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received was justified. There are always some corrections to be made and this is an important point. The formula is meant to react, but the "respin" this December resulted in an overall loss of 22 million to school districts. Unless we react, schools will have to pay that back by debiting the aid they will receive next year. Part of the problem is that schools are today, and have been since their doors opened last fall, spending the amount of aid they were told they would receive December 1 of 1997. Schools are always prepared for some adjustments and actually should be able to anticipate some type of prior year corrections from the "respin" due to increases or decreases in students, or corrections in data coming in from local resources. But the 22 million was unanticipated and, therefore, budgeted to be spent. The problem is one created in the Legislature and it is not a fault of the schools. I have handouts that will demonstrate the technicalities that cause the reduction, but in broader terms let me explain it in the following way. A floor for the local effort rate was amended in LB 806, which kept it at a dollar this past December when actually it should have been 96 cents. This created a gap of 22 million. The reason the local effort rate tried to go down was because the calculated needs of the districts went down. Because we do not have complete data by December 1, it is necessary to use estimates. As we were estimating how much spending was growing, and remember there will always be some spending growth even as schools are cutting costs, we based it on a three-year average. So far so good, but, lo and behold, the actual growth was atypical because of the forced cuts in 1114, as well as the lids in 299. All of a sudden, the per pupil costs for the standard cost group was reduced by \$138. We can stabilize this impact for the future by moving the certification date to February 1 and eliminating the estimation procedure. Another stabilizing move is to set the local effort rate looking to the future at 10 cents under the maximum levy, essentially, filling that 10-cent gap with state aid. This will provide the stability that is desirable. It is true that when the maximum levy decreases to a dollar, this change will further ensure the estimated gap of 84 million will be filled with state aid. However, that is an issue that will be debated when we discuss the proposal of the Governor to have the maximum school levy at \$1.10. If both proposals pass, and this is an important point, the local effort rate will simply stay at a dollar, and