

COMMITTEE STATEMENT  
LB 1219

HEARING DATE: February 9, 1998

COMMITTEE ON: Education

TITLE: LB 1219 (Bohlke, Dierks, Stuhr, Suttle) Provide for unified school systems

ROLL CALL VOTE - FINAL COMMITTEE ACTION

Advanced to General File

Y Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

7 Yes Senators Bohlke, Brashear, Raikes, Stuhr, Suttle, Willhoft, Wickersham

0 No

1 Present, not voting Senator Beutler

0 Absent

PROPONENTS

Senator Ardyce Bohlke

Senator Cap Dierks

Al Schleuter

Cathy Cooper

Mark McGuire

Steve Hankle

Beth Schueth

Dwaine Uttecht

Doug Christensen

Russ Inbody

REPRESENTING

Introducer

Introducer

NRCSA

Orchard Public Schools

Orchard Teachers

Nebraska State Education Association

Clearwater Public School

Ewing Public School

Elgin Public School

Slate Board of Education

Department of Education

Department of Education

OPPONENTS

D'Anne Welch

REPRESENTING

Self

NEUTRAL

REPRESENTING

SUMMARY OF PURPOSE AND/OR CHANGES:

Legislative Bill 1219 creates a definition and procedures for unified systems. Unified systems are also included in the reorganization incentives.

Unified systems are defined as two or more Class II or III school districts participating in an interlocal agreement with approval from the state reorganization committee. The agreement may also include Class I districts. The agreement shall provide that all state aid and property tax resources shall be shared and a board of at least 1 school board member from each district shall determine the general fund levy to be applied in all participating

districts and shall determine the distribution of state aid and property tax resources within tile system.

The agreement shall also specify whether personnel will be employed by the individual districts or by the unified system. For any certificated staff employed by the unified system, tenure and seniority shall be transferred to the unified system and tenure and seniority provisions shall continue in the system except as provided in §§ 79-850 to 79-858. If a district withdraws or if the interlocal agreement expires and is not renewed, certificated staff formerly employed by a participating district shall be reemployed by the original district and tenure and seniority shall be transferred to tile original district. The interlocal agreement shall address how new certificated staff hired by the unified system shall be treated if the interlocal agreement expires and is not renewed. The interlocal agreement shall also require participating districts to pay obligations of the unified system pursuant to sections 79-850 to 79-858 on a pro rata basis based on the adjusted valuations if a district withdraws from the unified system or if the interlocal agreement expires and is not renewed. Additional provisions in the interlocal agreement shall be determined by the participating districts and shall encourage cooperation within the unified system.

Section 79-850 is amended to apply tile unified system definition for purposes of §§ 79-850 to 79-858, if the unified system employs certificated staff. Those sections contain requirements that apply to reorganized districts for reductions in force, collective-bargaining agreements, the Retirement Incentive Plan, and Staff Development Assistance. Sections 79-851, 79-852, 79-854, 79-855. 79-856, and 79-858 arc also amended to harmonize with that addition.

Applications for status as a unified system shall be submitted to the state reorganization committee and shall contain a copy of the interlocal agreement signed by the president of each participating school board. The state committee shall approve or deny applications within 30 days. If the interlocal agreement complies with the requirements and all participating districts have approved the agreement, the committee shall approve the application. Unification agreements shall be effective on June 1 following approval from the committee or on June 1 of the year specified in the agreement. The board may begin meeting any time after approval.

The department shall recognize the unified system as a single district for state aid, budgeting, accreditation, enrollment of students, state programs, and reporting. The class of district shall be the same as the majority of participating districts, excluding Class I districts. If there are on equal number of Class II and Class III districts, the system shall be recognized as a Class III.

School districts in a unified system shall retain their separate identities for all purposes except those specified, and participation in a unified system shall not be considered a reorganization.

Section 79-1010 is amended to add unifications to the reorganization incentives. For unifications, the system or participating districts shall file an application with the state committee either following approval of the application for unification or in conjunction with the application for unification. For unifications, 100% of the amount calculated shall be included in the distribution of state aid in the base fiscal year, 75% for the second year, and 50% forthethirdyear. If a unified system consolidates and the boundary change takes effect before August 2, 2001, the consolidated district will be eligible to receive an additional 75%. If a consolidated district is still receiving payments for a unification, the payments for the remainder of the first 3 years will be at 100% of the amount calculated and tile district will receive the difference between the incentive payments received and 300% of the amount calculated in the fourth year. If districts are added to the unified system or are added in a consolidation, the additional incentives shall be calculated by the department and added to the incentive payments. Current provisions provide that reorganized districts receive 100% of the amount calculated for each of 3 years and those provisions are not modified.

If a unified system discontinues its status as a unified system and does not consolidate prior to the beginning of the eighth year of operating as a unified system, the districts in the unified system shall pay back the incentives. The total incentives paid to the unified system shall be divided between the districts based on the adjusted valuation of each district in the year prior to the discontinuation of the unified system, and each district's share shall be paid back through reductions in state aid in equal amounts for 5 years. If the state aid calculated for a local system is less than the repayment amount in any school fiscal year, the remaining repayment will reduce state aid in future school fiscal years.

The definition of base fiscal year in § 79-1003 is amended by deleting obsolete language, adding unifications, and moving the base fiscal year up to the first school fiscal year after the school fiscal year when the reorganization or unification occurred if the department is notified that incentive payments have been approved on or before October 1 of the school fiscal year in which the reorganization or unification will occur. Because reorganizations and unifications are generally effective on June 1, this change allows the new districts or systems to receive incentives in the first year of operation.

Section 79-1083.02 is amended by adding unified systems to the definition of primary high school districts.

#### EXPLANATION OF AMENDMENTS, IF ANY:

The committee amendments require the unified system to be the employer, require withdrawing districts to pay back incentives, require interest on incentives paid back, allow limited reaffiliation, restrict some Class I reorganizations, provide clarification, and add an emergency clause.

The unified system will be the employer of all certificated staff. The certificated staff hired by the unified system without being employed by a participating district prior to the unification shall be subject to the reduction-in-force policy of the system if the agreement expires and is not renewed. Section 79-852 is further amended to clarify that the unified system shall be deemed an employer for purposes of the Industrial Relations Act.

Language regarding the discontinuation of unification status prior to the beginning of the eighth year and repayment of incentives is rearranged for clarification. Provisions are added to require a district withdrawing from a unified system prior to the beginning of the eighth year to repay incentives attributable to the district's participation. A provision is also added to require interest to be calculated from the date the incentives were paid until the estimated repayment date at the rate specified in §45-104.02 (the delinquent state tax interest rate) for any repayments of incentives due to either withdrawal from a unified system or discontinuation of a unified system.

The amendments clarify that Class I districts may only participate in a unified system if the entire valuation is included in the unified system. Class I districts with more than 50% of their valuation affiliated with a single Class II or III district participating in a unified system may reaffiliate so that the entire valuation is affiliated with the Class II or III district. If there is not 50% of the valuation affiliated with a single Class II or III district, the district may reaffiliate so that its entire valuation is affiliated with a Class II or III district participating in a unified system. The effective date of the reaffiliation shall be the effective date of the Class I district's participation in the unified system. The reaffiliation shall not affect any existing bond obligations.

Class I districts with 50% or more of the district's valuation affiliated with a single Class II or III district shall not merge, dissolve, or reorganize unless:

- a. The Class II or III is also reorganizing in the same reorganization plan, petition, or election and the school board or the legal voters of the Class II or III must approve the reorganization,
- b. 50% or more of the Class I's valuation is being merged with the Class II or III;
- c. The Class I has been participating in a unified system for a minimum of 7 school fiscal years and the unified system includes at least one Class II or III district reorganizing in the same reorganization plan or petition; or
- d. The school board of the Class II or III votes to approve the plan or petition.

An unnecessary cross reference to the definitions of classes of school districts is removed from the new provisions authorizing the department to treat unified systems as Class II or III districts. The amendments clarify that the unified board is composed of school board members.

An emergency clause is added.

Ardyce Bohlke, Chairperson