

**ONE HUNDRED THIRD LEGISLATURE - FIRST SESSION - 2013**  
**COMMITTEE STATEMENT**  
**LB496**

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**Hearing Date:** Tuesday March 19, 2013  
**Committee On:** Education  
**Introducer:** Sullivan  
**One Liner:** Change provisions relating to school reorganization incentive payments

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**Roll Call Vote - Final Committee Action:**  
Indefinitely postponed

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**Vote Results:**

**Aye:** 8 Senators Avery, Cook, Davis, Haar, Kolowski, Scheer, Seiler, Sullivan  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Proponents:**

Senator Kate Sullivan  
Jon Habben

**Representing:**

Introducer  
Nebraska Rural Community Schools Association

**Opponents:**

**Representing:**

**Neutral:**

Jay Sears

**Representing:**

Nebraska State Education Association

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**Summary of purpose and/or changes:**

Legislative Bill 496 would transfer \$1 million of lottery funds per year for 3 years from the Education Innovation Fund to the School District Reorganization Fund for reorganization support payments. The existing reorganization incentive provisions would be revised to provide support payments from the School District Reorganization Fund of \$125,000 for each of the original Class II or III school districts involved in the consolidation with the total to be paid over a two year period.

Section 9-812 would be amended by transferring \$1 million from the Education Innovation Fund to the School District Reorganization Fund each fiscal year for fiscal years 2013-14, 2014-15, and 2015-16. The current uses of the Education Innovation Fund are currently scheduled to expire at the end of the 2015-16 fiscal year. Obsolete language would be eliminated.

Section 79-1011 would be amended by revising the expired reorganization incentive provisions to provide reorganization support for consolidations occurring after the effective date of the act. As amended, the section would provide incentives during the first 2 school fiscal years following a consolidation meeting the requirements of the section.

The consolidation would need to be approved for support payments by the State Committee for the Reorganization of School Districts based on an application filed within 30 days following the issuance of the boundary change order. Applications would be approved or disapproved within 30 days after receipt of the application. A reorganization study would be required to be completed prior to the consolidation which would include efficiency, demographic, curriculum, facility, financial, and community components. If the study indicates the consolidation will most likely result in more efficiency in the delivery of educational services or greater educational opportunities, the Committee could approve the

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support payments.

The support payments would equal \$125,000 for each of the original Class II or III school districts involved in the consolidation with 50% of the payments made from the School District Reorganization Fund in each of the first 2 school fiscal years following the consolidation. The payments would be made in ten equal payments on the last business day of each month, beginning in September and ending the following June. If the total for base fiscal year (1st year following consolidation) payments exceeds the amount available in the School District Reorganization Fund, the payments would be reduced proportionately. Second year payments would be made with funds remaining after base fiscal year payments and would equal the remaining 50% plus the any amount that was reduced from the base fiscal year payments. The second year payments would also be reduced proportionately if the total exceeds the amount available in the fund. The payment would not be included in local system formula resources for the calculation of state aid.

The expired provisions provided incentive payments, rather than support payments, for consolidations with an effective date after May 31, 2009 and before June 1, 2011. The incentive amounts were based on the number of students moving from districts with less than 390 students to districts with more than 390 students.

Section 79-1012 would be amended by incorporating the reorganization support terminology into the provisions for the School District Reorganization Fund and by eliminating a required transfer of any funds remaining in the School District Reorganization Fund to the Education Innovation Fund on July 1, 2013. Language requiring a past transfer of funds would also be eliminated.

Section 79-1028.01 would be amended by incorporating the reorganization support terminology into the existing budget limit exclusion for reorganization incentives.

The measure contains an emergency clause.

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Kate Sullivan, Chairperson