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SPEAKER KRISTENSEN: Senator Raikes, would you respond?

SENATOR RAIKES: Yes.

SENATOR D. PEDERSON: I...you mentioned that you're going to induce a new system here called a cost per system, and I'm not exactly sure that I understand how or what criteria you will use to establish this cost per system?

SENATOR RAIKES: It's a good question, Senator Pederson. The idea of a cost per system is simply what it would cost a school system to start out to invest the fixed cost, if you will, and certainly it would be a fair statement to say that beginning a system the size of Omaha Public Schools would be different than beginning a system the size of Arthur. But what I've done is come up with a number or a set of numbers actually for each sparsity class to simplify and average that. And, based on some analysis of the actual cost data that I had, in looking at cost groups and so on, the number of about \$275,000 seems to be a workable number for a number of the systems that are in the state, certainly not for the very largest systems, but for some of the small systems.

SENATOR D. PEDERSON: And then how are you allocating that money? For example, you have your sparse school, you have your medium-size school, your very large school. What is the...what is the criteria that you use to have these breaking points? Does it have to do with student body, size of the school physically, or what is the criteria?

SENATOR RAIKES: Okay, there are only...there really is only one set of breaking points and that one is already defined in law--the sparsity or cost groups. Within a cost group, there is no breaking point, it is a continuous curve. So, for example, the fixed cost per student would be \$250,000, if that's the number, divided by however many students are in your system. And, obviously, \$250,000 as a basic need recognition would be important for a school that had 200 students; it would be much less important for a school that had 10,000 students.

SENATOR D. PEDERSON: And do you have any kind of a projection