

COMMITTEE STATEMENT
LB 840

HEARING DATE: March 7, 1995

COMMITTEE ON: EDUCATION

TITLE: LB 840 (Bohlke, Wickersham, Withem, at the request of the Governor) Change provisions for state aid for reorganized school districts

ROLL CALL VOTE, FINAL COMMITTEE ACTION

Advanced to General File

Y Advanced to General File with amendments

Indefinitely Postponed

Vote results:

6 Yes Senators McKenzie, Bohlke, Stuhr, Warner, Wickersham, Janssen

1 No Senator Bernard-Stevens

0 Present, not voting

1 Absent Senator Beutler

PROPOSERS	Representing
Senator Ardyce Bohlke	Introducer
Trent Nowka	for the Governor
Dennis Pool	State Board of Education
Martha Fricke	NASB
Stan Kravig	NRCSA
Nate Stineman	NRCSA
	Southern Valley Schools
Dean Edson	Nebraska Farm Bureau
Virgil Horne	Lincoln Public Schools
Mike Dulaney	NCSA

OPPOSERS Representing

NEUTRAL Representing

Summary of purpose and/or changes:

LB 840 provides a hold harmless provision for reorganized school districts. To qualify for the provision, two or more districts must consolidate into one or more reorganized districts. Consolidation means voluntarily reducing the number of school districts providing education to a grade group. Reorganized districts are any districts currently educating students following a consolidation.

In the base year, the reorganized district will receive the greater of 100% of the state aid (or portion thereof) calculated for the individual districts involved in the reorganization in the year prior to the base year or the amount the reorganized district would receive under normal state aid calculations. The base year is the first year in which a reorganized district is viewed as a single district for the calculation of state aid. In the second year, the same provisions apply, except that the amount available based on pre-consolidation aid will be 66% of the amount calculated for the year prior to the base year. In the third year, the percentage is reduced to 33%. In the fourth year after reorganization, and in each year thereafter, the reorganized district will receive state aid in the amount

calculated under the normal provisions of the Tax Equity and Educational Opportunities Support Act.

If the total amount of incentive payments to school districts for a school year exceeds the total amount appropriated as hold harmless payments for fiscal year 1994-95, the incentive payments will be reduced proportionately so that the total amount of aid does not exceed that amount.

Explanation of Amendments. if any:

The committee amendment rewrites the bill by adding the provisions of LB's 600 and 676 (as amended) to the original provisions of LB 840 (as amended). The provisions from LB 600 authorize incentive payments for school district reorganizations that move students into lower cost tiers. The provisions from LB 676 provide matching grants for reorganization studies and create the Retirement Incentive Plan and Staff Development Assistance to assist reorganizing districts in reducing the staff and to provide certificated staff with options prior to any reduction-in-force.

Qualified districts will receive incentive payments for boundary changes that reduce the number of school districts and occur between May 31, 1995 and August 2, 2000. Incentive payments will be made for three years. The payments will be reduced if the total amount of payments exceeds 1% of the Tax Equity and Educational Opportunities Fund appropriation. No payments will be made after January 1, 2004.

Incentive payments must be approved by the State Reorganization Committee. There will be a preliminary approval or disapproval when the petition is reviewed by the State Reorganization Committee. The preliminary approval or disapproval will be accompanied by a notice about the application procedures. The application will be filed within 30 days after the county superintendent orders the boundary change. The State Reorganization Committee shall approve the incentive payments if there was a preliminary approval and there were no material changes in the reorganization plan. The State Reorganization Committee will have 30 days to approve or disapprove the payments.

For approval, reorganization studies must have been completed dealing with efficiency, population, curriculum, facility, and community issues. The State Reorganization Committee may approve incentive payments if the study was completed and the plan will most likely result in more efficiency or greater educational opportunities.

Incentive payments will be based on the number of students moving to lower cost tiers. The amount of the payments will be determined according to a schedule, which was based on the differences in average tiered costs per pupil for the 1994-95 school year. The payments will be made from the Tax Equity and Educational Opportunities Fund prior to equalization. The payments will not be counted as resources for equalization purposes.

The State Board of Education shall adopt regulations for distributing matching funds to contiguous districts for reimbursement of costs of studies for the development and implementation of reorganization plans designed to enhance the educational opportunities and improve cost efficiency. School districts will receive 25% of the cost of the study. but not more than \$2,500. The districts may receive that amount again if the

reorganization plan is approved by voters. The proposed study will include demographic and enrollment trends, facilities, educational programs, transportation, financial resources, personnel characteristics, and other considerations. The final report will contain a plan for the reorganization and a time line for implementation.

If the reorganization of school districts involves a reduction-in-force, all certificated employees involved shall have the option to retire under the Retirement Incentive Plan, terminate employment and receive Staff Development Assistance, or remain employed subject to the personnel policies and staffing requirements of the reorganized district.

Each of the certificated employees will receive a notice in writing at least 30 days prior to the effective date of the reorganization. If the reorganization will involve a reduction-in-force prior to the effective date, the notice shall be made by March 15. An amendment clarified that in no event will the notice be given later than March 15 of the calendar year in which action on the reduction-in-force will occur. The notice shall include the proposed reorganization, the number of employees, to be reduced, and the availability of the Retirement Incentive Plan and Staff Development Assistance. Employees will have 15 days to choose their option. The number of employees using the Retirement Incentive Plan or Staff Development Assistance cannot exceed the reduction-in-force. Employees will be selected for the options on a first come first serve basis.

To qualify for the Retirement Incentive Plan, employees must be between 55 and 64 years old and have completed five years of creditable service. The payments will equal \$700 for each year of service and will be made in one or two payments. Transferring employees will not be eligible for early retirement programs, other than the Retirement Incentive Plan, until one year after the date of reorganization.

The Staff Development Assistance will be available for one year to employees who terminate their employment voluntarily within 15 days of the notice and forgo reduction-in-force rights. Staff Development Assistance will consist of two semesters of tuition and a stipend equal to 25% of annual salary or 50% if enrolled and attending a Nebraska state college or university. The stipend will end upon employment of 20 hours per week.

The cost of both plans shall be allocated among the reorganized districts based upon the proportion of valuation. Payments will be made according to the reorganization plan or by the reorganized district receiving the largest valuation, if not otherwise specified. Upon approval by the State Board of Education, a district may exceed the applicable allowable budget growth rate by the amount the costs of the Retirement Incentive Plan or Staff Development Assistance exceed the district's applicable allowable growth rate. Prior to amendment, the provision applied to the Retirement Incentive Plan and the Staff Development Assistance together. Payments under the Retirement Incentive Plan and Staff Development Assistance shall not be included in the determination of final average compensation. Both options will only be available prior to the allocation of staff. Staff not electing either option will be allocated.

Certificated employees will be allocated based on agreement between districts, or the proportion of students transferring to the reorganized dis-

trict. Individual staff shall not choose their district or be allocated to more than one district. Random selection will be utilized to allocate individual employees. All certificated employees will be treated equally regardless of seniority. Following allocation, employees shall retain years of service from the previous district for seniority purposes. Employees from the receiving district will not have priority over transferring employees. Reduction-in-force laws will apply. Amendments to the original bill clarified these provisions.

The amendments to the original provisions of LB 840 were amended to clarify the definition of base year. which years reorganized districts are eligible for hold harmless provisions. and that the cap in that section only applies to hold harmless payments.

The committee amendment also contains emergency and severability clauses.

Chairperson