a school district if an official bond or evidence of insurance coverage has not been filed by a school district treasurer.

<b>LB 870</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Adams	School accountability/career academies	7/19/2012

LB 870 was introduced as a measure to require the State Board of Education to adopt an accountability system. As the measure was advanced from committee, it also incorporated provisions relating to career academies and language relevant to evaluations of probationary certificated staff.

*Accountability System:* LB 870 requires the State Board of Education to establish an accountability system to measure the performance of individual public schools and public school districts on or before August 1, 2012. The accountability system must be used to measure performance beginning in school year 2013-14. Performance measures to be included in the accountability system include graduation rates and student growth and student improvement on required assessment instruments. The board may establish levels of performance for the indicators in order to classify and report on the performance of individual public schools and public school districts on an annual basis.

The State Board is currently working on an accountability system for schools that includes the performance measures identified in the bill.

*Careers Academies:* LB 870 provides that any school district, with the approval of NDE, may establish and operate a career academy. The purpose of a career academy is to provide students with a career-based educational curriculum. A school district may partner with another school district, an educational service unit, a learning community, a postsecondary educational institution, or a private entity in the establishment and operation of a career academy.

A career academy must:

- (a) Recruit students who seek a career-based curriculum, which curriculum must be based on criteria determined by the department;
- (b) Recruit and hire instructors based on their expertise in career-based education; and
- (c) Provide a rigorous academic curriculum with a transition component to prepare students for the workforce, including, but not limited to, internships, job training, and skills training.

In addition to funding from the establishing school district or any of the district's partners, a career academy may also receive private donations for operating expenses.

NDE is required to define standards and criteria for:

- (a) the establishment, evaluation, and continuing approval of career academies,
- (b) career-based curriculum utilized by career academies,
- (c) the necessary data elements and collection of data pertaining to career academies, including, but not limited to, the number of students enrolled in a career academy and their grade levels, and
- (d) the establishment of advisory boards consisting of business and education representatives to provide guidance and direction for the operation of career academies.

LB 870 authorizes the State Board of Education to adopt and promulgate rules and regulations to implement the provisions of the bill relating to career academies.

*Evaluations of Probationary Certificated Staff:* LB 870 also includes provisions from LB 809. These provisions harmonize rule/regulation with statute to require Class IV (Lincoln) and V (Omaha) districts to evaluate probationary certificated employees at least once each semester for an entire instructional period.

---

<b>LB 916</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Retire. Com.	Change provisions relating to retirement	4/7/2012

---

LB 916 represents the omnibus technical cleanup bill for the Nebraska Public Employees Retirement Systems (NPERS). The lengthy bill impacts all five state operated retirement plans along with the OPS (Class V) Retirement Plan. Relevant section analysis of the bill is provided below. The bill passed with the emergency clause attached.

*School Employees Retirement Plan*

*Section 19.* [amends 79-902] Existing law excludes substitute employees and temporary employees from the definition of school employees and therefore such employees are not considered members of the Plan. LB 916 expands this provision to exclude employees who have not attained the age of 18 years. This provision would be operative on September 1, 2012.

The definition of compensation is amended under LB 916 to exclude per diems from the calculation of compensation.

Under existing law, termination of employment occurs on the date on which the member experiences a bona fide separation from service of employment with the member's current employer, the date of which separation is determined by the employer. The employer must notify the Public Employees Retirement Board (PERB) of the date on which such a termination has occurred.



LB 916 stipulates that it is the responsibility of the current employer to notify the PERB of any change in employment and provide the board with such information as the board deems necessary. If the board determines that termination of employment has not occurred and a retirement benefit has been paid to a member of the retirement plan, the board will require the member who has received the benefit to repay the benefit.

Under current law, a member is not deemed to have terminated employment if the member subsequently provides service to any employer participating in the retirement system provided for in the School Employees Retirement Act within 180 calendar days after ceasing employment unless the service is voluntary or substitute service, provided on an intermittent basis. LB 916 stipulates that voluntary means bona fide, unpaid, voluntary service.

*Section 20.* [amends 79-906] Deletes obsolete language regarding school districts' obligation to inform the Public Employees Retirement Board about salary increases above 7%.

*Section 21.* [amends 79-933.01] Provides for a rollover into a Roth IRA as permitted by the Internal Revenue Code; provides for a lump sum death benefit direct transfer into a qualified retirement plan as permitted by the Internal Revenue Code; implements provisions of the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act) requiring a member's beneficiary to be entitled to any additional death benefit that he or she would be entitled to had the member been employed during the period of qualified military service when the death occurred.

*Section 22.* [amends 79-948] Allows for attachment of school employee pension benefit or annuity once the pension or annuity is distributed to the member if the member has been convicted or pled no contest to assault, sexual assault, kidnapping, child abuse, false imprisonment or theft by embezzlement and a civil judgment has been entered for restitution; provisions apply retroactively. [*Provisions from LB 973 merged into LB 916*]

*Section 23.* [amends 79-956] Clarifies the death benefit provision found in the School Employees plan. If the deceased member worked more than 20 years, the beneficiary may take a lump sum death benefit that includes the employee's contribution plus the employer match. Enables a non-spousal beneficiary to make a direct transfer or rollover into a qualified retirement plan as permitted by the Internal Revenue Code.

#### *Class V (Omaha) School Employees Plan*

*Section 24.* [amends 79-980] Clarifies references to the Internal Revenue Code in the Class V School Employees Retirement Plan.

*Section 25.* [amends 79-998] Clarifies references to the Internal Revenue Code. Enables a non-spousal beneficiary to make a rollover into a qualified retirement plan as permitted by the Internal Revenue Code.

*Section 26.* [amends 79-9,104] Allows attachment of Omaha school employee pension benefit and annuity once the pension or annuity is distributed to the member if the member has been convicted or pled no contest to assault, sexual assault, kidnapping, child abuse, false imprisonment or theft by embezzlement and a civil judgment has been entered for restitution; provisions apply retroactively. *[Provisions from LB 973 merged into LB 916]*

*Section 27.* [amends 79-9,106] Enables a non-spousal beneficiary to make a direct transfer into a qualified retirement plan as permitted by the Internal Revenue Code; provides for a lump sum death benefit direct transfer into a qualified retirement plan as permitted by the Internal Revenue Code; implements provisions of the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act) requiring a member’s beneficiary to be entitled to any additional death benefit that he or she would be entitled to had the member been employed during the period of qualified military service when the death occurred.

<b>LB 933</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Ashford	Change provisions relating to truancy	7/19/2012

LB 933, as amended, changes the requirements for a school district attendance officer to report a child to a county attorney when the child has missed 20 or more days.

Under the legislation, if the child is absent more than 20 days per year or the hourly equivalent and all of the absences are due to documented illness that makes attendance impossible or impracticable or are otherwise excused by school authorities, the attendance officer *may* report the information to the county attorney of the county in which the person resides.

If the child is absent more than 20 days per year or the hourly equivalent and any of such absences are not excused, the attendance officer must file a report with the county attorney of the county in which the person resides on a form which includes the following two statements, one of which must be designated by the school representative signing the report:

- (a) The school representative requests additional time to work with the student prior to intervention by the county attorney; and
- (b) the school representative believes that the school has used all reasonable efforts to resolve the student’s excessive absenteeism without success and recommends county attorney intervention.

If further action is necessary to address the child’s attendance, the initial meeting between the parent or guardian of the child, the school, and the county attorney or his/her designee would be at a location determined by the school.

<b>LB 959</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Janssen	Immunity to employers for job references	7/19/2012

LB 959 would allow a current or former employer to provide certain information to a prospective employer upon written consent of the prospective employee.

Under the legislation, a current or former employer may disclose the following information about a current or former employee's employment history to a prospective employer of the current or former employee upon receipt of written consent from the current or former employee:

- (a) Date and duration of employment;
- (b) Pay rate and wage history on the date of receipt of written consent;
- (c) Job description and duties;
- (d) The most recent written performance evaluation prepared prior to the date of the request and provided to the employee during the course of his or her employment;
- (e) Attendance information;
- (f) Results of drug or alcohol tests administered within one year prior to the request;
- (g) Threats of violence, harassing acts, or threatening behavior related to the workplace or directed at another employee;
- (h) Whether the employee was voluntarily or involuntarily separated from employment and the reasons for the separation; and
- (i) Whether the employee is eligible for rehire.

The current or former employer disclosing such information would be presumed to be acting in good faith and would be immune from civil liability for the disclosure or any consequences of the disclosure UNLESS the presumption of good faith is rebutted upon a showing by a preponderance of the evidence that the information disclosed by the current or former employer was false, and the current or former employer had knowledge of its falsity or acted with malice or reckless disregard for the truth.

The consent required must be on a separate form from the application form or, if included in the application form, must be in bold letters and in larger typeface than the largest typeface in the text of the application form. The consent form must state, at a minimum, language similar to the following:

*I, (applicant), hereby give consent to any and all prior employers of mine to provide information with regard to my employment with prior employers to (prospective employer).*

The consent must be signed and dated by the applicant and the consent will be valid for no longer than six months.

*Other important provisions of LB 959:*

- The legislation applies to any current or former employee, agent, or other representative of the current or former employer who is authorized to provide and who provides such information.
- The legislation does not require any prospective employer to request employment history on a prospective employee and does not require any current or former employer to disclose employment history to any prospective employer.
- Except as specifically provided in the legislation, the common law of this state remains unchanged as it relates to providing employment information on current and former employees.
- The legislation applies only to causes of action accruing on and after the effective date of this act, which date is July 19, 2012.
- The immunity conferred by this legislation does not apply when an employer discriminates or retaliates against an employee because the employee has exercised or is believed to have exercised any federal or state statutory right or undertaken any action encouraged by the public policy of this state.

---

<b>LB 962</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Pahls	Tax Rate Review Committee	7/19/2012

---

LB 962 would do essentially two things. First it would expand the requirements for a report from the Department of Revenue and, secondly, it would provide a name to a long-standing committee known to political insiders as the infamous “no name committee.”

*Tax Expenditure Report:* LB 962 amends a section of law (77-382) relating to an annual report generated by the Department of Revenue on tax expenditures.

Under current requirements, the department’s report describes the basic provisions of the Nebraska tax laws, the actual or estimated revenue loss caused by the exemptions, deductions, exclusions, deferrals, credits, and preferential rates in effect on July 1 of each year and allowed under Nebraska’s tax structure and in the property tax, and the elements that make up the tax base for state and local income, including income, sales and use, property, and miscellaneous taxes.

The department must review the major tax exemptions for which state general funds are used to reduce the impact of revenue lost due to a tax expenditure. The report must indicate an estimate of the amount of the reduction in revenue resulting from the operation of all tax expenditures.

Under LB 962, the report must also list each tax expenditure relating to sales and use tax under a wide range of categories, including purchases by political subdivisions of the state.

*Tax Rate Review Committee:* Under current law, the Speaker of the Legislature, the chairpersons of the Legislature’s Executive Board, Revenue Committee, and Appropriations Committee constitute a special committee, which meets several times each year along with the Tax Commissioner to determine whether the rates for sales tax and income tax should be changed. This committee sets in motion the budget process to the extent that it takes into consideration the appropriations and express obligations for any legislative session, all miscellaneous claims, deficiency bills, and all emergency appropriations. For many years this committee has been referred to as the “no name committee” since statute did not provide a name for it.

In the event it is determined by a majority vote of the committee that the rates must be changed as a result of a regular or special session or changes in the IRS Code, the committee may petition the Governor to call a special session of the Legislature to make what ever rate changes may be necessary.

LB 962 would establish a name for the committee, the Tax Rate Review Committee, and require it to prepare an annual report of its determinations. The committee must submit the report electronically to the Legislature and must append the tax expenditure report required above by the Department of Revenue.

<b>LB 968</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Flood	Provide for deficit appropriations	4/3/2012

LB 968 represents the mainline mid-biennium budget bill. As passed in 2011, the state budget projected a need for \$880 million to fund TEEOSA (state aid to schools), \$864.6 million of which would derive from General Fund appropriations. As introduced, LB 968 lowered the General Fund appropriation to \$814 million for FY2012-13, which represented a \$50 million decrease in funds.

During the legislative session, NDE issued a printout of state aid by district, which projected a need, under the current formula, for \$852 million. Consequently, as passed, LB 962 includes funding for state aid to schools in the amount of \$852 million (general funds plus insurance premium tax funds).

One of the unexpected, yet appreciated, outcomes of the 2012 Session involves the move to increase funding for the special education cost reimbursement program. The Legislature approved a proposal from Speaker Mike Flood to move \$10 million from the State’s Cash Reserve Fund (under LB 131) for SPED funding. Given the structure of the state’s budget, it actually works out as a \$1 million increase for FY2011-12 SPED reimbursement and \$9 million for FY2012-13.

SPED funding increases from \$184,893,842 to \$185,893,842 for FY2011-12 and \$184,893,842 to \$193,893,842 for FY2012-13.

<b>LB 970</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Cornett	Income tax reduction	1/1/2013

As introduced on behalf of the Governor, LB 970 would have lowered the individual and corporate income tax rates. The bill originally proposed to repeal the inheritance tax in its entirety. The reduction of tax revenue under LB 970 was originally estimated at \$326.6 million over three years.

Through a series of compromises, the bill was reduced in scope and impact. The inheritance tax was left in tact, much to the relief of county governments that depend upon that revenue source. The corporate income tax rates were also left in tact. The bill, as passed and signed, represented a reduction in individual income tax brackets resulting in about \$97 million in decreased state revenue over the next three years.

<i>Fiscal Year</i>	<i>Individual Income Tax Change in Receipts</i>
2011-12	\$0
2012-13	(\$7,863,000)
2013-14	(\$33,706,000)
2014-15	(\$55,608,000)

<b>LB 996</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Wightman	Compulsory attendance	7/19/2012

Under LB 996, a person who has legal or actual charge or control of a child who is at least 16 years of age but less than 18 years of age may withdraw the child from school before graduation and be exempt from mandatory attendance requirements if the student meets all requirements of the legislation, if an “exit interview” is conducted, and a “withdrawal form” is signed and submitted.

Upon the written request for attendance withdrawal by any person who has legal or actual charge or control of a child who is at least 16 years of age but less than 18 years of age, the superintendent of a school district or designee must conduct an exit interview for any student (i) enrolled in a school operated by the school district and (ii) those students who reside in the school district but enrolled in a private school.

LB 996 provides that the superintendent or designee must set the time and place for the exit interview, which must be personally attended by:

- The child, unless the withdrawal is being requested due to an illness of the child making attendance at the exit interview impossible or impracticable;
- the person who has legal or actual charge or control of the child who requested the exit interview;

- the superintendent or superintendent's designee;
- the child's principal or the principal's designee if the child at the time of the exit interview is enrolled in a school operated by the school district; and
- any other person requested by any of the required parties who agrees to attend the exit interview and is available at the time designated for the exit interview which may include, for example, other school personnel or the child's principal if the child is enrolled in a private school.

At the exit interview, the person making the written request must present evidence that (a) the person has legal or actual charge or control of the child and (b) the child would be withdrawing due to either:

1. financial hardships requiring the child to be employed to support the child's family or one or more dependents of the child, or
2. an illness of the child making attendance impossible or impracticable.

The superintendent or designee must then identify all known alternative educational opportunities, including vocational courses of study, that are available to the child in the school district and how withdrawing from school is likely to reduce potential future earnings for the child and increase the likelihood of the child being unemployed in the future. Any other relevant information may be presented and discussed by any of the parties in attendance.

At the conclusion of the exit interview, the person making the written request may sign a withdrawal form provided by the school district agreeing to the withdrawal of the child OR may rescind the written request for the withdrawal.

Any withdrawal form signed by the person making the written request would be valid only if:

- the child also signs the form unless the withdrawal is being requested due to an illness of the child making attendance at the exit interview impossible or impracticable, and
- the superintendent or designee signs the form acknowledging that the interview was held, the required information was provided and discussed at the interview, and, in the opinion of the superintendent or designee, the person making the written request does in fact have legal or actual charge or control of the child and the child is experiencing either (i) financial hardship, or (ii) an illness making attendance impossible or impracticable.

A child who has been withdrawn from school may enroll in a school district at a later date or may enroll in a private school or become an exempt student (home schooled). Any such re-enrollment would void the withdrawal form previously entered.

<b>LB 1038</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Council	Lead poisoning prevention for children	7/19/2012

LB 1038 requires the Division of Public Health of the Department of Health and Human Services (HHS) to establish a lead poisoning prevention educational and community outreach program. The program developed by HHS must recommend that children be tested for elevated blood-lead levels if a child resides in a zip code with a high prevalence of children with elevated blood-lead levels. The bill requires a child to be tested for an elevated blood-lead level if the child participates in the medical assistance program (Medicaid or CHIP) established pursuant to the Medical Assistance Act. HHS would pay the cost of testing for children in the Medical Assistance Program.

The educational and community outreach program must include the development of appropriate educational materials targeted to health care providers, childcare providers, public school personnel, owners and tenants of residential dwellings, and parents of young children. Educational materials must be made available to the general public via the HHS web site.

The results of all blood-lead tests are to be reported to HHS. HHS must initiate contact with local public health departments and/or physicians to offer technical assistance if HHS receives notice of a child with an elevated blood-lead level. HHS must also report annually to the Legislature regarding children screened and confirmed to have a high blood-lead level.

<b>LB 1039</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Brasch	School bus safety requirements	7/19/2012

LB 1039 changes existing law so that upon meeting or overtaking, from the front or rear, any school bus on which the yellow warning signal lights are flashing, the driver of a motor vehicle must reduce the speed of such vehicle to not more than 25 miles per hour, bring the vehicle to a complete stop when the school bus is stopped, the stop signal arm is extended, and the flashing red signal lights are turned on, and must remain stopped until the flashing red signal lights are turned off, the stop signal arm is retracted, and the school bus resumes motion.

The bill establishes a mandatory \$500 penalty, Class IV misdemeanor, for a school bus safety violation and provides for three points to be assessed on a motor vehicle operator's license for persons guilty of a violation.

Under current law, no school bus may stop to load or unload pupils unless there is at least 400 feet of clear vision in each direction of travel. LB 1039 provides that if 400 feet of clear vision in each direction of travel is not possible as determined by the school district, a school bus may stop to load or unload pupils if there is proper signage installed indicating that a school bus stop is ahead.



<b>LB 1058</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Carlson	Employment Security/New Hire Reporting	various

LB 1058 makes technical and substantive changes to both the Employment Security Law and the New Hire Reporting Act.

### Employment Security Law

As a matter of background, the Employment Security Law falls within the domain of the Department of Labor (DOL). The purpose of the Employment Security Law is to govern unemployment benefits, which provide a temporary partial wage replacement to help those unemployed through no fault of their own to become reemployed.

LB 1058 provides both technical cleanup and substantive changes to the Employment Security Law as follows. Note the various effective dates for different provisions of the legislation.

#### *Effective October 1, 2012*

Under current law (48-632), notice of a determination on the issue of ineligibility or disqualification under the Employment Security Law for a benefit claim will be promptly delivered to the claimant to his/her last-known address. In addition, notice of any determination, together with the reasons, is promptly delivered to any applicable employer by whom claimant was employed.

LB 1058 (section 2) provides that an employer must provide information to DOL in respect to the request for information within 10 days after the mailing or electronic transmission of a request. Current law has a seven day period.

If the employer provided information on the claim establishing the previous benefit year but did not receive a determination because of no involvement of base period wages and there are wages from that employer in the base period for the most recent claim, the employer must be provided the opportunity to provide new information that such individual may be ineligible or disqualified under any provision of the Employment Security Law on the current claim.

However, this would not apply to employers who did not receive a determination because the separation was determined to result from a lack of work.

If an employer fails to provide information to DOL within the time period specified (10 days), the employer would forfeit any appeal rights otherwise available.

#### *Effective January 1, 2013*

LB 1058 (section 7) also amends current law (48-652) to clarify that a contributory employer who does not know a claimant has decided to quit at the time they receive

a request for separation information are entitled to non-charging of their experience account if they responded timely to the request.

### New Hire Reporting Act

As a matter of background, the New Hire Reporting Act was established by the Legislature in 1997. Employers who hire or rehire any employee, for any amount of income or compensation, must report to DOL the name, address, and social security number of that employee, the date of hire or rehire, and the name, address, and federal tax identification number of the employer.

*Effective October 1, 2012*

LB 1058 (section 12) amends the definition of “rehire” under current law (48-2302) to mean the first day an employee begins employment with the employer following a termination of employment with such employer. Termination of employment does not include temporary separations from employment, such as an unpaid medical leave, an unpaid leave of absence, a temporary layoff of less than 60 days in length, or an absence for disability or maternity.

<b>LB 1079</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Mello	Grants for educational bridge programs	4/7/2012

LB 1079 was introduced to address Nebraska’s “skills gap” of educated workers to serve key roles in high-demand industries. The intent of the bill is to develop innovative education and training solutions in order to fill these roles and compete in a global economy. The objective contained in the bill is to create “bridge programs,” in which adult learners earn postsecondary educational credentials in an expedited manner.

LB 1079 defines “bridge program” as a structured career pathway program, developed in partnership among a provider of basic skills education and training, the provider of the Adult Education Program, and a nonprofit social services organization, which assists students in obtaining academic, employability, and technical skills needed to enter and succeed in postsecondary education and training and the labor market.

Under the legislation, the Legislature appropriates \$200,000 each fiscal year for three consecutive years beginning with FY2012-13 to NDE from the Education Innovation Fund (lottery proceeds) to provide grants to establish bridge programs.

Bridge programs must:

- (1) Provide English reading and writing and math skills required to succeed in a postsecondary educational credentialing or degree program;

- (2) Lead to the attainment of college credit and a recognized postsecondary educational credential or an industry-recognized credential;
- (3) Be open only to low-income participants who are co-enrolled in adult education, developmental education, or English as a second language;
- (4) Target the specific workforce needs of an occupational sector within the state and provide services aimed at improving education, skills, and employment prospects for low-income adults;
- (5) Use educational best practices, including, but not limited to, contextualized instructional strategies, team teaching, modularized learning, or reduced student-teacher ratios; and
- (6) Provide for supportive services needed for student educational and employment success, including, but not limited to, job coaching and personal needs.

The bill requires NDE to establish a competitive process for awarding grants for bridge programs that meet the requirements as set forth above. In awarding grants, NDE must give priority to:

- (1) Applicants which leverage additional funding through local, philanthropic, or federal funding, including ...
  - (a) participation in the state Supplemental Nutrition Assistance Program Employment and Training plan established under the federal Food and Nutrition Act of 2008,
  - (b) funding under the federal Workforce Investment Act of 1998,
  - (c) funding under the College Access Challenge Grant Program established under the federal Higher Education Act of 1965,
  - (d) funding under the federal Temporary Assistance to Needy Families program, and
  - (e) funding under the aid to dependent children program; and
- (2) Programs serving recipients of public assistance.

A recipient of a bridge program grant must collect and provide, to NDE, data illustrating the outcomes of participants, including:

- (1) Participants' education levels, income, and employment status upon entry into the bridge program;
- (2) The total number of participants beginning the bridge program, earning college credit, earning industry-recognized credentials, and earning recognized postsecondary educational credentials;
- (3) The employment rates of participants six months, twelve months, and twenty-four months after leaving the bridge program; and

- (4) The number of participants pursuing additional education six months, 12 months, and 24 months after leaving the bridge program.

LB 1079 authorizes the State Board of Education to adopt and promulgate rules and regulations to establish the bridge program.

<b>LB 1090</b>	<i>Sponsor</i>	<i>Subject</i>	<i>Effective Date</i>
	Wallman	Grants / Summer Food Service Program	7/19/2012

LB 1090 was introduced to strengthen Nebraska's participation in the Summer Food Service Program of the U.S. Department of Agriculture. The legislation includes findings that children are susceptible to hunger in the summertime, resulting in negative health effects.

To encourage participation and utilization of the Summer Food Service Program, the legislation requires NDE to:

- (a) Provide information to sponsors concerning the benefits and availability of the Summer Food Service Program; and
- (b) Award grants of up to \$15,000 on a competitive basis to sponsors approved by NDE.

The total amount of grants awarded is limited to \$140,000 per fiscal year.

Grants awarded may be used for nonrecurring expenses incurred in initiating or expanding services under the Summer Food Service Program, including, but not limited to:

- the acquisition of equipment,
- salaries of staff,
- training of staff in new capacities,
- outreach efforts to publicize new or expanded services under the Summer Food Service Program,
- minor alterations to accommodate new equipment,
- computer point-of-service systems for food service, and
- the purchase of vehicles for transporting food to sites.

Funds may not be used for:

- food,
- computers, except point-of-service systems, or
- capital outlay.

In awarding grants, NDE must give preference in the following order of priority to:

- (a) Sponsors located within the boundaries of school districts in which 50% or more of the students apply and qualify for free and reduced-price lunches or located within the boundaries of a census tract in which 50% or more of the children fall under the poverty threshold as defined by the U.S. Department of Agriculture;
- (b) Sponsors in which health or education activities are emphasized; and
- (c) Sponsors that participate in the Summer Food Service Program at the time of grant application.

Sponsors may apply for grants by:

- (a) Submitting to NDE a plan to start or expand services under the Summer Food Service Program;
- (b) Agreeing to operate the Summer Food Service Program for a period of not less than two years; and
- (c) Assuring that the expenditure of funds from state and local resources for the maintenance of other child nutrition programs administered by NDE will not be diminished as a result of grants received.

The legislation defines “sponsor” as a:

- public or private nonprofit school food authority,
- local, municipal, or county government,
- public or private nonprofit higher education institution participating in the National Youth Sports Program, or
- residential public or private nonprofit summer camp that provides food service similar to food service made available to children during the school year under the school lunch program or the school breakfast program under the Child Nutrition Act of 1966.

LB 1090 requires NDE to collect data regarding the number of sponsors, the number of sites utilized by sponsors, and the number of children served as a result of the grants awarded.

NDE must submit a report to the Education Committee of the Legislature on this data not later than December 1st each year.