

LEGISLATIVE BILL 973

Approved by the Governor April 11, 2008

Introduced by Raikes, 25.

FOR AN ACT relating to the Community College Foundation and Equalization Aid Act; to amend sections 85-2205, 85-2212, 85-2221, 85-2223, 85-2224, 85-2225, 85-2227, and 85-2228, Revised Statutes Supplement, 2007; to change and eliminate definitions; to change provisions relating to calculation of aid; to harmonize provisions; to repeal the original sections; and to outright repeal sections 85-2214, 85-2219, and 85-2226, Revised Statutes Supplement, 2007.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 85-2205, Revised Statutes Supplement, 2007, is amended to read:

85-2205 Base growth factor means:

(1) For the calculation of aid for fiscal year 2008-09, the base limitation described in section 77-3446 minus one-half percent; and

(2) For the calculation of aid for fiscal year 2009-10 and each fiscal year thereafter, the base limitation described in section 77-3446 minus plus one-half percent.

Sec. 2. Section 85-2212, Revised Statutes Supplement, 2007, is amended to read:

85-2212 Prior year revenue means (1) the lesser of (a) the total of general fund property taxes, state aid, and levied in the fiscal year immediately preceding the fiscal year for which aid is being calculated or (b) the local effort rate calculated pursuant to section 85-2224 multiplied by the property valuation for each community college area divided by one hundred plus (2) state aid, tuition, and fees collected in reported on the accrual basis of accounting in the fiscal year immediately preceding the fiscal year for which aid is being calculated.

Sec. 3. Section 85-2221, Revised Statutes Supplement, 2007, is amended to read:

85-2221 The Coordinating Commission for Postsecondary Education shall annually collect data from each community college area and maintain Each community college area shall annually report such data as necessary to carry out the Community College Foundation and Equalization Aid Act to the Coordinating Commission for Postsecondary Education. Each community college area shall annually report data necessary to the commission to carry out the act. provide the commission with a reconciliation of the data necessary to carry out the act with audited financial statement information.

Sec. 4. Section 85-2223, Revised Statutes Supplement, 2007, is amended to read:

85-2223 (1) The Department of Revenue shall annually calculate the base revenue need for each community college area as follows:

(a) For fiscal years 2007-08 and year 2008-09, base revenue need for each community college area shall equal one plus the base growth factor plus the greater of zero or the average annual percentage growth in full-time equivalent enrollments attributable to each community college area for the most recent three fiscal years times the sum of (i) system foundation need plus (ii) reimbursable educational unit need plus (iii) the average need adjustment plus (iv) the revenue remainder allowance for each community college area. The average annual percentage growth shall be calculated by taking the difference between the three-year full-time equivalent enrollment average for the current funding year and the three-year full-time equivalent enrollment average for the prior funding year and dividing by the three-year full-time equivalent enrollment average from the prior funding year; and

(b) For fiscal year 2009-10 and each fiscal year thereafter, base revenue need for each community college area shall equal the greater of ninety-eight percent of the base revenue need calculated in the prior year or one plus the greater of zero or the average annual percentage growth in full-time equivalent enrollments attributable to each community college area times the sum of (i) system foundation need plus (ii) reimbursable educational unit need plus (iii) the average revenue remainder allowance. The average annual percentage growth shall be calculated by taking the difference between the three-year full-time equivalent enrollment average for the current funding year and the three-year full-time equivalent enrollment average for the prior funding year and dividing by the three-year full-time equivalent enrollment average from the prior funding year.

(2) For purposes of the calculation required pursuant to this

section:

(a) Average need adjustment shall be calculated for fiscal year 2007-08 aid distribution as follows: Average need adjustment shall equal the sum of average adjusted revenue per full-time equivalent student minus the adjusted revenue per full-time equivalent student times the number of full-time equivalent students attributable to each community college area up to the number of full-time equivalent students attributable to the community college area with the fewest number of full-time equivalent students, except that the amount shall not be less than negative seven hundred fifty thousand or greater than seven hundred fifty thousand. For purposes of the average need adjustment, (i) adjusted revenue per full-time equivalent student equals the sum of the prior year revenue for each community college area minus the system foundation need divided by the number of full-time equivalent students for each community college area and (ii) average adjusted revenue per full-time equivalent student equals the sum of the prior year revenue for all community college areas minus the system foundation need for all areas divided by the number of full-time equivalent students for all areas;

(b) Average revenue remainder allowance shall equal the average revenue remainder per ~~full-time equivalent student~~ reimbursable educational unit times the average number of full-time equivalent students reimbursable educational units for each community college area for the most recent three fiscal years;

(c) Average revenue remainder per ~~full-time equivalent student~~ reimbursable educational unit equals the revenue remainder allowance for all community college areas divided by the ~~total~~ average number of full-time equivalent students reimbursable educational units in all community college areas for the most recent three fiscal years;

(d) Reimbursable educational unit need for each community college area equals the product of the state foundation amount times forty percent divided by the total reimbursable educational units of all community college areas times the number of reimbursable educational units attributable to each community college area;

(e) Revenue remainder allowance equals the formula base revenue attributable to each community college area minus the sum of system foundation need plus reimbursable educational unit need;

(f) State foundation amount equals formula base revenue times the state foundation percentage; ~~and~~

(g) System foundation need for each community college area equals the product of the state foundation amount times sixty percent divided by the number of community college areas; ~~-~~

(h) Funding year, for purposes of calculating average annual percentage growth, means the fiscal year for which aid is being calculated; and

(i) Three-year full-time equivalent enrollment average for any given funding year equals the sum of the audited full-time equivalent enrollment for the three years preceding the funding year divided by three.

Sec. 5. Section 85-2224, Revised Statutes Supplement, 2007, is amended to read:

85-2224 (1) The Department of Revenue shall calculate local effort rate by dividing the sum of (a) the total of base revenue need for all community college areas minus (b) the amount appropriated by the Legislature pursuant to the Community College Foundation and Equalization Aid Act minus (c) the total formula tuition and fees for all community college areas by the total taxable valuation of from the most recent Certificate of Taxes Levied required under section 77-1613.01 for all community college areas times one hundred.

(2) The department shall calculate the formula resources available to each community college area by adding ~~(a) the yield from local effort rate plus (b) local formula tuition and fees, plus (c) system foundation aid plus (d) reimbursable educational unit aid.~~

(3) For purposes of the calculation required pursuant to this section:

(a) The yield from local effort rate for each community college area equals the local effort rate times the property total taxable valuation attributable certified to each community college area pursuant to the most recent Certificate of Taxes Levied required under section 77-1613.01 divided by one hundred; and

(b) Local formula tuition and fees equals tuition and fees attributable to each community college area that were collected reported on the accrual basis of accounting in the fiscal year prior to the fiscal year for which aid is to be calculated; ~~-~~

~~(c) Reimbursable educational unit aid equals reimbursable~~

educational unit need calculated pursuant to section 85-2223, and

~~(d) System foundation aid equals system foundation need calculated pursuant to section 85-2223.~~

Sec. 6. Section 85-2225, Revised Statutes Supplement, 2007, is amended to read:

85-2225 Equalization aid for each community college area shall equal base revenue need attributable to the community college area minus formula resources attributable to the community college area, except that such amount shall not be less than zero.

Sec. 7. Section 85-2227, Revised Statutes Supplement, 2007, is amended to read:

85-2227 The maximum levy for each community college area shall be certified by the Department of Revenue annually and shall equal one hundred ~~fifteen~~ twenty percent of the local effort rate calculated pursuant to section 85-2224 plus amounts allowed pursuant to subsection (2) of section 85-1517.

Sec. 8. Section 85-2228, Revised Statutes Supplement, 2007, is amended to read:

85-2228 For fiscal year 2008-09 and for each fiscal year thereafter, a minimum levy aid reduction shall apply to any community college area that does not levy at least eighty percent of the local effort rate calculated pursuant to section 85-2224 for the fiscal year immediately preceding the fiscal year for which aid is being calculated.

The minimum levy aid reduction shall equal the difference between the amount of revenue collected by the community college area as a result of its levy and the amount of revenue that would have been collected using eighty percent of the local effort rate in the prior fiscal year. The Department of Revenue shall reduce the amount of aid ~~calculated pursuant to section 85-2226~~ by an amount equal to the minimum levy aid reduction.

Sec. 9. Original sections 85-2205, 85-2212, 85-2221, 85-2223, 85-2224, 85-2225, 85-2227, and 85-2228, Revised Statutes Supplement, 2007, are repealed.

Sec. 10. The following sections are outright repealed: Sections 85-2214, 85-2219, and 85-2226, Revised Statutes Supplement, 2007.