



Ninety-Ninth Legislature - Second Session - 2006
Revised Committee Statement
LB 1024

Hearing Date: January 30, 2006

Committee On: Education

Introducer(s): (Raikes)

Title: Provide for learning communities

Roll Call Vote – Final Committee Action:

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

6	Yes	Senators Bourne, Byars, McDonald, Raikes, and Stuhr
2	No	Senators Howard and Kopplin
0	Present, not voting	
0	Absent	

Proponents:

Senator Ron Raikes

Representing:

Introducer

Opponents:

John Mackiel
Sandra Jensen
Ben Gray
Marian Fey
Rebecca Valdez
Gil Kettelhut
Don Erikson
Selwyn Q. Bachus
Scott Hazelrigg
Steve Baker
Steve Priesman
Mary McHale
Ernie Boykin
Dusti Hansen-Paniagua

Representing:

Omaha Public Schools
Omaha Public Schools
African American Achievement Council
Self
Self
Education Service Unit #3
Self
Omaha Public Schools
Westside Community Schools
Elkhorn Public Schools
Self
Self
Self
Self

Neutral:

Terry L. Haack
Joe Higgins
Mark Hoeger

Representing:

Bennington Public Schools
Nebraska State Board of Education
Omaha Together One Community

Cathy Williams
Kevin Riley
John Pappan
Richard Hindalong
Linda J. Richards
Virginia Moon
Vickey Parles
Steven Mott
Lucy Garza
Pete Fey

Bellevue Public Schools
Gretna Public Schools
Native American Achievement Council
South Sarpy School District #46
Ralston Board of Education
Ralston Public Schools
Self
Self
Self
Self

Summary of purpose and/or changes:

Legislative Bill 1024 would provide for a new type of educational service unit (E.S.U.) to be referred to as a learning community. The territory of the learning community would form a single tax base for purposes of a common general fund levy and a common capital fund levy. The governing board for a learning community would be composed of one school board member from each member school district.

Students would be residents of the learning community and would be able to attend school in their attendance area or in any other school in the learning community that had capacity. Transportation will be provided if the student does not choose the closest school. School districts could operate focus schools with authorization from the learning community board and be eligible for additional resources.

As of July 1, 2008, each metropolitan class city would be required to have a learning community that consists of all of the districts in the county where the city is located and any county that shares a border with the city. Other learning communities could also be formed if all of the districts in a county participate and the combined districts have at least 2,000 students. Once in a learning community, the boundaries of any school district could only be changed through a plan submitted by the learning community board to the State Committee for the Reorganization of School Districts. The boundaries for districts in the counties that are required to be in a learning community would remain as they existed on January 1, 2005 until a plan is approved by the committee. Within the first 5 years, the learning community board would be required to submit a plan that assures member districts do not have more than 25,000 students and that equalizes economic diversity between member school districts.

The Tax Equity and Educational Opportunities Support Act would be modified by requiring accountability for funds generated through a poverty or limited English proficiency allowance. Net option funding would be eliminated beginning with 2008-09.

Formation of Learning Communities

A new section would require the Commissioner of Education to submit a petition to the State Board of Education on or before July 1, 2007, to form a learning community for each city of the metropolitan class with the petitions to take effect on July 1, 2008. All of the school districts with headquarters in a county containing a city of the metropolitan class or in a county that shares a border with a city of the metropolitan class would be required to be a member of a

learning community that included such counties. State aid for the learning community would be calculated for 2008-09 as the learning community would exist for that school fiscal year.

Section 79-1208 would also be amended to require petitions for the establishment of learning communities, except as provided in the new section, to propose member school district that includes at least all of the school districts for which the principal office is located in one or more specified counties. Such school district would be required to have a combined total of at least 2,000 students.

Section 79-1212 would be amended to establish a learning community board, initiate the first meeting of the board, and require that the necessary actions be taken to prepare for the operation of the new learning community.

Section 79-307 would be amended to require the Commissioner of Education to assign a number to each unified system and learning community.

Sections 79-1206, 79-1207, 79-1209, 79-1210, 79-1211, 79-1213, 79-1215, and 79-1220 would be amended by recognize the establishment of learning communities in the processes for reorganizing E.S.U.'s.

Section 79-1230 would be amended to reflect that the procedures for establishing learning communities would not affect school district reorganization procedures and to reflect that the Learning Community Reorganization Act would be a procedure for the reorganization of school districts.

Section 79-1202 would be amended by eliminating school district governance of E.S.U. 19 on July 1, 2008 and E.S.U. 18 if the school district is not a member of a learning community.

Section 79-101 would be amended by adding a definition for learning communities. Section 79-1201 would be amended by adding the new E.S.U. provisions to the Educational Service Units Act.

Learning Community Governance

Section 79-1217 would be amended by providing learning community boards would consist of one school board member from each school district and, as ex officio members, the superintendent of each district.

A new section would require all actions of the board to have the approval of a majority of voting board members representing districts with at least 25% of the students in the learning community. Section 79-1242 would be amended to exclude learning communities from the approval requirements for other E.S.U.'s to expend funds generated from property taxes.

Sections 32-515, 32-567, 32-1203, and 32-1302 would be amended to recognize that learning community boards are not elected in the same manner as other educational service unit boards.

Section 79-1232 would be amended to exclude learning communities from the entities whose boards may provide the members with insurance coverage.

Responsibilities

An new section would provide new duties for learning communities in addition to the normal duties of E.S.U.'s. Learning communities would be required to:

1. Set a common general fund levy and distribute the proceeds
2. Set a common capital fund levy for member districts and distribute proceeds
3. Approve additional exceptions to the budget lids
4. Submit aggregate learning community data to the Department of Education
5. Analyze educational needs in the learning community and approve focus programs and schools to address those needs
6. Analyze growth trends and potential building needs in the learning community
7. Approve capital construction projects to be financed by the capital fund levy
8. Develop and submit a reorganization plan within the first 5 years to assure that member districts have a maximum average daily membership of 25,000 and to equalize economic diversity between member districts
9. Submit reorganization plans for any other reorganizations affecting the boundaries of any member school districts
10. Contract for instruction of residents of the learning community with non-member districts
11. Approve or deny option enrollment applications and learning community resident applications to attend schools within the learning community that are outside of the attendance area where the student resides

Section 79-1223 would be amended by recognize the additional duties.

School District Governance

Sections 32-543 and 79-549 would be amended to allow any Class III school district in a learning community to elect, with a vote of the people, to have a caucus nomination procedure.

Section 79-479 would be amended to reflect that there is not a mechanism to change district boundaries in § 79-549, either currently or as amended.

Section 79-535 would be amended to state that Class V districts, rather than schools within the limits of cities of the metropolitan class, would be under the control of Class V school boards.

School District Boundaries

The boundaries of all districts with headquarters in a county containing a city of the metropolitan class or adjoining a city of the metropolitan class would remain as they existed on January 1, 2005 until after a learning community has been formed

A new section would require learning communities to develop and submit a plan within the first 5 years to assure that member districts have a maximum of 25,000 students and to equalize economic diversity between member school districts. The learning community board could

designate new school districts with territory in a city of the metropolitan class as Class V school districts in the plan. Section 79-102 would be amended to recognize Class V school districts created by learning communities in the definition of Class V school districts.

New sections would create a new Learning Community Reorganization Act, based on the plan method of reorganization without the election. The act would regulate any reorganization affecting the boundaries of a member of a learning community. The learning community board would submit any such reorganization plans to the state committee for approval. All reorganization plans under the Act would be required to contain a description of how the plan will reduce the disparities in concentrations of poverty students and limited English proficient students among school districts. Negotiated agreements relative to boundaries would not be binding on reorganization plans pursuant to the Learning Community Reorganization Act

Section 79-850 would be amended to recognize the Learning Community Reorganization Act as a method of reorganization.

Sections 79-413, 79-415, 79-416, 79-433, 79-452, 79-458, 79-458.01, 79-467, 79-468, 79-469, 79-470, 79-473, 79-479, 79-498, and 79-499 would be amended to recognize that the reorganization provisions may not affect members of learning communities.

Section 79-598 would be amended to exclude members of learning communities from the provisions that allow a district to contract with another district for the instruction of students. Amendments would also recognize that the reorganization provisions may not affect members of learning communities.

Sections 79-409 and 79-476 would be outright repealed. Section 79-409 states that each incorporated city of the metropolitan class shall constitute one Class V school district. Section 79-476 provides protection for certain districts from annexations of a city of the metropolitan class. Section 79-1092 would be amended by eliminating cross references to the outright repealed sections.

Section 79-407 would be amended to exclude territory within the boundaries of a learning community from the annexation provisions. Provisions that vest school buildings with the new district in an annexation are eliminated. Section 79-408 would be amended to exclude territory within the boundaries of a learning community from Class IV school districts.

Property Taxes

Member school districts would develop their own budgets and file the budgets with the learning community board. Learning communities would then levy and distribute a common general fund levy for member school districts and levy and distribute a common capital levy for approved capital construction projects and building funds for member school districts.

Section 77-3442 would be amended to limit the learning community levy for the general fund budgets of member districts to \$1.00, as it would be for non-member school districts by 2008-09. The ability for member school districts to levy on their own for any purpose other than bonded indebtedness would be eliminated. A new section would distribute the proceeds as follows:

1. First, proportionally based on formula needs of each district up to the amount of the formula needs minus state aid or the tax request, whichever is less
2. Then, to school districts with projects approved by the learning community board and designed to:
 - a. Plan for or implement a focus school or program;
 - b. Enhance a focus school or program;
 - c. Increase economic diversity within a school or schools; or
 - d. Improve academic performance in a specific content area
3. Finally, proportionally based on the tax requests up to the total tax request

Section 13-503 would be amended to recognize that the fund for distribution of property tax receipts by a learning community to member school districts would be considered a special reserve fund.

Section 77-3442 would be amended to allow a capital funds levy for learning communities up to \$0.20. A new section would distribute the proceeds as follows:

1. First, to districts with bonded indebtedness authorized prior to January 1, 2006, in an amount equal to the taxable valuation of the school district multiplied by the capital funds levy of the learning community;
2. Then, to districts with existing bonded indebtedness for projects approved by the learning community in an amount equal to the approved annual contribution; and
3. Finally, to districts for special building funds based on a formula developed and approved by the learning community board using existing buildings as a basis.

Section 79-10,120 would be amended by requiring special building funds for learning community members to be funded from the proceeds of the learning community capital funds levy directed to the districts for such purposes.

Section 77-3442 would be amended to specify that learning communities also have a maximum levy of \$0.015, just like other E.S.U.'s, to carry out E.S.U. functions.

Section 79-1082, which provides a separate authorization for Class V school districts to levy property taxes, would be outright repealed. Section 79-1079 would be amended to limit the specific provisions applying a tax levy when Class V school district boundaries extend beyond the city to Class V school districts that are not members of a learning community. Section 79-1080 would be amended to limit the specific provisions regarding taxes for Class IV and V school district to districts that are not members of learning communities. Section 79-10,126 would be amended by limiting Class V school districts that are members of a learning community to establishing funds resulting from taxes levied to funds for bonded indebtedness.

Sections 77-1601.02, 77-1614, 77-1624, 77-1702, 77-1704.01, 77-1708, 77-1772, 77-1810, 77-1811, 77-1936, 77-2201, 77-2202, 77-5010, 79-1074, and 79-1075 would be amended to recognize learning communities as a taxing entity for member school districts.

Section 79-1027.01 would be amended to limit the current provisions for reducing property tax requests for districts in local system where the total request would exceed the levy limits to school fiscal years prior to 2008-09.

Section 77-1933 would be outright repealed as obsolete. The section relates to tax foreclosures under outdated sections.

State Aid

The consideration of poverty and LEP costs would be shifted from weighting the student count to allowances, similar to the current treatment of transportation. The needs calculations would be completed for individual districts, but the aggregate needs would be compared to resources for the whole learning community. Section 79-1003 would be amended by adding learning communities to the local system definition. Section 79-1022 would be amended to require state aid for learning communities to be paid directly to the districts proportionally based on formula needs.

The maximum income in the definition for low-income child in § 79-1003 would be the maximum household income for a student from a family of four to be a free lunch and free milk student. Currently, the maximum household income is set at \$15,000. Low-income students would be defined as the number of low-income children multiplied by the ratio of the formula students divided by the total children under 19 years of age residing in the local system. Poverty students would be defined as the number of low-income students or the number of formula students who are free lunch and free milk students in a local system, whichever is greater. This definition is identical to the current procedure for determining the number of low-income students in § 79-1007.01. However, that section would cease to be effective beginning with the calculation of aid for 2008-09.

The definition of adjusted general fund operating expenditures in § 79-1003 would be amended by subtracting the poverty and limited-English proficiency allowances from the general fund operating expenditures in addition to the current special receipts and transportation allowances beginning in 2008-09.

The department would be required to determine the poverty and L.E.P. allowances for each local system. The high school districts would be allowed to designate a maximum allowance or decline to participate in an allowance on or before the November 1st preceding the certification of state aid.

The poverty allowance for each local system would equal the lesser of:

1. The maximum amount designated by the high school district; or
2. The statewide average general fund operating expenditures per student multiplied by student weighting that are identical to the poverty weightings in the current formula.

The L.E.P. allowance for each local system would equal the lesser of:

1. The maximum amount designated by the high school district; or
2. The statewide average general fund operating expenditures per student multiplied by 0.25 then multiplied by:
 - a. The number of limited English proficiency students, if there are at least 12;
 - b. 12, if the number of limited English proficiency students is greater than or equal to 1 and less than 12;
 - c. 0, if the number of limited English proficiency students is less than 1.

The annual financial report for each high school district would be required to include:

1. The amount of federal funds received based on poverty and L.E.P. as defined by the federal program providing the funds; and
2. The expenditures and sources of funding for each program related to poverty or limited English proficiency with a narrative description of the program and the method used to allocate money to the program and within the program.

The annual financial report for each high school district would also be required to include the amount of the poverty and limited English proficiency allowances for the same school fiscal year. The department would set up accounting codes for the receipts and expenditures.

The department would determine the allowance expenditures using a strict analysis of the reported expenditures. The allowance expenditures for the poverty allowance could only include those expenditures that were used to specifically address issues related to the education of students living in poverty, that do not replace expenditures that would have occurred if the students involved in the program did not live in poverty, and that are not paid for with federal funds. The allowance expenditures for the L.E.P. allowance could only include those expenditures that were used to specifically address issues related to the education of students with L.E.P., that do not replace expenditures that would have occurred if the students involved in the program were not L.E.P. students, and that are not paid for with federal funds. The department would also be required to establish a procedure to allow school districts to receive pre-approval for categories of expenditures that could be included in allowance expenditures.

If the allowance expenditures did not equal 117.65% or more of the allowance, the department would calculate an allowance correction equal to the allowance minus 85% of the expenditures. If the allowance expenditures do not equal 50% or more of the allowance for such school fiscal year, the local system would also be disqualified from receiving an allowance for the school fiscal year for which aid is being calculated. Local systems could also be disqualified for failing to provide additional information as requested by the department to assist with calculations.

The department would annually provide the Legislative Council with a report containing a general description of statewide expenditures and funding sources for programs related to poverty and limited English proficiency and specific descriptions for each high school district.

Section 79-1009 would be amended to limit net option funding to school fiscal years prior to 2008-09. Section 79-1005.01 would be amended to recognize that net option funding would not reduce the amount to be distributed as allocated income tax funds beginning in 2008-09.

Section 79-1007.01 would be amended to limit the current provisions for calculating adjusted formula students to school fiscal years prior to 2008-09. A new section would calculate adjusted formula students without weightings for poverty and limited English proficiency, but with an additional weighting of 0.1 for students in focus schools or programs.

Section 79-1007.02 would be amended to limit the current provisions for calculating formula needs to school fiscal years prior to 2008-09. A new section would calculate formula needs for individual districts with the allowances for poverty and limited English proficiency.

Section 79-1008.02 would be amended to exclude new local systems containing a learning community for one year from the minimum levy adjustment.

Section 79-1008.01 would be amended to recognize the new sections and the formation of learning communities in the calculation of aid. Section 79-1001 would be amended to add the new provisions to the Tax Equity and Educational Opportunities Support Act.

Sections 79-1024 and 79-1033 would be amended to withhold the appropriate funding when a member district in a learning community fails to submit budget documents or other required reports.

Budget Authority

Section 79-1026 would be amended to limit the current provisions for the applicable allowable growth rate to school fiscal years prior to 2008-09. A new section would duplicate the section with school districts replacing local systems in the calculation.

Section 79-1028 would be amended by adding a budget exception for anticipated increases in transportation expenditures caused by the conversion to a learning community. Another new budget exception would accommodate funding provided by the learning community board for approved projects. Two additional exceptions would recognize increases in the combination of poverty and limited English proficiency allowances and the transition from weightings to allowances. The section would be also amended by replacing references to the applicable allowable growth rate for local systems with references to the applicable allowable growth rate for districts.

Section 79-1029 would be amended by excluding members of learning communities from the provisions for voter approved budget authority and adding authorization for the learning community board to approve additional budget authority for member districts.

Section 79-1030 would be amended by replacing a reference to the applicable allowable growth rate for local systems with a reference to the applicable allowable growth for districts.

Student Residency and Transfers

Section 79-215 would be amended to make students residing in member school districts residents of the learning community. Such students would be eligible to attend any school in the learning

community. Learning communities would also be responsible for residency decisions and, as part of the E.S.U. functions, for resident students who are not state wards and are placed in residential settings outside of the learning community.

Section 79-216 would be amended to recognize learning communities in the provisions for the admittance of children military officers and enlisted members. Sections 79-599, 79-5,100, 79-5,102, and 79-5,103 would be amended to make learning communities responsible for decisions about their resident students attending school in an adjoining state. Section 79-5,104 would be amended to exclude members of learning communities from the provisions for a district to pay tuition to a school outside the district for a resident student.

A new section would require member school districts to establish a maximum capacity and attendance area for each school building, except focus schools. School districts would certify by March 1 of each year how many students would be accepted into each building from outside the buildings attendance area. Students residing in an attendance area would always be able to attend the school for the grades offered in the school.

Parents could apply by March 15 of each year for their child to attend a school in the learning community that is outside of their attendance area. Applications would be accepted or rejected by April 1 with applications randomly selected when the applications exceed the capacity. Once a student is attending a school, the student would be allowed to continue attending the school until the completion of the grades offered.

After completing the grades offered at a school, such students would be allowed to continue in the district at the next grade level with the completion of a notification prior to February 15. The district would state which schools in the district the student would be allowed to attend prior to March 1.

Students who move after April 1 would apply directly to a district and applications could only be accepted or rejected based on capacity. Students could also apply directly to a district after April 1 for hardship or emergency reasons that would be kept confidential and the applications could be accepted or rejected at the board's discretion.

Section 79-232 would be amended by eliminating findings language regarding desegregation and racial integration, including authorization to deny educational options to parents. Sections 79-237 and 79-238 would be amended by eliminating option enrollment provisions specific to school districts with a desegregation plan and provisions for race based decisions about option enrollment applications.

Section 79-233 would be amended by defining learning communities as an option school districts when a student chooses to attend a school in the learning community instead of in his or her resident school district. Learning communities would be defined as a resident school district for students residing in a learning community.

Sections 79-234, 79-238, 79-239, 79-240, 79-241, 79-243, and 79-244 would be amended by recognizing learning communities.

Transportation

Section 79-611 would be amended to require school districts in learning communities to provide free transportation for any student who:

1. Is a resident of the learning community;
2. Is attending school in the school district; and
3. Lives closer to another school in the learning community

The existing transportation allowance would recognize the transportation costs in the needs calculation for the school district

Focus Schools and Programs

New sections would authorize focus schools and programs to be established with the approval of the learning community board. Focus schools and programs would be:

1. Centered around meeting specific learning goals that are an addition to the standard curriculum;
2. Open to all students residing in the learning community; and
3. Designed to create an economically diverse learning environment.

Each student in the learning community would have equal access to focus schools and programs run by any school district within the learning community.

Each student attending a focus school or program would receive an additional 10% weighting in the state aid formula.

Summer School

Section 79-536 would be amended by eliminating the summer school requirement for Class V school districts and replacing it with an authorization, but not a requirement, for any school district to provide summer school.

Reporting

Section 13-508, 13-511, 79-527, 79-528, 79-760, 79-1083, 79-1084, 79-1085, and 79-1086 would be amended to require reports to the Department of Education and other entities to also be sent to the learning community board. If the reports were to the Department of Education, the learning community board would compile an aggregated report to also be sent to the department. Such reports would include both financial and academic data...

Section 13-508 would also be amended to move provisions regarding Class I school districts within the section, but no substantive changes were made.

Section 79-1084 would also be amended by inserting the Class of misdemeanor represented by the punishment stated for failing to comply with the section and by limiting the levy authority to districts that are not members of a learning community.

Section 79-1086 would also be amended to reflect a difference in requirements due to membership in a learning community.

Retirement

Sections 79-979, 79-980, 79-981, 79-983, 79-984, 79-985, 79-986, 79-9,107, 79-9,108, 79-9,109, and 79-1,115 would be amended to allow new Class V school districts to participate in the Class V retirement system. The new Class V districts would be required to have some territory that had previously been in a Class V school district. A new board would replace the Class V school district board for administration of the system if more than one district is participating in the system. The new board would represent the participating districts. The board would designate one of the participating districts to act as treasurer and official custodian of the system.

EXPLANATION OF AMENDMENTS, IF ANY:

The Committee Amendments would replace the original provisions with new provisions and changes regarding school organization and school finance. A new type of political subdivision called a learning community would create a common resource base and would have limited coordinating functions for school districts in and around metropolitan class cities and in other parts of the state that request the formation of a learning community. There would also be open enrollment within the learning community and transportation would be provided for students choosing to attend schools outside of their attendance area. School finance changes would affect calculations reflecting costs associated with students in poverty and students with limited English proficiency (LEP). New allowances would be added for students in poverty in elementary classes of 10 to 20 students and for focus schools and programs. The cost growth factor would also be modified.

Formation of Learning Communities

Learning communities would be defined as political subdivisions which share the territory of member school districts and are governed by a learning community coordinating council. Learning communities would not have the authority to levy property taxes the first year, and not before 2008-09 in any case.

On or before August 1, 2006, the Secretary of State would be required to certify the establishment of a new learning community with an effective date of September 1st to the county clerks of the counties with territory in the new learning community and to the school boards of the member school districts of the new learning community. The learning community would consist of all school districts whose principal office are located in the same county as a city of the metropolitan class or any county that shares a contiguous border of at least 5 miles with the city. If a new city of the metropolitan class is designated, the Secretary of State would be required to make the certification the following August 1. The Secretary of State would also certify the establishment of a new learning community at the request of the school boards of all school districts whose principal office is located in one or more specified counties if the school districts have a total of at least 2,000 students.

On or before September 1 following the establishment of a new learning community, the school board of each member school district would appoint a member to serve on the learning community coordinating council. The Secretary of State, or his or her designee, would be required to convene a meeting of the new council each month beginning in September through the following June. At the September meeting, the council would elect officers and begin taking the necessary steps to begin operating as a learning community. The Secretary of State, or his or her designee, would schedule and host each meeting and serve as a facilitator. The Secretary of State could contract for facilitation services. The Secretary of State would be required to report to the Education Committee on or before December 31 and on or before June 30, regarding the progress of any new learning community coordinating councils. Members of the learning community coordinating council would receive no compensation, but would be reimbursed for actual and essential expenses.

Learning communities would receive transition aid for the second fiscal year of existence for funding general fund budget of the learning community during the transition to property tax funding. Learning communities established on September 1, 2006 would also receive transition aid for the third fiscal year of the individual learning community's existence. Transition aid would be distributed to each qualifying learning community on or before September 1 of each school fiscal year in an amount equal to the amount appropriated for transition aid divided by the number of qualifying learning communities.

Governance of Learning Communities

The learning community coordinating council would consist of one school board member from each member school district, and the superintendent of each member school district would serve as an ex officio member. Any official action of a learning community coordinating council would require approval of 50% of the voting members representing at least one third of the students in the member school districts as measured by formula students in the most recent certification of state aid.

The learning community coordinating board would have the authority to:

1. Levy and distribute a common levy for the general funds of member school districts;
2. Levy and distribute a common levy for the special building funds of member school districts;
3. Levy for the budget of the learning community and for projects approved by the learning community coordinating board;
4. Collect and report data and information as required;
5. Coordinate development of focus schools and programs to provide educational opportunities to diversified student populations, including exploration of a campus that would include focus schools and programs operated by different member school districts;
6. Approve focus schools and programs to be operated by member school districts;
7. Annually conduct a school fair to allow students and parents to learn about each school in the learning community; and
8. Develop reorganization plans for submission pursuant to the Learning Community Reorganization Act.

Taxation of Learning Communities

The territory of the learning community would form a single tax base for purposes of a common general fund levy, a common special building fund levy, and a learning community levy. Member school districts would continue to develop their own budgets, but would file the budgets with the learning community board. Member school districts would also retain some separate general fund and special building fund levy authority and complete autonomy for bonded indebtedness.

Section 77-3442 would be amended to allow learning communities to levy up to the lesser of \$1.025 or 110% of formula needs minus state aid and accountable receipts for member school districts. The proceeds from such levy would be distributed to member school districts based on their proportion of the 110% of formula needs minus state aid and accountable receipts, except that no district would receive an amount greater than the tax asking. School districts would also be allowed an additional levy equal to \$1.025 minus the learning community levy applied to the school district's tax base for general fund and special building fund purposes and would retain current levy exclusions.

Section 77-3442 would also allow the learning community two additional levies. The first would be up to \$0.05 for special building funds for member school districts, which would be distributed based on formula students. The second would be up to \$0.025 for the learning community budget and for projects approved by the learning community coordinating board.

Section 79-10,120 would be amended by requiring special building funds for learning community members to be funded from the proceeds of such levy. Section 79-10,126 would be amended by limiting the current fund requirements for Class V school districts to those districts that are not members of a learning community. A new section would align the fund requirements with the learning community levies for Class V districts that are members of learning communities.

Section 13-503 would be amended to recognize that the fund used to distribute property tax receipts to member school districts would be considered a special reserve fund.

Section 13-508 would be amended by requiring member school districts for file budget statements with the learning community coordinating council by September 1st, to allow the learning community to file their statements by the September 20th deadline. The section would also be amended to move provisions regarding Class I school districts within the section, but no substantive changes would be made to the Class I school district provisions. Budget revisions would also need to be filed with the council pursuant to proposed changes to § 13-511. Copies of the adopted budget statement, revenues raised in the prior year, and budgets for the ensuing year would also be required to be delivered to the learning community pursuant to §§ 79-1083 and 79-1084. Section 79-1084 would be amended to require Class V school districts in learning communities to comply with the same reporting requirements with regard to revenues from the prior year and budgets for the ensuing year as Class III school districts under § 79-1084. Section 79-1084 would also be amended by inserting the Class of misdemeanor represented by the punishment stated for failing to comply with the section and by limiting the levy authority to districts that are not members of a learning community.

Sections 77-1601.02, 77-1614, 77-1624, 77-1702, 77-1704.01, 77-1708, 77-1772, 77-1810, 77-1811, 77-1936, 77-2201, 77-2202, 79-1074, and 79-1075 would be amended to recognize learning communities as taxing entities.

Section 77-1933 would be outright repealed as obsolete. The section relates to tax foreclosures under outdated sections.

School District Boundaries and Related Issues

The boundaries of all school districts whose principal office are located in the same county as a city of the metropolitan class or any county that shares a contiguous border of at least 5 miles with the city on the effective date of the act shall remain as depicted on March 1, 2006 on the map kept by the county clerk until a learning community has been formed. The boundaries of school districts in a learning community would only change by a petition initiated by the learning community coordinating board, approved by the State Committee for the Reorganization of School Districts, and approved by the school boards of the affected school districts.

A new Learning Community Reorganization Act would be based on the plan method of reorganization without an election requirement. The act would regulate any reorganization affecting the boundaries of a member of a learning community, except statutorily required dissolutions. The learning community board would submit any such reorganization plans to the state committee for preliminary approval. The plans would then be returned for final approval by the boards of the affected school districts. The plans would be required to assure that the geographic size of any school district with more than 25,000 students would not increase and to provide a description of how the plan will reduce the disparities in concentrations of poverty students among school districts.

Section 79-476 would be amended by eliminating a requirement for the voters to approve a merger with a Class V school district for school districts formed from unincorporated areas maintaining high schools prior to annexation by a city of the metropolitan class. Sections 32-543 and 79-549 would be amended to allow any Class III school district in a learning community to elect, with a vote of the people, to have a caucus nomination procedure. Section 79-479 would be amended to eliminate an invalid cross reference to § 79-549.

Section 79-409 would be amended to state that each incorporated city of the metropolitan class would contain at least one Class V school district, as opposed to the city constituting one Class V school district. Section 79-535 would be amended to state that Class V districts, rather than schools within the limits of cities of the metropolitan class, would be under the control of a Class V school board.

Section 79-102 would be amended to recognize Class V school districts created by learning communities in the definition of Class V school districts.

Sections 79-979, 79-980, 79-981, 79-983, 79-984, 79-985, 79-986, 79-9,107, 79-9,108, 79-9,109, and 79-1,115 would be amended to allow new Class V school districts to participate in the Class V retirement system. The new Class V districts would be required to have some territory that

had previously been in a Class V school district. A new board would replace the Class V school district board for administration of the system if more than one district is participating in the system. The new board would represent the participating districts. The board would designate one of the participating districts to act as treasurer and official custodian of the system.

Section 79-407 would be amended to exclude territory within learning communities from the annexation provisions for school districts with cities of 1,000 to 150,000. Provisions that vest school buildings with the new districts would be eliminated. Section 79-408 would be amended to exclude territory within the boundaries of a learning community from the annexation provisions for school districts with primary class cities. Section 79-473 would be amended to state that negotiated agreements relative to boundaries would not be binding on reorganization plans pursuant to the Learning Community Reorganization Act.

Sections 79-413, 79-415, 79-416, 79-433, 79-452, 79-458, 79-458.01, 79-467, 79-468, and 79-469, and 79-473 would be amended to recognize that the reorganization provisions would not affect members of learning communities.

Section 79-850 would be amended to recognize the Learning Community Reorganization Act as a method of reorganization.

Open Enrollment and Transportation in Learning Communities

There would be open enrollment between school districts within a learning community. Attendance areas and building capacities would be established by each school district for their school buildings, except focus schools and programs would be open to everyone in the learning community on an equal basis. Transportation would be provided for students who attend a building outside of their attendance area by the school district the student attends. Such transportation would be provided from the student's attendance area elementary school.

Parents could apply by March 15 for a student to attend a school outside of their attendance area. Applications would be accepted or rejected by April 1. If the applications exceed the capacity and the building is not a focus school or program, free lunch students have first preference, followed by reduced-price lunch students, then all other students. If the building is a focus school or program, applications will be accepted proportionally based on the proportion of free lunch students, reduced-price lunch students, and other students in the learning community. Applications would be selected randomly within each category and also to fill any openings that are unfilled due to a lack of applications in any category.

Once a student begins attending a school, the student would be allowed to continue attending that school until the completion of the grades offered. To continue in the district outside of the student's attendance area at the next grade levels, the parents would be required to notify the school district prior to February 15. Prior to March 1, the district would be required to notify the parents as to which schools the student would be allowed to attend as a continuing student.

Students who move after April 1 would apply directly to a district and applications could only be accepted or rejected based on capacity. Students could also apply directly to a district after April

1 for hardship or emergency reasons that would be kept confidential and the applications could be accepted or rejected at the board's discretion if the building had capacity.

Section 79-233 would be amended by recognizing that students who choose to attend another school district in a learning community are not option students.

Sections 79-232, 79-237, and 79-238 would be amended by eliminating provisions allowing different standards for acceptance or denial of option applications based on desegregation plans.

Section 79-611 would be amended to require the school district that a student in a learning community is attending to provide transportation if the student is attending a school outside of the student's attendance area. The transportation would be provided from the school building that provides at least grades kindergarten through 3rd grade in the student's attendance area. Nothing would prevent the district from providing additional transportation.

Focus Schools and Programs in Learning Communities

Focus schools and programs could be established by any member school district, with the approval of the learning community board. Focus schools and programs would be:

1. Centered around meeting specific learning goals that are an addition to the standard curriculum;
2. Open to all students residing in the learning community; and
3. Designed to create an economically diverse learning environment.

Diversity Reports and Planning for Learning Communities

Beginning July 1, 2009, the learning community would be required to report every 2 years on the diversity of students in each building, the academic achievement of students in various demographic groups in each building, and the enrollment of students in buildings outside of their attendance areas. Recommendations would be required for improving diversity in buildings that are less diverse than other buildings, improving the achievement of any demographic group that is underperforming based on criteria established by the board, and for achieving or maintaining a goal of at least 10% of high school students attending high schools outside of their attendance areas. If the report recommends an adjustment of boundaries, the board would be required to submit a plan under the Learning Community Reorganization Act.

Other Reporting Requirements for Learning Communities

The learning community coordinating board would be responsible for aggregating both financial and academic data for the Department of Education pursuant to changes in sections 79-527 (drop outs), 79-528 (census, annual statistical summary, annual financial report, & fall membership), and 79-760 (assessment). Section 79-1086 is a section that would be amended to reflect a difference in financial reporting requirements due to membership in a learning community. Where reporting failures require the Commissioner of Education to direct the withholding of school money, a determination of the money belonging to the district would be based on the proportionate share of state aid and property tax receipts allocated by the learning community coordinating board. The treasurer of the board would also be directed to withhold funds. If the

data necessary for the learning community to complete their reports is not supplied, the learning community would complete the reports with the information that is available.

High Needs Education Coordinator

The Commissioner of Education would be required to appoint a high needs education coordinator, subject to confirmation by the State Board of Education. The coordinator would evaluate and coordinate existing resources for effective programs for students in poverty, limited English proficient students, and highly mobile students. The coordinator would also develop a plan to improve educational attainment for these students, which could include research efforts to be conducted by Nebraska postsecondary education institutions. The plan would be presented to the Education Committee of the Legislature on or before November 1, 2007.

Summer School for All School Districts

Section 79-536 would be amended by eliminating the summer school requirement for Class V school districts and replacing it with an authorization, but not a requirement, for any school district to provide summer school.

School Finance

The school finance changes would generally be applicable beginning with the 2008-09 school fiscal year.

Intent

Section 79-1002 would be amended by eliminating the findings language contained in T.E.E.O.S.A. and by modifying the intent language to reflect the changes contained in this measure. The intent to assure each district a foundation support level would be modified to recognize an intent to assure a foundation support level for the operation of the public school system that takes local resources into consideration. The intent to assure a greater level of equity of education opportunities would be focused on all public school students, rather than the students in all districts. The intent to assure a shift away from property taxes through limits on budget growth would become an intent to assure measured growth in state aid through the continuation of budget growth limits. Another new statement would declare an intent to recognize a portion of the costs of programs addressing the unique educational needs of students in poverty and L.E.P. students. The final new declaration would state an intent to collect information regarding the programs and costs related to poverty and L.E.P. in order to analyze what programs are appropriate for state support and to analyze the allowances. The intent that all T.E.E.O.S.A. aid be used to reduce property taxes would be eliminated.

Learning Communities

The needs calculations would be completed for individual districts, but the aggregate needs would be compared to resources for the whole learning community. Section 79-1003 would be amended by adding learning communities to the local system definition. Section 79-1022 would

be amended to require state aid for learning communities to be paid directly to the districts proportionally based on formula needs.

Sections 79-1024 and 79-1033 would be amended to withhold the appropriate funding when a member district in a learning community fails to submit budget documents or other required reports.

Section 79-1030 would be amended by applying the applicable allowable growth rate to districts instead of local systems.

Cost Growth Factor

The cost growth factor is currently calculated and applied to the adjusted general fund operating expenditures in § 79-1007.02 to increase expenditures to more accurately reflect current levels. Under this measure, the cost growth factor would be modified and calculated in a separate section. The factor would reflect the entire optional allowable growth rate, rather than current 50% of the optional allowable growth rate. The new cost growth factor would be applied to the general fund operating expenditures prior to the subtraction of the allowances in the definition of adjusted general fund operating expenditures in § 79-1003.

Elementary Class Size

Beginning in 2008-09, the elementary class size allowance for each district would equal 20% of the statewide average general fund operating expenditures per formula student for each student in kindergarten through grade 5 who qualified for free or reduced-price lunches and who spent at least 50% of the school day in a classroom with 10 to 20 students in the prior school fiscal year. The allowance would be subtracted from general fund operating expenditures prior to averaging and added back for the district's formula needs.

Focus Schools and Programs

Beginning in 2008-09, the focus school and program allowance for school districts in learning communities would equal 10% of the statewide average general fund operating expenditures per formula student for each student in a focus school or program in the prior school fiscal year.

Poverty and LEP

The consideration of poverty and LEP costs would be shifted from weighting the student count to allowances, similar to the current treatment of transportation.

The maximum income in the definition for low-income child in § 79-1003 would be the maximum household income for a student from a family of four to be a free lunch and free milk student. Currently, the maximum household income is set at \$15,000. Low-income students would be defined as the number of low-income children multiplied by the ratio of the formula students divided by the total children under 19 years of age residing in the local system. Poverty students would be defined as the number of low-income students or the number of formula students who are free lunch and free milk students in a local system, whichever is greater. This

definition is identical to the current procedure for determining the number of low-income students in § 79-1007.01. However, that section would cease to be effective beginning with the calculation of aid for 2008-09.

The definition of adjusted general fund operating expenditures in § 79-1003 would be amended by subtracting the poverty and limited-English proficiency allowances from the general fund operating expenditures in addition to the current special receipts and transportation allowances and new focus and elementary class size allowances beginning in 2008-09.

The department would be required to determine the poverty and L.E.P. allowances for each local system. The high school districts would be allowed to designate a maximum allowance or decline to participate in an allowance on or before the November 1st preceding the certification of state aid.

The poverty allowance for each local system would equal the lesser of:

1. The maximum amount designated by the high school district; or
2. Sixty-one percent of the statewide average general fund operating expenditures per student multiplied by student weighting that are identical to the poverty weightings in the current formula.

The allowance is reduced to reflect the costs that would be addressed by the new elementary class size allowance.

The L.E.P. allowance for each local system would equal the lesser of:

1. The maximum amount designated by the high school district; or
2. The statewide average general fund operating expenditures per student multiplied by 0.25 then multiplied by:
 - a. The number of limited English proficiency students, if there are at least 12;
 - b. 12, if the number of limited English proficiency students is greater than or equal to 1 and less than 12;
 - c. 0, if the number of limited English proficiency students is less than 1.

Beginning in 2007-08, the annual financial report for each high school district would be required to include:

1. The amount of federal funds received based on poverty and L.E.P. as defined by the federal program providing the funds; and
2. The expenditures and sources of funding for each program related to poverty or limited English proficiency with a narrative description of the program and the method used to allocate money to the program and within the program.

The annual financial report for each high school district would also be required to include the amount of the poverty and limited English proficiency allowances for the same school fiscal year. The department would set up accounting codes for the receipts and expenditures.

The department would determine the allowance expenditures using the reported expenditures. The allowance expenditures for the poverty allowance could only include those expenditures that were used to specifically address issues related to the education of students living in poverty, that do not replace expenditures that would have occurred if the students involved in the program did

not live in poverty, and that are not paid for with federal funds. The allowance expenditures for the L.E.P. allowance could only include those expenditures that were used to specifically address issues related to the education of students with L.E.P., that do not replace expenditures that would have occurred if the students involved in the program were not L.E.P. students, and that are not paid for with federal funds. The department would also be required to establish a procedure to allow school districts to receive pre-approval for categories of expenditures that could be included in allowance expenditures.

If the allowance expenditures did not equal 117.65% or more of the allowance, the department would calculate an allowance correction equal to the allowance minus 85% of the expenditures. If the allowance expenditures do not equal 50% or more of the allowance for such school fiscal year, the local system would also be disqualified from receiving an allowance for the school fiscal year for which aid is being calculated. Local systems could also be disqualified for failing to provide additional information as requested by the department to assist with calculations.

The department would annually provide the Legislative Council with a report containing a general description of statewide expenditures and funding sources for programs related to poverty and limited English proficiency and specific descriptions for each high school district.

Section 79-1007.01 would be amended to limit the current provisions for calculating adjusted formula students to school fiscal years prior to 2008-09. A new section would calculate adjusted formula students without weightings for poverty and limited English proficiency.

Section 79-1007.02 would be amended to limit the current provisions for calculating formula needs to school fiscal years prior to 2008-09. A new section would calculate formula needs for individual districts with the allowances for poverty and limited English proficiency.

Section 79-1008.02 would be amended to exclude new local systems containing a learning community for one year from the minimum levy adjustment.

Section 79-1008.01 would be amended to recognize the new sections and the formation of learning communities in the calculation of aid. Section 79-1001 would be amended to add the new provisions to the Tax Equity and Educational Opportunities Support Act.

Miscellaneous

Section 79-1001 would be amended to include the new provisions in the Tax Equity and Educational Opportunities Support Act.

Budget Authority

Section 79-1026 would be amended to limit the current provisions for the applicable allowable growth rate to school fiscal years prior to 2008-09. A new section would duplicate the section with school districts replacing local systems in the calculation.

Section 79-1028 would be amended by adding a budget exception for anticipated increases in transportation expenditures caused by the conversion to a learning community. Two additional

exceptions would recognize increases in the combination of poverty and limited English proficiency allowances and the transition from weightings to allowances. The section would be also amended by replacing references to the applicable allowable growth rate for local systems with references to the applicable allowable growth rate for districts.

Senator Ron Raikes, Chairperson