

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1099

Introduced by Haar, 21.

Read first time January 22, 2014

Committee: Education

A BILL

- 1 FOR AN ACT relating to education; to state findings and intent; and
- 2 to provide for a study relating to state aid to schools.
- 3 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) The Legislature finds that:

2 (a) An equalization-based state aid distribution formula
3 which assures that all school districts have the fiscal ability to
4 provide for the needs of students and which measures school district
5 wealth in terms of both its available income tax resources and
6 property tax resources works best;

7 (b) It is necessary to establish a system that begins
8 with statewide primary funding per formula student that is based on
9 an independent comprehensive study of student needs which would
10 replace the current method of determining a school district's needs
11 by relying on averages of historical spending of changing tiers of
12 school districts as the basis for future spending. The current method
13 has historically led to large swings in state aid to schools that has
14 made it difficult for districts to budget from year to year, putting
15 at risk the educational opportunities for students;

16 (c) Factors that recognize the unique educational needs
17 of school districts, including, but not limited to, poverty, English
18 language learners, special education funding, summer school, distance
19 education and telecommunications, student growth, new schools, and
20 transportation are important components of any school financing
21 system; and

22 (d) Factors that recognize the unique geographic and
23 demographic characteristics of districts, such as sparsity of
24 population, school district enrollment, and cost of living, are
25 important components of any school financing system.

1 (2) It is the intent of the Legislature to authorize the
2 State Department of Education to spend no more than five hundred
3 thousand dollars to fund a study to identify the goals of public
4 education in Nebraska, to determine the statewide primary funding per
5 formula student to achieve these goals, to identify the unique
6 educational needs of school districts, to determine the unique
7 geographic and demographic characteristics of school districts, and
8 to recommend a new state aid formula based on the needs of students.

9 Sec. 2. The study required by section 1 of this act shall
10 proceed in two phases. As the first phase, the State Department of
11 Education shall:

12 (1) Work with a consultant to develop a definition of
13 statewide primary funding per formula student on or before December
14 31, 2014. In selecting such consultant, the department shall issue a
15 request for proposals requiring expertise in the field of school
16 finance and experience in and evidence of success in similar previous
17 work;

18 (2) Provide for at least two rounds of feedback from the
19 public, including public school superintendents, associations of
20 education professionals, and the general public;

21 (3) Hold at least one public hearing in each
22 congressional district in the state after completion of an initial
23 draft of the study; and

24 (4) Present the final draft of the study to the State
25 Board of Education and electronically to the Education Committee of

1 the Legislature on or before December 31, 2014.

2 Sec. 3. (1) After completion of the requirements of
3 section 2 of this act, the consultant shall begin the second phase of
4 the study to determine the statewide primary funding per formula
5 student and a formula to adjust such funding with factors to meet the
6 needs of districts, recognizing the unique cost of providing such
7 funding in every area of the state.

8 (2) Phase two of the study shall use the statewide
9 primary funding per formula student, as determined pursuant to
10 section 2 of this act, as the starting point for constructing a state
11 aid formula. The study shall then:

12 (a) Take into account factors which include, but are not
13 limited to, poverty, English language learners, special education
14 funding, and transportation;

15 (b) Examine how the unique education factors can be
16 applied to a state aid formula to adjust the statewide primary
17 funding per formula student;

18 (c) Examine the effectiveness of the factors described in
19 subdivision (b) of this subsection in addressing unique concerns of
20 school districts and ways in which school districts can be
21 accountable for the use of the money for the unique needs; and

22 (d) Examine the impact of the geographic size of the
23 district, school district enrollment, availability of needed
24 resources, and demographic trends including mobility, immigration,
25 decline in the numbers of students in a district, and other

1 demographic trends.

2 Sec. 4. (1) The consultant conducting phase two of the
3 study as described in section 3 of this act shall submit an initial
4 report on the second phase of the study to the State Department of
5 Education, to the public, and electronically to the Education
6 Committee of the Legislature not later than September 1, 2015.

7 (2) The department shall hold at least one public hearing
8 in each congressional district in the state relating to such initial
9 report.

10 (3) The consultant shall complete the study and submit a
11 final report to the department and electronically to the Education
12 Committee of the Legislature not later than December 1, 2015. The
13 final report shall include, but not be limited to, the methodology
14 used, findings, results, conclusions, and recommendations for
15 legislation to provide a new formula to replace the formula in the
16 Tax Equity and Educational Opportunities Support Act with a
17 calculation based on estimated school district costs to determine
18 basic funding per formula student.

19 Sec. 5. Upon receipt of the final report pursuant to
20 section 4 of this act, the Education Committee of the Legislature
21 shall make the entire study and recommendations available to the
22 public, to the Legislative Council, and to the Governor and shall
23 introduce legislation in the ensuing session of the Legislature to
24 address the recommendations of the study.