

Debate Transcripts
LB 719 (1992)
Select File
April 2, 1992

... now proceed to Item 7 on the agenda on Select File, and LB 719.

CLERK: Mr. President, LB 719, the Enrollment and Review amendments were adopted last June 4, I should say June 4 of 1991. There are amendments by Senator Lamb to the bill that were adopted. The first amendment I have this morning is by Senator Lamb. Senator, I have a note, I have AM3690 with a note that you wish to withdraw this one, Senator.

SENATOR LAMB: That is correct.

SPEAKER BAACK: it is withdrawn.

CLERK: Mr. President, the next amendment I have to the bill is by Senator Lamb. Senator, it is AM3762.

SPEAKER BAACK: Senator Lamb.

SENATOR LAMB: Thank you, Mr. Speaker and members. This ... you know we are (jetting down toward tile end of the session, you know what happens. This is a bill that we had on Select File, LB 718. Last year it was a school bill, and then we turned it .into a scenic river bill, so we could do great things for the schools oil LB 511, which I originally had, and so now I have, on your desks you will find a sheet, explains what I am doing. I AM putting an amendment on this bill and I will ask that the rules be suspended, and tile amendment, as I note in the letter on your desk, does three. things, three things regarding schools. Number one, it extends the state aid hold harmless provision for two additional years. Now this is LB 1238, which was advanced from Education Committee on an eight to nothing vote. So it is a very simple amendment. It just extends, this part of the amendment extends the hold harmless for two more years so that this whole state aid proposal can be reevaluated, and if any changes are needed in the state aid

formula, these schools will not be negatively *affected before that time. Number two, the second part of the amendment provides that in order to change boundaries, Class I and Class 11 districts need only the approval of 65 percent of each school board. The current additional requirement of approval of 65 percent of the voters is eliminated. Now this is LB 1194, which was advanced from the Education Committee on a five to zero vote with three members absent. So you can see these two provisions are consent calendar material, hopefully. Anyway, that is what that does. It has to do with the problem tip in some of the Sandhill areas

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where, well, it is Valentine. Valentine is a Class I -school. There need to be some minor changes in the boundaries to accommodate some people there that live in a Class I school, which adjoins the Class I that is in Valentine. So they just want to exchange a little area there, but to get 65 percent of the voters in Valentine is a big job, and so it is felt by myself and by the Education Committee that the school boards can handle it and would not go to a vote of the people. And then the third part of the amendment has to do with school districts which are experiencing much growth. And this really is not for any of the school districts in my legislative district. I think a couple of districts that are primarily affected are Lexington and Lincoln, and there may be others. But currently a school district must wait two years before it receives state aid in response to rapid student growth. In this provision in this amendment, it allows a school district to get that additional money the year it is needed. In other words, they don't have to wait two years. They get it in the year when those additional teachers are hired, when those additional facilities and books are needed, and that sort of thing. It just speeds up for one year the provision in the state aid bill which allows the additional funds in regard to those districts which are experiencing rapid growth. That is all it does, and I think it is needed in some of those districts. Those are the provisions of the bill. I will ask for a suspension of the rules so that this amendment may be adopted, Mr. Chairman.

SPEAKER BAACK: Thank you, Senator Lamb. On the motion to suspend the rules, Senator Schmit.

SENATOR SCHMIT: Thank you, Mr. Chairman. It is always, of course, very laudable to try to work out arrangements and to solve problems that affect certain entities and the schools, of course, are a continuing source of inequities. And I have to admire and respect Senator Lamb and members of the Education Committee and their chairman for trying to work these problems out. Can you tell me, Senator Lamb, just how many dollars might be involved in the hold harmless provision, and what areas are going to benefit, and what areas are going to probably see a reduction, if we work with a constant amount of dollars?

SPEAKER BAACK: Senator Lamb, would you respond, please?

SENATOR LAMB: Well, Senator Schmit, the hold harmless provision is about \$3.5 million. It would continue the same state aid to

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those schools which will be negatively impacted under the provisions of 1059 down the road. I don't know if I have the list of the schools but, primarily, they are in the rural areas, some of the schools that are getting less money under the provisions of 1059 than they were previously getting. And as you may remember, in 1059, we added the hold harmless provision, which ran for three years. This extends it an additional two years so that this whole state aid picture under 1059 can be reevaluated.

SENATOR SCHMIT: So this really amounts to a \$7 million bonus package for certain districts at the expense of the rest of the districts, but the impact, the negative impact upon the balance of the state is probably not really significant in terms of dollars per district. Is that what you are telling me?

SENATOR LAMB: That is correct.

SENATOR SCHMIT: All right. Portion number two strikes me as a very interesting amendment, and normally this body, when all else fails, relies upon the vote of the people because of the wisdom and knowledge that rests with the people. In this instance, we seem to make a reverse decision that the representatives of the people are probably better able to make that decision than the people as a whole. And I noted, of course, I have taken my book in hand to determine who voted, who was not present and voting. I would suspect that I could name them. But, tell me, why the change of heart relative to this provision?

SENATOR LAMB: Well, it is really because of the laborious situation created by a Class I such as that in the Town of Valentine. Valentine has a Class I school, and there are some minor changes there that they would like to make because of some of the ... there is an agreement between the people involved, both the school boards and the people involved, that there should be some minor changes in the district boundaries so that some of the people that want to go to Valentine can go to Valentine, and vice versa. Now to go to a vote of the people in Valentine is, well, it is a job. It can be done. It can be done. They can get those signatures and go to that route, and, you know, I appreciate your point, and I am probably one of the most ... well, I believe in local control probably as much as anybody in this body, but I think in this particular situation the school boards can handle this situation where...

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SPEAKER BAACK: One minute.

SENATOR LAMB: ... there are these...

SENATOR SCHMIT: I have one more question, Senator Lamb, and I would like to get it on record. Section number three, or portion number three, would this mitigate some of the inequities of 1059 in regard to the funding for the City of Lincoln, would that be part of the result of this amendment?

SENATOR LAMB: Well, any school that is experiencing rapid growth will get that money one year earlier. That is what it does. Under 1059, there is a provision for additional state aid for rapid growth. All this does is speed it up so they get it a year earlier when they actually need it ...

SENATOR SCHMIT: But it would help.

SENATOR LAMB: ... instead two years later.

SENATOR SCHMIT: It would help the Lincoln School Districts?

SENATOR LAMB: Yes, and ...

SENATOR SCHMIT: Do you have any idea how much money?

SENATOR LAMB: How much money, I don't know.

SENATOR SCHMIT: Okay, I have raised the question. I am sure someone can answer it. Well, Mr. President and members, this sounds to me like a win, win, win ...

SPEAKER BAACK: Time.

SENATOR SCHMIT: ... kind of an amendment, a win for Senator Lamb, a win for the Education Committee, and a win for the City of Lincoln. I don't see how any rational person could possibly oppose this kind of an amendment, and so I want to thank you, Senator Lamb, for your...

SPEAKER BAACK: Time.

SENATOR SCHMIT: ... excellent explanation.

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SPEAKER BAACK: Senator Schimek.

SENATOR SCHIMEK: Yes, Mr. President, members of the body, thank you. This morning I guess east meets west, rural joins with urban, and Senator Lamb and I are in agreement on a bill. I would like to speak in favor of this amendment, and particularly address the one provision that is for schools that have rapid growth. You all know, because we have all spoken before on this matter about the growth in Lincoln, we have about a 700 per pupil growth per year, and there are other districts all across the state like Lexington, and Millard, and even Seward. This bill will go a long ways to help those ... this amendment will go a long ways to help those students with very rapid growth, and I would urge you to support the Lamb amendment. I'd also like to confirm, Senator Lamb, if I could, the meaning of the article or the explanation that you passed out. I think I understand it. but I want to confirm for others on this floor, and that is the third provision in the last paragraph there where it says if a number is 1 percent and 25 more than the district had at the beginning of the year, the district may report that increase on July 15th. First when I read that, I thought it meant 1 percent or 25, but I am told that it is 1 percent plus 25, so that a 1 percent increase, and in some districts that might mean only a one or two or three student increase wouldn't trigger this. They'd have to have the 1 percent plus the 25, is that correct?

SENATOR LAMB: I believe that is correct, Senator. I will check that for sure, but I do believe that is the way it works.

SENATOR SCHIMEK: Okay. I just wanted to confirm that so that people, other people on the floor who might have questions on that, would know. With that, I would just urge support of the Lamb amendment.

SPEAKER BAACK: Thank you, Senator Schimek. Senator Withem.

SENATOR WITHEM: Yes, Mr. Speaker, members of the body, I am a supporter of the Lamb amendment, it supporter of the motion to suspend the rules, and a supporter of the Lamb

amendment. The provision dealing with a changing of boundaries, currently, as I understand it, only Class Is and some Class 11 school districts need this supermajority of the board and also 65 percent of the voters, usually via a petition process. It is a very cumbersome process. All other school districts in the state have the ability to do it via a board resolution, and that just merely

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adds that for their convenience. The hold harmless provision, I would indicate to you, is more troubling. It is probably the more substantive provision of this amendment. If you recall, when we passed LB 1059, as a transition phase, we said for three years no school district can receive less state aid under 1059 than they received under the previous formula and, at that time, I think we estimated about \$2.5 million of impact that would go out to those school districts in hold harmless aid that would then not be available for distribution to the other schools, fairly minimal impact. But we did say that that needs to phase itself out, and I'd be real concern if we had it in perpetuity because it is one of those antiequalization provisions that are contained in legislation. Senator Lamb's original bill that he introduced would have gotten rid of the sunset and would have kept the hold harmless in perpetuity. I would not have supported that. But Senator Lamb came to me and asked what about the provision of extending this for a couple of years, that did make some sense. The reason is we have a lot of fluctuation in valuations occurring in all parts of the State of Nebraska at the moment. We are... because 1059 is funded on a two-year-old basis, based on two-year old data, we are now just beginning to see the impacts of the increase in ag land valuation for those two or three years where the previous ag land valuation amendment had been declared unconstitutional, and the new one had not taken effect. As a result of that, a number of school districts, primarily in rural areas, had their valuations spiked upward. I think it was a temporary spike upward, -but they spiked upwards, and, therefore, there were more school districts that under the formula would not have received any state aid at all. It is my firm belief that, once the new ag land valuation methodology passed last year goes into effect, there will be fewer hold harmless districts and we will find that it is not that big a deal anymore. But I think because of the situation we are in right now with not knowing what the ag land valuation will do, what the 1063 will do, what happens if the CA is voted down and all property goes back onto the tax rolls, will stand corrected, Senator Moore, I hope you didn't hear that. I should not have said

all property, the property that is contained within the MAPCO decision, those particular categories, I will try to do better in the future. I think we ought to extend the hold harmless a couple of more years and so I am supportive of that provision.

SPEAKER BAACK: Thank you, Senator Withem. Senator Bohlke.

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SENATOR BOHLKE: Mr. President and members, I just really would articulate what Senator Withem said and rise to support Senator Lamb in this effort.

SPEAKER BAACK: Senator Schrock.

SENATOR SCHROCK: Mr. Speaker, members of the Legislature, I would like to add my two-cents worth to this amendment. Lexington is going under a rapid growth change at this time, 10 to 20 percent increase in school population this year, and possibly another 5 or 10 percent growth next year, and it seems unfair to not compensate them for this rapid increase by delaying their state aid for a couple of years. So I think it is very important that we allow schools that tire taking a rapid growth of this size the ability to receive their state aid when they need it. Also the hold harmless clause is important to some rural school districts because some of those districts are high in property valuation per student, but it gets quite expensive to run a school system that covers a large land mass area. So I would support Senator Lamb's amendment wholeheartedly. Thank you.

SPEAKER BAACK: Thank you, Senator Schrock. Senator Landis. I don't see Senator Landis. Senator Schmit. Senator Schmit is not here. Senator Lynch.

SENATOR LYNCH: Mr. Speaker and members, anybody can answer this question for me that might know the answer, but I am curious how this affects the formula. I know in the Omaha School District we are, in fact, in this particular case and with this amendment going to continue to pay out of proportion to what we receive from the formula, and we all understand how the

formula works, and this could have been a trade-off. It was agreed to when the bill was originally passed that for at least three years, as I understand it, school districts would be held harmless. By extending that hold harmless clause two years, we simply extend the absence of uniformity and, in fact, fairness, and I will probably just simply pass on this because, obviously, there is not organized support against it. When the chairman of the committee indicates he probably would support it, it is obvious there may be something that is worthwhile that'll result from this amendment. However, what we do with this kind of an amendment is again extend the inequities that exist with the distribution of school tax monies at the expense of others. So for a;; of you that may live in those school districts that

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profit from this, at least think kindly in your hearts of those poor souls that live in School District 1 and others, like I do, that again will pay the difference and the cost for this amendment.

SPEAKER BAACK: Thank you, Senator Lynch. Senator Schmit.

SENATOR SCHMIT: Well, Mr. President and members, Senator Lynch, as usual, tugs on our heart strings, but not very hard because he recognized the inevitability of' the Lamb amendment. I just want to say this that I really am sorry to see Senator Lamb leaving the Legislature. He came in like a lion arid he is going out like a true lamb, and, obviously, the benefits of this amendment are so great and so overwhelming that even the loquacious and argumentative Senator Lynch is overwhelmed.- I would like to know, and I hope that sometime before this bill is read on Final Reading, perhaps we can get the total impact of the three amendments upon the various school districts. It is always, of course, easy to crank out numbers and I understand the importance of the first amendment to the rural areas which are probably served by this amendment. I understand also, of course,-,, the difference in having the changes made by the school boards rather than by the people, and I am rather familiar with Valentine. I don't think it would be impossible to have a local vote :in Valentine, but the one portion of the bill which I think really needs to be identified more clearly is how much income increase from state aid will be afforded to the village ... to the school. districts of Lexington and of Lincoln arid what will

be the result to the other school districts. I want to say this that I did not support 1059, but I do support fully funding 1059. I think it is wrong to have promised local subdivisions money and not to live up to it. Now I know our responsibilities are overwhelming and I know that we have a lot of unexpected expenses. That is always going to happen to us. We have to work with Medicaid expenses. It still does not stop us from starting new programs. We have a whole rash of new programs which we want to begin to fund from a tax on cigarettes. Well, I never smoked a cigarette in my life, but if you want to tax cigarettes, perhaps that is a very good idea. But might it not be better to use some of the revenue from a new tax on cigarettes to fund teachers' salaries, which Senator Lynch is very interested in, or to perhaps try to add some more money to 1059, so that other inequities being present will not be so burdensome to the people. I think it is important that once we make a commitment we try to live up to it. And so when the time

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comes that we discuss whether or not we are going to add a tax on cigarettes, maybe we ought to just put that money in the General Fund and try to fully fund 1059 and to provide the money for the teachers, which are near and dear to the hearts of Senator Lynch and Senator Schrock and others. And I am not going to raise the issue any more. I just hope that all of us notice the new spirit of cooperation that is in existence on this floor, and when Senator Withem and Senator Lamb get together and work out an agreement, it is a very laudable goal and it ought to be a benchmark on this floor. Thank you very much.

SPEAKER BAACK: Thank you, Senator Schmit. Senator Hartnett.

SENATOR HARTNETT: Mr. Speaker and members of the body, if I could ask Senator Lamb a question or Senator Withem a question. It deals with your part two, Senator Lamb, of your bill, dealing with the election of making changes in boundaries. What I live in a Class III district in relationship to another Class III district, can -that just be the vote of 65 percent ... does this bring it all in?

SENATOR LAMB: It does the same thing for Class I and II that you currently have for your district.

SENATOR HARTNETT: Okay.

SENATOR LAMB: It just makes it uniform through all...we are not doing something special for Class Is and IIs. We are just bringing them into the same situation that the Class IIIs already have.

SENATOR HARTNETT: Normally, Senator Lamb, in Class I districts, what, three school board members, is that uniform, or is that...am I wrong in the number there? Three. So it would be two out of the three. Thank you.

SPEAKER BAACK: Thank you, Senator Hartnett. Senator Bernard-Stevens.

SENATOR BERNARD-STEVENSON: Thank you. Senator Lamb, would you yield to a couple of questions that I have?

SPEAKER BAACK: Senator Lamb.

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SENATOR LAMB: Certainly.

SENATOR BERNARD-STEVENSON: Senator Lamb, I have been to talk to the Chairman of the Education Committee and the legal counsel of the Education Committee, and I can't quite get the answers that I am looking for, so they suggested I ask you, and that is what I am doing. So I am wondering, number one, how the numbers 25 students and 1 percent came about, the magic of that particular number. And let me go through the series of questions. You can answer them all at that point. The second question that I am more concerned about, is there any idea whatsoever about the amount of money that we are talking about that is going to be paid out quicker? And

the third question I am most interested in is, if we don't know the amount of money or if it is a large ... could be a large amount of money, where is it coming from? I assume it is going to be coming from school districts that would normally be receiving money, and how would they then end up getting the money that they were owed under the original formula? Those are the questions, that please take whatever time you need to respond to those.

SPEAKER BAACK: Senator Lamb.

SENATOR LAMB: I have already forgotten the first question. Would you repeat that first question and we will take them one at a time?

SENATOR BERNARD-STEVENSON: Let's go on to how much money are we talking about?

SENATOR LAMB: On the hold harmless, it is about \$3.5 million.

SENATOR BERNARD-STEVENSON: No, let's talk about the 25 students and the 1 percent, how much would we be talking about?

SENATOR LAMB: We have not been able to get ... we tried to get those numbers from the Department of Education and we could not get them. Your other question had to do, why did we arrive at 1 percent and 25. Well, that was also really the decision of the department. Well, Tim Kemper said that is appropriate, and whether it is or not, I don't know. He said it was. It sounds reasonable to me. I suppose it is one of those things that you could pick a different number and make an argument for it, but that was the one that the department thought was a reasonable number, and it seemed to be acceptable.

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SENATOR BERNARD-STEVENSON: Senator Lamb, conceivably, if we are looking at school districts that are having large gains in populations or that would exceed the 1 percent, 25-student concept, we are looking at Lincoln schools. We are looking at, I assume, Papillion-LaVista. We

are looking at Millard, other school districts. My question was on their expansions and those school districts with the small school districts that might qualify with 25 students, or even if I had 50 students, I might have five students move in, which I would qualify, is it conceivable that we'd be looking at hundreds of thousands of dollars or millions of dollars? I mean, conceptually what is an area that we might guesstimate that it might run?

SENATOR LAMB: Well, you know, I don't have those numbers. I guess I would point out that this is not really going to benefit the small schools that I really represent, or a great majority of them. When you have 1 percent and 25 students, if you only have 6 students there in the beginning, it is not very likely you are going to increase by 25 students. The 1 percent, of course, would mean a very small increase in those cases, but I don't have the numbers as to the amount of money that is involved. However, I would point out also that this provision is in the state aid bill right now. The only difference here is that those schools that are negatively impacted by larger enrollments are going to get that money when they need it. They are going to get it at the time that the ... the year that the enrollment is there when they need to hire the additional teachers, they need to buy the additional books,...

SPEAKER BAACK: One minute.

SENATOR LAMB: ... and rather than getting it a year later after they have been put through this financial crunch, which they don't have a remedy for.

SENATOR BERNARD-STEVENSON: Senator Lamb, thank you. I guess my concern with... I don't have any problems with the hold harmless. In fact, I like the idea of extending that two years. Where I am having difficulty supporting the suspension of the rules is on the part of the amendment that we have no idea particularly why we picked the rationale of 25 or 1 percent. We have no idea of how much money it would cost. I know it won't cost anything, they are going to get it sooner, but if school districts get it sooner, that implies that, from that pool of monies that is

there, it is being taken from someone, and then my question is, if it is being taken from someone ...

SPEAKER BAACK: Time.

SENATOR BERNARD-STEVENSON: ... who would have gotten it, to give it to somebody so they can get what they normally would have gotten later sooner, when would those school districts that are not going to be able to get the funds that they were expected, when will they be able to make tip that which was taken, and those questions ...

SPEAKER BAACK: Time.

SENATOR BERNARD-STEVENSON: ...I can't get an answer for and I have difficulty because of that at-ca. I am having a dilemma on that.

SPEAKER BAACK: Senator Wickersham.

SENATOR WICKERSHAM: I call the question.

SPEAKER BAACK: The question has been called. Do I see five hands? I do. We will now vote on ceasing debate. All those in favor vote aye, opposed vote no. Record, Mr. Clerk.

CLERK: 8 Ayes, 10 nays to cease debate, Mr. President.

SPEAKER BAACK: Debate does not cease. We will proceed with the speaking order. Senator Abboud.

SENATOR ABBOUD: Mr. President and colleagues, I rise to support Senator Lamb's amendment. I feel some portions of it deal with portion:-, of the state that are directly in my district, but the sections dealing with the hold harmless amendment I support. it is only a two-

year period, and after that period of time, the Legislature can again make a determination. A number of the members in the body aren't happy how the spending formula for state aid is distributed but this session there was some talk about working out different tiers, working out different spending formulas. Because of the personal property tax issue, I think we did not get a chance to deal with that issue, and for that reason, I feel we should extend this period out for another two years, work hard to try to determine a fair and equitable system in which most of the members can be happy with the

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appropriation on state aid and come to some equitable solution. So for that reason, I am going to be supporting the two-year extension of the hold harmless amendment. Thank you.

SPEAKER BAACK: Thank you, Senator Abboud. Before we proceed to the next speaker, I would like to introduce some guests of the Legislature. First of all, we have some guests of Senator Hillman, and they are in the south balcony. They are 17 eighth graders from the Cedar Canyon School in Gering, and their teacher. Would you folks please stand and be welcomed by the Legislature. Thank you for being with us. And also the doctor of the day, I would like to introduce the doctor of the day, and he is from Senator Kristensen's district from Kearney. He is Bill Lyons, and his son, Scott, is with him. They are under the north balcony. Would you please stand and be welcomed. Senator Landis, you are next.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, I don't support the hold harmless provision. At the time we talked about 1059, we had a motion to make the hold harmless perpetual. I rose and spoke against it then. When it was . . . when 1059 was being drafted and there were small groups being organized to discuss it, I made it very clear I wouldn't vote for the bill if it had a perpetual hold harmless in it. Why? Because 1059 represented a change of system from one system that we thought was reasonable or fair to a system that we felt was more reasonable and more fair. The difficulty of hold harmless is that it makes you maintain both systems at the same time. It expands the amount of money necessary to do the deal. Unfortunately, what it means is, look, we had an old system that we decided we needed to

change because we felt we could do better, and we felt we could do it more fairly, but to get to the new system, which we believe is more fair, there will be some people that will have some kind of alteration. We have to live with whatever dislocation there was in the old system as part of the new system. It is how the federal government gets its budget expanded, by never injuring anyone, never taking a dollar away, never reallocating even though you have a new system that you think is fairer, more sensible, and, in this case, voted on by the people of the State of Nebraska. They have endorsed 1059 without this provision, and if we are incapable of reallocating money, we will never make budget cuts whatsoever because we will always have to pay off whoever is getting dollar one before we can ever get to the next dollar expenditure. When we make a “C” change like 1059, we should

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live with the consequences of moving from one system of fairness to another to the extent that there is a reallocation. Now maybe the system is not sensitive enough to certain kind of fair enough, let's identify them and I schools. make 1059 sensitive, but a hold harmless does nothing other than say, look, you used to get money, so you get money in the future. it has nothing to do with pupil load. It has nothing to do with the nature of expenditures. It has nothing to do with the strength of the district's ability to support the schools; not the kinds of things that a school's financing system ought to have. Those kind of systems and changes we should continue to make, but one that says you used to get money, therefore, you still get money is not related to educational opportunity or educational effort in any way. That kind of a change is simply one that says we do not and will not reallocate money. That is a bad message to send. Reallocations should be made when you have a system that is more sensitive and fairer and that is what 1059 is compared to the old system. Secondly, I am not saying that' you have to do 1059 in stone, but when you make a change in 1059, it should be for the purpose of achieving some kind of fairness by making the system better. This is simply saying, look, without regard to what is fair or not, who has the most deserving claim on the dollar, you simply have to make sure everybody has the same old dollars they used to have. I oppose the extension of the hold harmless provision, as I

did at the time of 1059, at a time of voting on it, at the time of floor amendments that do the same thing here in this kind of setting when we were under consideration of 1059.

SPEAKER BAACK: Senator Hall.

SENATOR HALL: Thank you, Mr. Speaker, members. I rise to oppose the motion to suspend the rules as offered by Senator Lamb. To echo some of the comments that Senator Landis made with regard to what the purpose and intent of 1059 was, in terms of putting it in place and, specifically, both parts of the amendment, that being the extension of the hold harmless clause would basically amount to a doubling of it, if you will, in terms of the additional two full school years, one which has yet to begin, so it would be virtually a double doubling of that provision that has been allowed under the 1059 contract. And then, secondly, the calculations that are on 1793 of the Journal, in terms of the number of students and the shift necessary so that there wouldn't be any, I guess, specific Impact, I that is fine. The problem here is that we don't have

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the information on what the effect will be, and it is very likely that OPS would probably not be impacted by a shift that would be 25 students, but if there would happen to be sometime in this three years following, because we are extending it, we are looking at '92 to '95 in terms of the school years under the Lamb amendment, when we are looking at moving to 25 students, by more than 25 students, if there would be a period when there would not be an increase, what effect is that going to have in the largest school district in the state? Senator Lamb, can you respond to that question? Senator Lamb is on his phone.

SPEAKER BAACK: Senator Lamb, would you respond, please?

SENATOR HALL: Senator Lamb, in your amendment, you do basically two things. You extend the hold harmless for an additional two years, the third, which hasn't even started yet, the third year of the original hasn't even started yet, and then you are going to the calculation provisions with regard to the 25 students. What effect will that have, although it may not affect

OPS today, what effect does it have on the largest school district in the state with regard to 1993-94 school year, when they don't meet that 25-student differential or change in their makeup? What financial impact will it have on the school district that I represent?

SENATOR LAMB: Well, the total, as I mentioned before, Senator, the hold harmless is about a three and a half million dollar package, and the rationale ... I don't have the numbers...

SENATOR HALL: On an annual basis?

SENATOR LAMB: On an annual basis.

SENATOR HALL: So if you are looking at extending it at least two years, you are looking at a \$7 million package?

SENATOR LAMB: That is correct.

SENATOR HALL: How much of that comes out of OPS?

SENATOR LAMB: I don't have that number with me, Senator.

SENATOR HALL: Do you have any numbers on where the money is going to flow from and to whom?

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SENATOR LAMB: It will not flow from anyone actually because we have the hold harmless now, so ...

SENATOR HALL: Right, but it's going to continue to flow, Senator, and it's going to have to flow from...

SENATOR LAMB: That's right.

SENATOR HALL: ... someone's pocket to another district's pocket, and I would like to see those numbers before we vote on extending a three and a half million dollar program for two additional years, not knowing who is going to be paying for it. Thank you. I rise again to oppose the motion to suspend the rules. It is a \$7 million amendment, ladies and gentlemen, that we are being asked to suspend the rules. We don't know who is going to pay for it. We don't know where the money is going to go. All we know is that it is holding someone harmless. I think it would be ... we'd be better off if we were very harmless to this rule suspension and voted it down.

SPEAKER BAACK: Thank you& Senator Hall. Senator Bernard-Stevens.

SENATOR BERNARD-STEVENSON: Thank you, Mr. Speaker, members of the body. And, again, I guess I am rising at this point to oppose the suspension of the rules, even though I am very much supportive of the hold harmless extension for another two years. And if for some reason this does not go, the suspension of the rules 13 not agreed to, I would hope Senator Lamb might be able to come bar- with that portion of it on another bill, possibly LB 1001, as other education amendments will be. Senator Hall, you are absolutely correct except I think you have underestimated it just a little bit. The sheet I have in front of me now looks at the 13 districts with increases of 50 or more students and 2 percent or more, and if ... and, again, it is rough calculations but we are certainly looking at somewhere between 5 and 10 million dollars in that area. If you then take it to where the bill is and double that because you go down to 25 from 50 and from 2 percent down to 1 percent, we are talking much more than a \$7 million shift. We are talking somewhere between 10, 15, 20, possibly as high as 30, and that is where I haven't been able to get the number pinned down at some point. My argument is that, listen, we put in the 1059 formula, that if there is rapid growth, there was going to be a compensation for that. The difficulty is, and quite honestly I understand the

difficulty, is that you don't collect it right away. You have to wait. Senator Lamb is absolutely correct. So we have got this so they will be able to collect it faster, but what I want to again emphasize is that we are talking about not new monies, we are talking about a pool of money that is being, through the 1059 formula, distributed out to school districts. If you speed up payment on rapid growth, you are taking from that pool monies that normally would have gone somewhere else, and my question has always been, who are you taking it from, what justification do we have taking it from them, because, obviously, the money is not going to be there to give because we are giving it faster to another group for a different reason, and would they ever be able to expect to be repaid by that? And those questions I can't seem to get a clear answer for. And so I think if we are on a Select File amendment on some serious questions and talking about serious money, it could have serious ramifications, I think, to distribution to school districts. And, by the way, my school district would benefit under the Lamb amendment. My school district would benefit, my largest school district, at least, would benefit from the Lamb amendment, but I still contend at this point that the ramifications of the large amounts of monies that we really are talking about here is going to be very, very, significant and it is such a policy change that I think we need to have specific discussions because, yes, you will pay quicker those that have rapid growth. But on the other hand, you are going to be taking away from the pool. They will not receive the money. We have to justify that other end as well. I could understand it if we weren't talking about much money, but from the numbers I see, we are talking about substantial monies and I just have some very strong reservations at this point. And unless those are or I can get satisfied on that, I cannot support the suspension motion at this time.

SPEAKER BAACK: Thank you, Senator Bernard-Stevens. Senator Schmit. Senator Schmit is not here. Senator Withem.

SENATOR WITHEM: Mr. Speaker, I rise in some confusion, which is nothing new, I guess, and the debate is somewhat confusing because we have three provisions of an amendment, two of which appear to be controversial, didn't understand neces ... I knew one would be. The other one I didn't think would be but I certainly understand now why it might be better than I did before, one of which is apparently noncontroversial, particularly now that Senator Hartnett, I

think, is convinced that Papillion is not going to take over Bellevue School District with this amendment,

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which if we could, I'd have got that in there, but Senator Lamb wouldn't let me put that in. So I don't think that provision is controversial anymore. And right now what we are doing is we are debating the suspension of the rules. If you vote no on the suspension of the rules, none of these will come up. If you vote yes on the suspension of rules, although I'd hate to do it because I know we are taking a lot of time and we have other things we need to do, these could be divided and dealt with separately and maybe that is what is going to have to happen, I don't know. I have spoken on the hold harmless and indicated why I am supporting it, and I certainly understand Senator Hall's views, Senator Landis's views, and Senator Lynch's views as to why as a policy a hold harmless is not a good policy, and I would agree with them. My support for it is only because it is a two-year extension and only because of the state of chaos in which we find ourselves in Nebraska at this moment with what will be the valuation that school districts will have to support themselves. Once that is straightened out somewhat, I will be returned to my proper role, and that being an opponent of hold harmless. The third item, Senator Bernard-Stevens is 100 percent right, this is real money we are talking about and I apologize to you because I did not realize that it is real money that we are talking about. But is it a justifiable policy decision to take place? Yes, I believe it is. I believe it is a justifiable policy choice to make because those school districts that are experiencing rapid growth do have costs and expenditures beyond those that are there for a stable school district. And why did we use the 25 number or the 1 percent number? It is because 25 ... and it is not just a number pulled out of the air. I don't know who asked where the number came from, but it is not a number pulled out of the air. Twenty-five students is basically a classroom unit, and if you get...and you can argue, if you get one, or two, or three additional students, you can find places for them in your existing school. If you get 25 students additional, that basically constitutes a classroom unit, you are probably going to have to hire another teacher. You are probably are going to have to have a room to put that student in. You are probably going to have new textbook purchases. So it makes some sense, I think, to give that money to the school districts when they receive it. I am

going to support the suspension of the rules motion because I think these are all worthy matters of consideration. I will be voting for all of them. I would urge you to suspend the rules, and then if you have problems with any of these specific provisions, the provision of allowing for division is always

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there, although I am concerned about the amount of time that we are taking on this measure at this time. Oh, but just one other thing, I did want to point out some numbers have been distributed. I don't know how much good this will be to you in understanding. This is run by the Department of Education, office of School Finance. Districts that increase 50 or more students and 2 percent or more, this measure calls for 25 students or 1 percent or more, which would include...

SPEAKER BAACK: One minute.

SENATOR WITHEM: ... other school districts, other than the ones that are mentioned here, and if you figure about a \$4,000 cost per student, that the shift, you can figure out that that is real money we are talking about that will be shifted around. I think it is real money that probably there is a justification for the shift, so I am going to support the amendment.

SPEAKER BAACK: Thank you, Senator Withem. Before I go to the next speaker, I would like to introduce some more guests of the Legislature. They are guests of Carson Rogers, Senator Rogers, and they are 17 twelfth graders from Greeley High School 'in Greeley, Nebraska and their teacher. They are in the south balcony. Would you folks please stand and be welcomed by the Legislature. Thank you for being with us. The next speaker is Senator Abboud. Senator Abboud.

SENATOR ABBLOUD: Question.

SPEAKER BAACK: The question has been called. Do I see five hands?' I do. We will now vote on ceasing debate. All-those in favor vote aye, opposed vote no. We are voting on ceasing debate. Have you all voted? Senator Lamb.

SENATOR LAMB: I would ask for a call of the house and a roll call vote for ceasing debate, or call-in votes might be appropriate.

SPEAKER BAACK: Call-in votes, okay. We have a request for a call of the house. All those in favor vote aye, opposed vote no. The house is...record, Mr. Clerk.

CLERK: 14 ayes, 0 nays to go under call.

SPEAKER BAACK: The house is under call. All members please

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report. to the Chamber and record your presence, the house is under call. We are voting on ceasing debate and call-in votes have been authorized. The house is under call, members, please report to the Chamber and record your presence. Members, please take your seats. The house is under call. Please report to the Chamber, take your seats, and record your presence, please. The house is under call.

CLERK: Senator Hefner voting yes. Senator Pirsch voting yes. Senator Beutler voting yes.

SPEAKER BAACK: Record, Mr. Clerk.

CLERK: 25 ayes, 0 nays to cease debate, Mr. President.

SPEAKER BAACK: Debate has ceased. Senator Lamb to close.

SENATOR LAMB: Thank you, Mr. President and members. Just to remind you that this is to suspend the rules, I need the 30 votes, to' attach this amendment. Now as Senator Withem has said, if you want to divide the amendment, it is certainly divisible in three different parts. Anybody that wants to divide that certainly has that right, but right now we are voting, we are voting to suspend the rules. I do apologize for taking so much time. I didn't think, you know, I looked at these amendments. I thought the way they came out of committee, the way, from what I'd heard about... when I talked to people on the floor, I did not think they were this controversial, if they, indeed, are. But, nevertheless, that is where we are now. If you want to divide the question, you certainly may, but I would ask that the 30 votes be there to suspend the rules.

SPEAKER BAACK: Thank you, Senator Lamb. Members, we are under ,all. Members, please take your seats and check in. Senator Morrissey, would you check in, please. We are looking for Senators Robinson and Wesely. Members, please take your seats. We are tinder call. We are looking for Senator Wesely. All members are now present. We will proceed to vote on the motion to suspend the rules. Senator Lamb, did you request roll call?

SENATOR LAMB: Roll call.

SPEAKER BAACK: We have a request for a roll call vote. Please keep your conversations down so the Clerk may hear the responses. We are voting on the motion to suspend the rules.

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Mr. Clerk, call the roll.

CLERK: (Roll call vote taken. See pages 1855-56 of the Legislative Journal.) 39 ayes, 5 nays to suspend the germaneness rule, Mr. President.

SPEAKER BAACK: The motion is successful. The germaneness rule has been suspended and we are now on the amendment by Senator Lamb. I will raise the call. Senator Bernard-Stevens, did you wish to divide the question? Is that ... where do you wish to divide it?

SENATOR BERNARD-STEVENS: The only thing I had in front of me is the Journal page, I think it is ... and my Journal is up on top now. I think it is the Section 3, the subparagraph 2, the new language, simply the 25 or 1 percent. That's that...those lines. That would be that entire subparagraph section on that page.

SPEAKER BAACK: I am going to rule that it is clearly divisible, and we will divide the amendment into three divisions, and, Senator Lamb, which would you like to have, Section 1?

SENATOR LAMB: Let's just go right down the row, one, two, three, might be less confusing.

SPEAKER BAACK: All right. Senator Lamb, did you wish to speak to the first section?

SENATOR LAMB: Yes. Mr. Speaker and members, the first part of the amendment will be the hold harmless, and as I mentioned before, it has been pretty well debated, and I think Senator Withem's remarks are right on, that we are in a transition period here where we are talking about the tax system, we don't know what is going to happen. I know some schools, including the Lincoln School, want to talk about changing the tiers, that the whole concept, the state aid formula needs to be looked at in depth. But we really should have another couple of years before we severely reduce some of these schools that will be negatively impacted when hold harmless goes away. So all this does is extend hold harmless two more years. It is about a three and a half million dollar amount that will just go where it has been going in the last couple of years, and we will extend the hold harmless and then, when people, when you people, after I am long gone from this body, will look at the state aid

formula, decide what changes need to be made, what changes does Lincoln need, what changes does Omaha need. But let's not starve some of those schools right now that are going to lose huge chunks of their state aid for a relatively small increase that may accrue to some of the other schools. So I would just ask that this hold harmless provision be adopted.

SPEAKER BAACK: Senator Lamb, you are dealing with the hold harmless provision, that would be the Section 3 of the amendment that we are dealing with...Section 2, Section 2 of the amendment that we are now dealing with.

SENATOR LAMB: Okay, all right, let's go with Section 2.

SPEAKER BAACK: That's. . . just SO that the whole body knows exactly...

SENATOR LAMB: I am sorry, yeah.

SPEAKER BAACK: ... we are dealing with the hold harmless, which would be the second portion. We divided this amendment into three and this would be the Second portion of this. Before I proceed with the next speaker, I would like to introduce some more guests of the Legislature. We have some guests of Senator Rod Johnson. They are 13 fourth through sixth graders from the District 28 Milebridge School from Grand Island and their teacher. Would you folks please stand and be welcomed by the Legislature. Thanks for being with us. The next speaker is Senator Hall. Senator Hall, we are addressing the hold harmless provision which is Section 2.

SENATOR HALL: Then we are doing Section 2.

SPEAKER BAACK: Section 2 of the amendment, yes, the hold harmless provision.

SENATOR HALL: Thank you. I wanted to clarify that for purposes of...because Section 1 is very noncontroversial. It is not an issue. But, as Senator Lamb was speaking to Section 2, which is the hold harmless provision,. I rise to oppose the amendment offered by Senator Lamb. There

has been no justification. There has been a few numbers that represent approximately 12 districts that have been handed out by Senator Withem, by the way, not by Senator Lamb. The issue is, as Senator Lamb portrays it, one of just continuing to send the money where it

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has gone for the last couple of years, and let's not let these school districts dry on the vine. Ladies and gentlemen, there is no justification made in this proposal by Senator Lamb, he has not once said that this is a good proposal, that it needs to be done, and here is the reasons why. He said it is a good proposal, we need to send money basically back to his area, and he feels that we should do it now on April 2nd, approximately the fifty-third day of the session. We are talking here about at a minimum a seven to a seven and a half million dollar amendment, and as Senator Bernard-Stevens pointed out, it could be upwards of double that. When you look at the whole issue of the hold harmless, you are extending it from a three- year program, which was put in place when there was a major substantive change in how we funded education, one that I support, one that I think that was well-crafted and put together. Yet on the ... with seven days left in the session, we are going to take one provision of that, ' the hold harmless provision as it relates to school districts, and say we are going to double that by 66 percent of the original proposal; 66 percent increase in terms of the amount of time they have to come into compliance. Three years supposedly was not enough, even though there is no information available to show why, other than Senator Lamb's encouragement that this is a good proposal. It is a huge amendment at the 11th hour on a bill that they had to suspend the germaneness rule, which I appreciate, had to do that in order to allow the amendment to be addressed here. It is an issue that really should not be in front of us, and we are not even addressing where the dollars go. We don't see where they flow from, or where they are going to over this additional two years that are put in place. But yet we go ahead and suspend a germaneness rule by a 39 membership vote to say, yeah, we should address this issue. There has, and this, by the way, amendment ihowed up in the book yesterday. The issue is one of how do you substantiate voting for this when you don't know what effect it is going to have on your district? How do you sit down without

turning the numbers, and when you think back to when we did 1059, you couldn't get a breath out unless you could substantiate it by a school district sheet. You couldn't get an amendment done unless you showed the entire impact of those financial changes on everyone of the school districts in the state. But yet, here with Senator Lamb's amendment, we are going to increase by 66 percent the ability for school districts to sit back and not have to worry about taking care of their own finances. We are going to say we are going to hold you harmless. What we should say is we are going to take care of

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you, we are going to hold you lazy, we are going to let you continue to operate in the same inefficient fashion that you have in the past, and somebody else will foot the bill for you because that is exactly what the Lamb amendment through the hold harmless does. And we do that without any rhyme or reason,...

SPEAKER BAACK: One minute.

SENATOR HALL: ... without any information on the impact to other districts that won't have the ability to be held harmless, if you will, those districts that are going to pay for it, those taxpayers that are going to foot the bill so that others can continue to operate in the inefficient, ineffective manner that they have. We've put the proposal in place. We have all stood up, those of us who supported it, and argued that it was a good proposal, that it was a move in the right direction for the State of Nebraska in terms of funding education, but yet now we are taking a major part of that, a very major part of that, just think back to Senator Lamb's arguments in terms of the hold harmless and the way he held the body hostage over that issue when we debated 1059. This issue now, at this point in time, says we are going to ...

SPEAKER BAACK: Time.

SENATOR HALL: ... add to that. We are now going to make a substantive change in 1059. This is not A little amendment. This is not a little issue, and it is more than even just the dollar amount that we are talking about, and we are talking about a big dollar amount in this area.

SPEAKER BAACK: Time, Senator Hall. Senator Abboud, you are next. Senator Abboud. Senator Moore.

SENATOR MOORE: Mr. Speaker and members, I rise to support this portion of Senator Lamb's amendment and I do it realizing full well that it creates some problems, but I think it is one of those things that fortunately or unfortunately, ever since we passed LB 1059, due to ag land valuation amendments that have been going tip, and a variety of things, there has been a great deal of uncertainty of just how things fall down. And as now as we pass LB 1063, and I argue that uncertainty is going to continue, and will continue to be something more than fluid, in my opinion, and will continue to be that way. And I think Senator Lamb's amendment, you know, just says for two more years

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until we really find out what is going on, we are going to hold these people harmless. And I do that with more than a little bit of reluctance do I agree to do that because, as you are well aware of, is that, as one of the cosponsors of LB 1059, I believe that we are trying to even out the peaks and valleys, but, nevertheless, one of the things that Senator Hall was inaccurate in saying was lumping all the school districts in as the inefficient ones are the beneficiaries of that, of this measure, and that is not the case. Actually, one of the biggest beneficiaries in my legislative district is a school district that has done what they were supposed to do, done what they were supposed to do in the eyes of many of my colleagues who wanted them to close their small schools and consolidate. Those ... that is the school district that benefits from this, not the inefficient ones, but the most efficient one is the one that under our present law will be harmed by. But I think it is proper to extend this for two more years, but I also think it is very proper to

send a message to these districts, and I guess it has been known as the Callaway group, you simply have to come up with some way to change the formula, whether it be ... I don't know what that can be, but you can no longer expect to arbitrarily suspend for five years of payment at the '89 level. That makes ... Senator Hall is absolutely right, that makes no sense. You have to find a formula that the Legislature can agree on that benefits you, or if it penalizes you, you have to understand why it does, but you can just not add into infinitum, feed the hold harmless forever. I am very much opposed to that. I think we need to look at the formula, maybe there is some way to address, particularly not the inefficient problems, Senator Hall, but the school districts that are efficient to get caught up under this. I'd like to try and find a way to help those and, obviously, as the body is well aware of you know, more than half of the school districts in my own legislative district are affected by this, and so you can certainly accuse me of catering to my district that way, but you certainly can't accuse me of catering to my own district when we passed LB 1059. I think there is a couple of those school districts that I argue that are very efficient, did what they were supposed to do. Those are the school districts that are harmed. Those are the school districts I think in the next two years we have to find a way to encourage them to do the right thing. Maybe we need to change the formula. Unfortunately, the last 18 months in this Legislature and this state, we have been caught up in other problems. I think a two-year extension is prudent, and I know it is kind of like the horse race tax. I can say it is going to

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be the last time, and I mean it is going to be the last time, and I hope it is the last time. I think it should be the last time. The two years we want to extend it, we have to realize that two years from now, you either have to find a way that we can change the formula that we can all agree on, or, indeed, we let LB 1059 and its present formula work, and the only bad thing about that is that I don't mind, and I agree with Senator Hall, if you have school districts that by choice spend an exorbitant amount, I don't think Senator Hall's money and the taxpayers in the City of Omaha should subsidize that. On the other hand, when you have a school district that is doing arguably the ...

SPEAKER BAACK: One minute.

SENATOR MOORE: ... right things, I don't think we should penalize either, and I would like to adopt this amendment to give us time to try and address some of those problems. So I rise in support of Senator Lamb's amendment.

SPEAKER BAACK: Thank you, Senator Moore. Senator Haberman, would you like a point of personal privilege, please.

SENATOR HABERMAN: Mr. President, I'd like a point of personal privilege, please.

SPEAKER BAACK: Yes, Senator Haberman, proceed.

SENATOR HABERMAN: Mr. President, members of the body, we are blessed this morning with a special guest. This guest is a member of the Arkansas State House of Representatives. The guest is a lady from Dumas, Arkansas. Her name is Charlotte Schexnayder and her husband, Melvin, and their person who is taking them around Nebraska, Loral Johnson from Imperial; and she is the President of the Nebraska ... of the National Newspaper Association. Let's welcome Charlotte to the Legislature.

SPEAKER BAACK: The next speaker ... oh, we do have an amendment to the amendment.

CLERK: Mr. President, Senator Hall would move to amend Senator Lamb's amendment. (Read FA357 found on page 1858 of the Legislative Journal.)

SPEAKER BAACK: Senator Hall.

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SENATOR HALL: Thank you, Mr. Speaker and members. The amendment deals with the issue of the funding with regard to the extension for purposes of hold harmless. They are going to be

held harmless from this point forward, but under this amendment not at 100 percent but at 80 percent. There has been no movement in terms of the cost or the reimbursement for purposes of the hold harmless provision that we speak of in the Lamb amendment and that we want to increase by 66 percent. Senator Moore speaks to the issue of the fact that there has been problems with some of these school districts and that they need, although he rises reluctantly to support it, they need additional time to work those things out. If we continue to give them the funding under the provision for purposes of hold harmless, without making any adjustment in terms of the amount or level, rather, of reimbursement that we will cover, the protection, if you will, the guarantee of revenues to those districts, there will be no change. There will be no movement toward change. The only change, the only movement that will be made is toward the statutes, and the wiping out altogether of the sunset, if you will, that currently exists in 1059, as it sits in statute. What this amendment does is reduce for years 192-93, '93-94 '94-95, the state aid that for purposes of reimbursement pursuant to the School Foundation and Equalization Act, 1989, and what that means is that we will reduce it from 100 percent to 80, that if we don't build into the system an incentive, if we're going to make this change in terms of extending the number of years that we're going to allow for the state to pick up some of this cost over and above what the school districts do, guarantee, if you will, their budget, then it's important that, as a part of that extension, that we send a message that this is not going to be a practice, that this is not going to become the rule, that this is not something that we are going to do in the 1994 legislative session, extend it a couple more years beyond that. And that's what this amendment does, it addresses the percentage of the amount of aid that they will receive. My amendment, as is before you, is at an 80 percent, so we would, for the next school year, the '92-93 school year, allow for those districts to be guaranteed to receive at least 80 percent. And that clearly sends the message in addition to the two years that Senator Lamb allows for in his amendment that the Legislature is not going to continue to foot the bill, 11, that there has to be a change and the change will come. The change will not come, there will be no effort or no movement to make those changes unless we reduce the funding unless we address the issue of the 80 percent and say that it

will not be 100 percent, it will not be a provision that we guarantee up front and, under my amendment, what we do is at least move in that direction so that folks have to address the problem and do so knowing that they are not going to be guaranteed 100 percent for '92-93 or the additional two years that the Lamb amendment would allow. I would urge adoption of the amendment.

SPEAKER BAACK: Thank you Senator Hall. On the amendment to the amendment I have a number of lights on. Senator Nelson, did you wish to address this amendment to the amendment?

SENATOR NELSON: Yes, Mr. Speaker. I probably will be supporting Senator Hall's amendment. He has a good philosophy there. Otherwise, Senator Lamb's amendment is a very good amendment. I can certainly appreciate Senator Hall's-- concern but for the ones that do not serve on Education Committee, just let me help you out a little bit. Omaha's state aid ... and I'm not pitting Omaha against Grand Island, Callaway or wherever it is, but their state aid per student is \$1,368. Their adjusted gross income per student is \$95,381. This is last year. Let's go to Grand Island, \$1,827, and \$54,365 gross income. Let's go down to Callaway, one of the districts that is concerned, \$444 per student with \$39,500 adjusted gross income per student. It shows us the inequity. I know Senator Hall is concerned about maybe what we call inefficient school districts. I'm like one of the other speakers, I reverse that, I call the districts that are trying to be efficient. Again, I will use an example. Northwest High School, west of Grand Island, one of the reasons that Grand Island is high is that they are paying them tuition for some of the students because of consolidation, but they receive \$236 per student, and as again back to my Grand Island, \$1,827. I would suspect that the income level is about the same. Also, remember in the debate of LB 1063, the larger schools, I cannot... I don't think Omaha gained, but remember Lincoln is going, I want to say somewhere... I'm not sure, 1.3 or 1.4 up to about 5 million increase and that is at the expense of the smaller schools. I think Grand Island will have a considerable increase, not near that much in LB 1063 in the mix of 1059 formula. I also want to tell you that in our a land valuation I just briefly added it tip the other day. Our valuation went up a little over \$80,000. Again, those districts will then receive less state aid because it's need in

resources and then state aid. So there will be probably another decrease and make the disparity a little more or more schools added to

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it. But I will support Senator Hall's amendment but there is such a disparity in total aid and that is the ag land valuation. With that, I just thought it would help the body out with just a few figures.

SENATOR WARNER PRESIDING

SENATOR WARNER: Senator Hall.

SENATOR HALL: Thank you, Mr. Speaker, members, again I rise to support the amendment as it relates to the issue of a reduction in that percentage of amount of state aid that would be guaranteed under the School Foundation and Equalization Act. What we're doing here ... and we need to understand that what we're basing this on is not the previous school year. It is not the school year prior to the '91-92 year. It is not the school year prior to the '92-93 year. It is not the school year prior to the '93-94 year, nor even the school year prior to the '94-95 school year. What it is school year 1989-90. It's the school year that was the first school year when LB 1059 was basically fully in effect. That's the school year that we're basing the 100 percent on. No matter what changes have been made in terms of population in those areas, no matter what changes have been made in terms of valuation for purposes of the school district, no matter what changes that have been made in terms of the school itself, they are frozen in time based on the 1989-90 state aid formula. They don't lose a dime. They do not lose a dime. Their valuation could go tip. It could, in effect, and this is not unrealistic at all to say for 1989 to 1995 have a huge increase in the valuation in a school district. One business in a small district that would qualify under this could have the effect of doubling the value in that district. What that means then is that for that period that that increase in valuation is in place, what the State of Nebraska is doing is subsidizing the school district even though changes have been made in the district. Even though changes have been made in terms of the value that's out there, we are going to hold

harmless those school districts and we said that we would do it when we originally passed the bill for three years. What Senator Lamb would do in his amendment is add an additional two years to that. He is going to increase it by 66 pet-cent. All I do through this amendment is say that the percentage of guarantee doesn't exceed 80 percent. We're not going to guarantee 100 percent of the state aid. We're going to drop it down to 80 percent. And if we're going to be looking at making

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a change, making a shift in this area, adding onto the time that we're going to allow these districts to sit out there before they, in effect, have to move, before changes in terms of valuation in a district have to be addressed, then we ought to look at reducing the percentage that we're willing to guarantee. That's all it does. It says we're going to go from 100 to 80 percent. Either make the shifts or take the 80 percent, in any case, we guarantee at least that as a minimum. I, again, would urge adoption of the amendment.

SENATOR WARNER: Senator Lamb.

SENATOR LAMB: Thank you, Mr. President, and members, I, of course, rise to oppose the amendment by Senator Hall. This ... you know, my opinion does not make a lot of sense at all, and I would just hope, I would just hope that we would be able to vote this issue up or down, let it go one way or the other. We, of course, can continue to put amendments on there and never get to a vote which is one way to do it. I would hope that would not happen. I guess *1 would urge Senator Hall to withdraw his amendment and let's vote on the issue and if you want to hold harmless, okay. If you don't want to hold harmless, then let's vote it down, one way or the other, but not continue the amendment process which I don't think makes a lot of sense.

SENATOR WARNER: Senator Robak. Senator Robak. Senator Hall, next light.

SENATOR HALL: Thank you, Mr. Speaker, members, again, I rise to support the amendment. Senator Lamb argues that the amendment process doesn't make sense. I would agree, Senator

Lamb, and your amendment that's in front of us is the least sensical of the group. The issue that you're asking us to do with seven days left in the session in terms of a \$7 million proposal is one that doesn't make sense. It's the one that shouldn't be before us. It doesn't even deserve an up or down vote at this stage of the debate this stage of the session. It shouldn't be it, front of u. and that's the purpose for my offering amendments to it. If we're going to deal with it, let's deal with the entire program. Let's look at the whole concept behind it and why we did it. We guaranteed 100 percent to those school districts. We said we would be willing to allow for them to have three years to work things out. Now we're coming in, in 1992, on April 7th with seven days left in the session, and we 're going to say we are going to add in additional two years

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to that formula. We're going to give you an additional two years in which to ... whether they're efficient or effective the school districts are going to have an additional two years under that program that we put in place to figure out whether or not they want to or whether or not they can afford to or whether or not they even should change their system. Who knows what's happened out in those districts to date? Has there been any reporting with regard to the changes that have been made or the proposed changes that were put in effect? With the Lamb amendment, anything that's proposed that's even been offered, that might be in the works right now, is going to be put on hold. There is no incentive to continue the process that they started with the passage of 1059. There's no incentive to continue to look for ways to solve their own problem, to create their own funding and to provide for increases and benefits to their own school district. With the Lamb amendment, what you do is you continue to allow for them to delay and delay and delay, and you build it in for two years, minimum. And then what happens is Senator Lamb leaves the Legislature and his replacement comes in and the first bill they introduce is another extension of this proposal, because Senator Lamb will tell them you don't even have to introduce it, wait till about the 53rd day of the session and it will go on in a New York second, 39 votes to suspend the rules and you won't have any problem extending that hold harmless provision in 1059, the most major change in funding of education that the body has passed in the last 50 years. And we're going to extend that for two more years on an original three-year program. Ladies and gentlemen, that's ridiculous. And if I thought that there was a way to just vote it down, Senator

Lamb, I wouldn't be offering amendments. I was more interested in the bill behind it and amendments to that. But to now, at this point in time, say that we're going to allow for an additional two years, this is a major shift in what was put into 1059. It is not a simple little amendment to just vote up or down. It needs to be debated. It needs to be discussed. And the 80 percent level that we would then guarantee is still better than a number of school districts that are out there. It's still much better and it guarantees them 80 percent for two years beyond what the original proposal allowed. It's much better than what's currently in place.

SENATOR WARNER: One minute.

SENATOR HALL: And it does address the issue. If we're going to

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talk about extending it, then let's talk about to what level we extend it. How much are we willing to expend? How long are we willing to let those school districts sit out there without having to address the issue? All you do with the Lamb amendment is guarantee that they procrastinate, guarantee that they delay, guarantee that they don't address their own problems locally. We talk about local control every time we talk about education, except when it comes to hold harmless provisions under 1059, and then we expect for the state to just roll over and pick up the tab because, at the local level, we haven't been able to deal with it. At the local level, we haven't been willing to deal with it. At the local level, we don't want to deal with it. We want to let the state handle it for us. The state anted up for three years. They should not ante up any longer. If we're going to ante up for an additional two years, it should never be ... it shouldn't be beyond 80 percent. I would urge adoption of the amendment to the amendment.

SENATOR WARNER: Time. Senator Robak. Seeing no further lights, Senator Hall, do you wish to close?

SENATOR HALL: Mr. Speaker, members, the issue before us is the Lamb amendment, the first ... actually the second session ... section of the amendment but the- hold harmless provision as

is found oil 1791 of tile Journal. What Senator Lamb says we would do is this, just read the section. All you have to do is read the original bill, what we passed in 1059. It says, except as provided in subsections (2), which is where the substantive change belongs, through (6) of this section. Each district shall receive equalization aid in tile amount of the total formula needed of each such district as determined pursuant to subsection (4) of this section in Section 793805, exceeds its total formula resources as determined pursuant to subsection (4) of this section and then Section 79-3808. Subsection (2) reads, a district shall not receive state aid for each of the school years which is less than 100 percent of the amount of aid received pursuant to the school foundation and equalization aid for school year 1989-90. We're going to give them 100 percent ' We gave them 100 percent for three years and now we say we re going to extend that for an additional two years, but yet what happens in terms of those additional two years? What provisions does Senator Lamb put in this proposal that requires those districts to guarantee, to report, to expend the effort necessary to show that they are going to be self-sufficient under 1059 at the close of the '94-95 school

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year that he builds into the system? There is nothing in the amendment that allows for that. It's just clearly and blatantly an attempt to continue the money flowing for two more years, nothing more than that. No numbers are handed out on the floor. No provisions are allowed for with regard to the effect, both positive and negative, on various school districts, but yet we suspend the rules to allow for this amendment to be in front of US. It, I hope, is not a foreshadowing of what to look forward in terms of changes in how we fund education in this state because this is a major and substantive change in the policy. The amendment that I offer does nothing more than address to what level we are going to allow for that continuation in terms of the Lamb amendment. I would urge that the amendment which would change the 100 percent of the amount of aid received...excuse me, for school years '92 through '95 be reduced to 80. I would hope that you would support that amendment. Thank you, Mr. President.

SENATOR WARNER: The motion pending is adoption of the Hall amendment to the Lamb amendment. Those in favor vote aye, opposed nay. It requires 25 votes.

SENATOR HALL: Could I have a call of the house, please.

SENATOR WARNER: Call of the house has been requested. Those in favor of the house going under call vote aye, opposed nay. Clerk, record.

CLERK: 15 ayes, 0 nays to go under call, Mr. President.

SENATOR WARNER: The house is under call. Members, please check ill. Return to the Chamber and check in. Unauthorized members leave the floor, the house is under call. The house is under call. Members, please return to the Chamber, check... record your presence. Senator Abboud, Senator Lynch, Senator Chambers, Senator Peterson, Senator Rogers, Senator Labeledz, Senator Wesely, please return to the Chamber and check in. Senator Abboud, Senator Lynch, Senator Chambers, Senator Wesely, return to the Chamber and record your presence, please. Senator Abboud, please return to the Chamber. Senator Hall, Senator Abboud is oil his way up; Senator Chambers is, I'm not sure, do you want to proceed with ... the Clerk will proceed with the roll call vote. Senator Chambers is here too. The motion is the adoption of the Hall amendment to the Lamb amendment. Mr. Clerk.

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CLERK: (Roll call vote taken. See page 1859 of the Legislative Journal.) 11 ayes, 25 nays, Mr. President.

SENATOR WARNER: The motion fails, the amendment is not adopted. Are there further amendments to this section, Mr. Clerk? The Clerk will read the record, please.

CLERK: Mr. President, thank you. Appointment letters from the Governor will be referred to the Exec Board for confirmation hearing. Senator Schmit, amendments to LB 754.

SENATOR WARNER: I raise the call.

CLERK: Senator Robinson and Rasmussen to LB 1241; Senator Chizek to LB 437. Enrollment and Review reports LB 1022 as correctly engrossed, and E & R reports LB 1063A and LB 306A to Select File. (See pages 1859-62 of the Legislative Journal.)

Mr. President, Senator Hall would move to amend Senator Lamb's amendment. (The Hall amendment appears on page 1862 of the Legislative Journal.)

SENATOR WARNER: Senator Hall, amendment to the Lamb amendment.

SENATOR HALL: Thank you, Mr. President, and members, the amendment that is before the Clerk on the desk is to the same section. The subdivision is subsection (2), deals with the hold harmless again. It cuts the carnage by one-half. It only does this. It strikes the language in the Lamb amendment that deals with 1994-95 and leaves the one year, '93-94 extension. It... still I, you know, I was asked if the previous amendment were adopted, would I support the proposal. The answer is no. If this one is adopted, I will not support the proposal but, at a minimum, what it does is reduce the extension by 50 percent and, in my opinion, reduces the unjustified extension by 50 percent but yet looking at the way the votes are playing out, it appears that the proposal may very well have the steam to be adopted to the bill and then the bill advance. So, with that, I am going to continue to work to amend the proposal down to at least as harmless a hold harmless provision as possible. What the amendment does is simply this. It reduces it to one additional year as opposed to two. There's been no justification for one year, let alone two, but one year is better than two when you can't justify either one of them. So

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the amendment does nothing more than that. It just says that rather than off the cuff grant a 66 percent increase in terms of the hold harmless, all we're going to do is give them 33 percent free time to continue to receive a hundred percent of state aid so that they can only procrastinate for an additional 12 months after we adopt this amendment to 719. I would urge the adoption of this amendment to the Lamb amendment.

SENATOR WARNER: Senator Lamb.

SENATOR LAMB: Thank you, Mr. President, and members, you know, if there was any assurance that there was going to be time enough to review the whole state aid formula in that length of time, I would accept that, I would accept that, because that's the purpose of the amendment, is to provide this Legislature time to review the whole state aid formula. In my opinion, that's not going to happen in one additional year. It's not going to happen that soon. If it does happen, then this Legislature can come in and take that away. You can take that away next year or whenever the state aid formula is reviewed, then that additional year of hold harmless is not going to mean a thing. It will disappear into the woodwork and so then there's no problem. But I just don't think that's going to happen that soon. If it does, there's no problem, it's going to go away. So I say let's stick with it. This is a proposal that came out of the Education Committee. The Education Committee said two years, they thought, was reasonable. That was the amendment that the Education Committee put on my original bill. My original bill had, you know, it didn't have a limit on the hold harmless, but the Education Committee said two years is enough and I readily agreed to that. I readily agreed to that. Now Senator Hall's amendment would cut that down to one year. I don't think that's enough to do what I'm trying to do here. And if you do put in two years and the whole situation is reviewed, that additional year would go away anyway. So I would oppose the Hall amendment.

SENATOR WARNER: Senator Hall.

SENATOR HALL: Thank you, Mr. President, and members, the arguments that Senator Lamb makes are that it's not enough time. What's been going on for the last three years, or actually the last two years? There's two more years in this proposal. Under the amendment that I offer, there's still two additional school years that the opportunity would be available to study the

entire state aid program, '92-93 and '93-94. We're still in the '91-92 year. The last year of the original three years hasn't even begun yet and Senator Lamb is in asking for an extension of two years, arguing that the time limit is too onerous, it doesn't allow for a complete look at state aid, saying that two years is an appropriate time. If you don't think that two years is appropriate or if it's too long, then just come back in and cut it if those decisions are made. Senator Lamb, I would argue the opposite. When we're talking about guaranteeing money, guaranteeing 100 percent of state aid, based on the 1989-90 school year, that the way we should deal with it is say if it's not enough, come back in and get more. Do it one year at a time in terms of the extension. Only extend it out one year, not two at a time, not a 66 percent increase, but a 33 percent increase in terms of the amount of time we're going to tack onto the 100 percent guarantee. And that's exactly what this is. it's 100 percent guarantee of state aid based on a school year that is four years old, five years by the time you get to the last year and six by the time you're into the final half of the original Lamb amendment. That is not something that we should be doing. Tremendous changes can take place over a six-year period within a district. Tremendous changes can take place in examining the state aid system in six months. They could clearly early take place in a year and there is no reason that they can't take place in two years. Unless the intent of the amendment is to not begin the study for two years, there is no reason at all that this amendment, by cutting in half what Senator Lamb would do, from one to two years, can't be accomplished. It should be accomplished. We ought to be chomping at the bit for these districts to deal with this issue as opposed to guaranteeing 100 percent funding to them for not dealing with it. Argue that the state aid formula needs to be looked at, I would agree. Under a one-year extension, that's plenty of time. That's two full years left. Like I said, the original three-year proposal in 1059 hasn't even got into the third year. It hasn't even started that third year yet, hasn't even begun to run. And we're going to tack on an additional two years. It's as if, tinder the Lamb proposal, we're starting at square one again. We're giving them an additional three years from the time that the Lamb amendment would be adopted from which to begin dealing with this issue. It's as if the last two years were never out there, as if the last two years were never in place. And what we're going to do is continue to fund at 100 percent those school districts who haven't put off... have put off dealing with this issue. We're going to continue to

fund those school districts who haven't put off dealing with it, but what we're going to guarantee to them is that for an additional two years you don't have to deal with it, actually an additional three years. All I do is cut that back to two so that it's only a two-year issue as opposed to three that are left under the balance of the original 1059 and the Lamb amendment. It cuts the Lamb amendment down from a two-year extension to a one-year extension. I would urge adoption of the amendment.

SENATOR WARNER: Senator Hall, there are no further lights.

SENATOR HALL: I'll close then, Mr. Speaker, if I could, please. Mr. Speaker, members, the issue before us, again, is the extension, the extension that Senator Lamb puts in place for purposes of the hold harmless provision under 1059 for school districts that then are guaranteed the funding necessary to operate their districts without any repercussion, without any repercussion of the impact of 1059 in terms of budgetary matters. Is that something that we should be doing today, I guess. This is a part of the bill that I think is the most ... irritating is a bad word to use, bad is another unfortunate word to use, there are a number of things that... adjectives that could address this amendment but probably just the fact that Senator Lamb is carrying it is not a good enough reason to oppose it. But it has been sufficient in the past. But, in this case, it's one where seriously that the state aid that we are guaranteeing cannot be touched. Senator Lamb says come back in and change it at a time in the future. We need an opportunity to look at the whole state aid method. Under the Lamb proposal, what you're allowing is three full years, three full years in which to examine that, three full years after a total examination under 1059. What you would do in a state aid formula is examine the effect of 1059 which would be a much more focused approach than the approach that went into the development of 1059 and that was done over a couple of years. There were some forerunners to that that spent considerable time on that prior to that but, in effect, the 1059 system was a two-year program. What Senator Lamb is saying that we are going to do is hold these school districts harmless for an additional two years over- and above the three-year proposal in the original 1059 so that we can study the state aid method. He says it won't happen that soon. If you adopt this

amendment that cuts that in half and only allows one additional year, there isn't enough time for that state aid method to be... system

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to be examined. Ladies and gentlemen, that's ridiculous. It could easily be examined in the two years that are left on the proposal. It does not take anything away from the intent because the intent really wasn't to examine the state aid system. The intent is just to make sure that the school districts that are currently receiving the benefit of 100 percent guarantee continue to receive it for two years, because there are no incentives built into this to allow for those school districts to move in the examination of the state aid system. That's just a flat out extension of the sunset. That's all it is. It's just flat out increased dollars to districts who have to do nothing to get it, except wave their 1989-90 school budget in front of the state and say, ante tip. It doesn't take into effect any changes that have taken place in that district in the intervening five years, since the establishment of 1059. Doesn't look at what the district was like prior to 1989 and today. And yet,...

SENATOR WARNER: One minute.

SENATOR HALL: ... there's a hundred percent guarantee check that is paid out in state aid to those districts. All this amendment does is say that that guarantee should only be for one additional year, a total four-year program as opposed to five under the Lamb amendment. I would urge adoption of the amendment to reduce from two years to one the extension offered by Senator Lamb. Thank you, Mr. President.

SENATOR WARNER: Before voting on the Hall amendment, I would like to introduce a guest of Senator Hefner, Shirley Kraemer of Laurel, Nebraska, seated under the north balcony, and also 11 Gothenburg FFA students and their sponsor, who are guests of Senator Schrock, and they are in the south balcony. If all those folks would please stand so that the Legislature may recognize them. Thank you. The motion pending is the adoption of the Hall amendment. Those

in favor vote aye, opposed nay. It takes 25 votes. Call of the house is requested. Call of the house. Those in favor of a call of tile house vote aye, opposed nay.

SPEAKER BAACK PRESIDING

SPEAKER BAACK: Record, Mr. Clerk.

CLERK: 17 ayes, 0 nays, Mr. President, to go under call.

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SPEAKER BAACK: The house is tinder call. All members please report to the Chamber and record your presence. The house is under call. The house is under call. All members please report to the Chamber and record your presence. Senator Rasmussen, would you check in, please. Senator Hartnett, would you check in, please. Senator Robinson, would you check in, please. Senator Landis, would you check in. Members, please check in. The house is under call. Members, please report to the Chamber and record your presence. The house is under call. We need Chambers, Lindsay and Morrissey. We are waiting for Senator Chambers. Senator Lindsay, would you check in, please. Senator Hall, we have not been able to locate Senator Chambers. Can we proceed? Mr. Clerk, call the roll.

CLERK: (Roll call vote taken. See pages 1862-63 of the Legislative Journal.) 13 ayes, 28 nays, Mr. President.

SPEAKER BAACK: The amendment fails. We are on Section 2 of the Lamb amendment. Senator Hall.

SENATOR HALL: Thank you, Mr. Speaker, and members, again,, I rise to oppose the amendment as a whole. It is the hold harmless over a two-year period that would extend the program that was put in place under 1059. It extends it without any information with regard to the impact. It extends it on the 53rd day of the session. It extends it without any information

with regard to who pays and who gains. It extends it without any information with regard to what the school districts who are currently receiving 100 percent are doing right now. How far along in the process are they? What has happened? What have they done to justify the two-year extension? I would argue that they have done nothing because that's exactly the amount of information we have been given, none, absolutely none, but we're asked to vote to extend the hold harmless for an additional two years to the tune of anywhere from seven to fifteen million dollars on the amount of 100 percent state aid that we're going to guarantee for these districts. We're going to take figures from 1969 school budgets and guarantee payment of those into tile school years of 1995. That's what we're doing with this amendment. We're guaranteeing 100 percent of payment no matter what changes have taken place in those districts. For no rhyme or reason, no justification, no basis in fact, all we do is add two years onto a basically pork barrel provision in 1059 that Senator Lamb fought very hard for. The problem with tile

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two-year extension is that he's not fighting very hard for it and, for some reason or another, I haven't figured out why, he doesn't have to. I would urge you to oppose the Lamb amendment.

SPEAKER BAACK: Thank you, Senator Hall. Senator Withem.

SENATOR WITHEM: Yeah, members of the body, I have not entered into this debate for some time. I, very frankly and honestly, as a senator representing the 14th legislative district which is one of my roles, I agree a hundred percent with what I've heard Senator Hall indicating here during the ... during the discussion, hold harmless... and Senator Landis probably stated it very eloquently as far as the validity or nonvalidity of a hold harmless. As the Chair of a committee that deals with education issues throughout the State of Nebraska, it was my sense when we heard a hearing on LB 1238 that there was, in fact, some justification for looking at this hold harmless issue and allowing it to stay in place a little longer than it has already. And, for that reason, I am supportive of this portion of the Lamb amendment, although the philosophical arguments that everybody, including, I think, Senator Moore, indicated that hold harmless as a perpetual state policy, it does not make sense. I agree with that particular concept. The other

thing that Senator Hall has indicated with some frustration is the frustration that all of us feel this time of year when we see things leapfrogging above others via the amendment process as we are sitting here waiting for things to come up on General File, hoping to get our shot at issues that we think are more important. I share that frustration but I'm not sure that Senator Hall fully understands or if other members of the body fully understand this is not an amendment that Senator Lamb has pulled out of the air and decided on the 53rd day to bring before the Legislature. I will admit Senator Lamb has a degree of impatience and my thoughts are that if we were not quite as impatient, we probably would get to LB 1238 which is his personal priority bill, which is on General File, and I think probably if we all kind of suck it in a little bit and (let to work and nose to the grindstone and give me some other good cliches that I can throw out here talking about ... quit talking, and, I mean, that's a better one than others, Senator Hartnett, we would get to it in its natural order. But it's not something that he has pulled out of the air. He did introduce the bill. His bill did come out of committee with an amendment. He is honoring that amendment. His bill called for a perpetual hold harmless. The committee decided to put a two-year hold harmless and sent the bill to the

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floor. He did designate it as his personal priority bill so it's not something that he is pulling out of the air, like some of the things I'm hearing people out in the lobby talking about as if we had 15 more days to consider things on General File and then start to worry about the push. And this is something that the process has been followed, he is just merely leapfrogging a little bit, which I don't know is necessary but it's not something that is just being pulled out of the air. He did designate this as a personal priority bill and it is something that is before us. It's something that I'm going to vote for even though I don't like hold harmless because of things I said in the past that I think it's something that, given the flexibility of the property tax base out there, we may need to get a little better ... little better look at things. But I will be ... any further changes in hold harmless, I will be opposing as vehemently as Senator Hall is. Thank you.

SPEAKER BAACK: Thank you, Senator Withem. Senator Morrissey, you're next.

SENATOR MORRISSEY: Thank you, Mr. Speaker, members, I rise to oppose this portion of Senator Lamb's amendment, not for any procedural reasons. I agree with Senator Hall on what he said. I think the hold harmless needs to come to an end. You are perpetuating two systems. I have things I would like to do and have discussed with people about doing on changing things about 1059, but I agree that we need to get on with it. I think it was a good change in the way we did things. It needs a lot of tinkering, in my opinion. I agree with the rapid growth provisions that Senator Lamb is trying to address and I also agree that there needs to be studies done on other issues such as slower growth, slower steady growth that kind of may fall into some of the cracks the way we have some things set up in lid restrictions, etcetera. But I'm not going to bring those this year. I think the timing is wrong. We need to get on with the other issues and I just simply disagree with the hold harmless provision. So I will oppose this portion of the amendment and probably support the other portions. Thank you.

SPEAKER BAACK: Thank you, Senator Morrissey. Senator Hall, your light is on but you have spoken three times on this amendment. okay, we'll let you speak one more time. No, go ahead. Go ahead. Senator Schimek. Senator Robak. The question has been called. Do I -see five hands? I do. We will now vote on ceasing debate. All those in favor vote aye,

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opposed vote no. We are voting on ceasing debate. Record, Mr. Clerk.

CLERK: 26 ayes, 0 nays to cease debate, Mr. President.

SPEAKER BAACK: Debate has ceased. Senator Lamb, do you wish to close on Section 2 of your amendment?

SENATOR LAMB: I would just ask that Section 2, the hold harmless, \$3.5 million, despite what you have been hearing otherwise, be adopted.

SPEAKER BAACK: Thank you, Senator Lamb. You've heard the closing. We will now vote on the Lamb amendment. All those in favor vote aye, opposed vote no. We are voting on the Lamb amendment. Have you all voted? Have you all voted? Record, Mr. Clerk.

CLERK: 25 ayes, 6 nays, Mr. President, on adoption of Section 2 of the amendment.

SPEAKER BAACK: Section 2 is adopted. Before we go to the next section of the amendment, I would like to introduce some guests of Senator Nelson. They are 70 fourth graders from the Engleman School in Grand Island and their teachers. They're in the south balcony. Would you folks please stand and be welcomed by the Legislature. Thank you for being with us. We will now deal with Section 1 of the amendment. Senator Lamb.

SENATOR LAMB: Mr. President and members, Section 1 is that part of the amendment which would provide an easier method of changing boundaries of Class I and Class 11 districts. It puts them in line with what is currently in place for other school districts. And it has been discussed somewhat. I would just ask that this, which I think is noncontroversial, be adopted.

SPEAKER BAACK: Thank you, Senator Lamb. Senator Lindsay, did you wish to address this section of the amendment? Anyone wishing to address this Section 1 of the amendment? Seeing no one, Senator Lamb, do you wish to close? Waives closing. We will now vote on Section 1 of the amendment. All those in favor vote aye, opposed vote no. Record, Mr. Clerk.

ASSISTANT CLERK: 26 ayes, 0 nays, the adoption of that portion of the Lamb amendment, Mr. President.

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SPEAKER BAACK: Section I of the amendment is adopted. We'll now go to the third section of the amendment. Senator Lamb.

SENATOR LAMB: Yes, Mr. President, and members, this is the third section which is an advantage for those schools that are rapidly growing. It gives them the additional money that they're entitled to under the state aid formula a year earlier so that they get it when they need it. There's been a lot of discussion on this. I hope we don't spend a lot of time on it. I would just ask that it be adopted.

SPEAKER BAACK: Thank you, Senator Lamb. Senator Hall.

SENATOR HALL: Thank you, Mr. President, and members, I rise to oppose the Lamb amendment, this section of it. And, Senator Lamb, would you respond to a question? Senator Lamb, was this part of your priority bill as well?

SENATOR LAMB: No, it was not.

SENATOR HALL: Was this part of any bill?

SENATOR LAMB: No, it was not. It was brought to me and I thought it was logical and would not cause any problems so I said, okay, let's do it.

SENATOR HALL: So ...

SENATOR LAMB: I could just do away with it, but I have committed myself to some other people that want it and I'm going to stick by it.

SENATOR HALL: I'm sure there were some commitments made, Senator Lamb, I understand that. Thank you very much. I rise to oppose this portion of the Lamb amendment. As Senator Lamb pointed out, the introducer, this is totally new subject matter. It's something that hasn't been before the body. It hasn't had a public hearing. It hasn't...it's a total shift in policy with regard to the issue of calculating state aid to be paid, when it's paid, what triggers it and how it's to be handled. It comes in with seven days left, and a Select File amendment. Senator Withem

made some arguments that Senator Lamb's first proposal was not something that came out of the blue. It was his priority bill that he was just jumping up. This does not

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fit that description. This amendment is a substantive change in policy that is having its first public hearing, if you will, today at eleven fifty-six in front of the full body. It should not be here. It should be voted down. It should not be addressed today without any kind of input from the Education Committee, without any kind of input from the public, without any kind of input from the people who would be affected. And I don't know that we have any idea in terms of the large volume of information that we've got on the other parts of this amendment. It appears that the same amounts are coming on this one, that being absolutely none, on what the impact is going to be. Who does it affect? Who are these districts that are having rapid growth? Who are the winners and the losers under this system that we're going to put in place as an amendment to LB 719 in the eleventh hour, an issue that hasn't had any public debate? This is the kind of amendment that draws attention to it because it does come in under the cloak of other amendments and argued that it's a good policy change. It's not good enough to be introduced as a bill. It's not good enough to work its way through the priority system like all the other issues that are languishing on General File and that we're not going to get to. But yet we're asked to vote it: up or down not knowing anything about it, not having any information about it, but just saying that it's good public policy. I would urge you to vote against this because there has been no explanation of it. There has been no rational, reasonable argument for it. There's been no data to defend it. There's been nothing offered that would allow for it to stand on its own and that's why it comes in the form of an amendment on this proposal. I would urge you to vote against, this amendment.

SPEAKER BAACK: Thank you, Senator Hall. Senator Withem.

SENATOR WITHEM: Yes, Mr. Speaker, members of the body, to clear up some misunderstandings and I will attempt to be as painfully accurate with this as I can be, Senator Hall is correct when he says that this was not introduced as a bill. Therefore, he is correct in

saying that this was not ... the public did not have the notification that this was to be considered by the Legislature and did not have an opportunity to come before the Education Committee and give their rationale. He is inaccurate when he said it has not been a subject of the public hearing. When we held the public hearing on LB 1125, which is a... the Education Committee clean-up bill that was introduced this year, Senator Schrock did appear before the committee and indicate

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that he would like to see an amendment adopted to LB 1125 which included the rapid growth provisions. The committee agreed with him at that time. They did include this provision as a portion of LB 1125. That is an Education Committee priority bill. It will, in a few days, go the way of all other committee priority bills and probably will not be considered. I was not a participant in the creation of the package that is put together here. I cannot give a rationale as to why Senator Lamb brought these three provisions forward as he did. All I can do is react as another member of the body to this provision as it is before us. Senator Hall has indicated there is no data. He is accurate, there is no data before us, save this little handout that I was able to glean today and it is on your desk. You get an indication of some school districts in the state that would benefit from this particular proposal. I would point out to you that this is 50 and 2 percent and the proposal before us is 25 and 1 percent. It would, in fact, shift more money to these school districts in the initial year in which it would be introduced and ergo those districts that do not appear on this list would not (let as much money). We do not have the printout before us, as we did not in the previous amendment, that shows exactly how it may impact on other school districts in the state if we were to make this shift. Senator Hall indicated there had been no rationale put forward as to why this is a good proposal. I thought I did that earlier. I would repeat my arguments as to why this is good public policy. And you may choose and I will respect any member of the body who says, you know, good public policy be darned, I want to see the numbers, if you don't bring numbers forward, we're not going to support your proposal. I will respect that and I can understand that viewpoint. But the rationale is that school districts that are growing rapidly, and Lexington is a good example, probably an extreme example. Lexington, because of the IBP plant, has had tremendous growth in their enrollment. The 1059 formula funds based on student population two years in arrears and those school districts that

have to hire staff, bring in portable classrooms, buy textbooks, all of the ... provide transportation, all of those other expenses associated with very rapid student growth, have to make those expenses ...

SPEAKER BAACK: One minute.

SENATOR WITHEM: ... and then they get reimbursed two years in All this does is give them money they would otherwise (jet when they need it and that is when the student growth comes

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forward. I think it makes good public policy sense. I'm comfortable supporting it on that basis. If you're not, based on not having the data in front of you, I can certainly understand that and will certainly respect anybody's vote on this measure.

SPEAKER BAACK: Thank you, Senator Withem. Senator Moore.

SENATOR MOORE: Mr. Speaker and members, I'm not going to rise in support or anything of the amendment. I just want to try and understand, if I may, and if someone would articulate to me how this amendment would actually work. I don't know who to ask my questions of, Senator Lamb or Senator Withem. Senator Withem, I'm going to ...

SPEAKER BAACK: Senator Withem, would you respond, please.

SENATOR WITHEM: I 'm sorry, it is no t my amendment. Senator Schrock or Senator Lamb might be able to indicate the mechanics of how it will operate.

SENATOR MOORE: Okay. Okay, I'll ask Senator... if Senator Lamb is around, I'll ask Senator Lamb.

SPEAKER BAACK: Senator Lamb, would you respond, please.

SENATOR MOORE: Senator Lamb, my question is the state next year will contribute \$370 million in state aid to schools under 1059. A hundred million of that, roughly, I'm using round numbers now, will be distributed under the income tax rebate, the other 270 goes out under the equalization formula. Now if we adopt this amendment and money is paid in advance, where does that money come from and how does, it. I mean, does it come from the income tax rebate? Does it just decrease the amount of the pure equalization formula? Tell me how it's going to work.

SENATOR LAMB: Well, as I ... you're probably-you're more familiar with that than I am, Senator Moore, but certainly when these schools are eligible for the additional money because of the impact of additional students, -is I understand it, it comes out of the total \$370 million pot and, of course, there is that much less to be distributed among the other people. But the reasoning ill support of it is they should (Jet that money when they need it rather than a year later. And that's the reason I accepted the amendment.

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SENATOR MOORE: I'm not arguing that point, like I said, I'm just trying to understand the bill. But it would come under the \$270 million portion. If it's a hundred million dollar... I think the next rebate is specifically earmarked so it would come out of that. I know there's been a variety of estimates. Do you have even a ball park estimate at how much this amendment will decrease the \$270 million?

SENATOR LAMB: I don't have that. Senator ... I don't know if Senator Withem has that or rot.

SENATOR MOORE: Does Senator Schrock have? Okay, well, then that answers my question with an unknown answer. That's all I have, Mr. Speaker.

SPEAKER BAACK: Thank you, Senator Moore. We have a priority motion on the desk.

CLERK: Mr. President, Senator Withem would move to recess until 1:30 p.m. this afternoon.
May I read?

SPEAKER BAACK: Items for the record.

CLERK: Mr. President, Revenue Committee reports LB 1245 to General File. That's signed by Senator Hall as Chair of the committee.

SPEAKER BAACK: A machine vote has been requested. We will now vote on the motion to recess till one-thirty. All those in favor vote aye, opposed vote no. Record, Mr. Clerk.

CLERK: 15 ayes, 1 nay to recess, Mr. President.

SPEAKER BAACK: We are recessed till one-thirty.

RECESS

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