

ONE HUNDRED FIRST LEGISLATURE - SECOND SESSION - 2010
COMMITTEE STATEMENT
LB1072

Hearing Date: Monday February 22, 2010

Committee On: Education

Introducer: Adams

One Liner: Rename and change a formula in the Community College Foundation and Equalization Aid Act

Roll Call Vote - Final Committee Action:

Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Adams, Ashford, Avery, Cornett, Giese, Haar, Howard, Sullivan

Nay:

Absent:

Present Not Voting:

Proponents:

Senator Greg Adams

Sandra Borden

Tom Perkins

Jack Huck

Greg Smith

Merlyn Grannberg

Mike Chipps

Dennis Baack

Marshall Hill

Dan Mauk

Opponents:

Walt Radcliffe

Randy Schmailzl

Dave Newell

Jim Grotrian

Crystal Rhoades

Neutral:

Ben Gray

Representing:

Introducer

Central Community College & Nebraska Community College Association

Western Community College

Southeast Community College & Nebraska Community College Association

Central Community College & Nebraska Community College Association

Nebraska Community College Association

Mid Plains Community College & Nebraska Community College Association

Nebraska Community College Association

Nebraska Coordinating Commission for Postsecondary Education

North Platte Area Chamber & Development Corp.

Representing:

Metro Community College

Metro Community College

Metro Community College

Metropolitan Community College

Metro Community College

Representing:

Impact One Community Connection

Summary of purpose and/or changes:

Legislative Bill 1072 changes provisions related to the Community College Foundation and Equalization Aid Act, provides for new categories and factor weightings in determining reimbursable educational units, provides additional

duties for the Coordinating Commission for Postsecondary Education with respect to community colleges, and makes modifications to community college role and mission statutes. The bill also makes membership in an association of community college boards permissive rather than mandatory.

LB 1072 renames the Community College Foundation and Equalization Aid Act the Community College Equalization Aid Act. The bill makes changes in the methodology used to calculate both needs and resources for purposes of the formula beginning in fiscal year 2010-11. Formula base revenue would be distributed among college areas as follows: twenty percent as foundation need, twenty percent based on three-year average full-time equivalent student enrollment, and sixty percent based on three-year average reimbursable educational units. Additional needs growth based on growth in three-year average full-time equivalent student enrollment remains in the calculation, but is reduced to one-fourth of the total percentage growth. The base growth factor is reduced from three percent to one percent beginning in fiscal year 2010-11. Adjusted tuition and fees, equal to ninety percent of the total revenue collected from tuition and mandatory fees, net of refunds, is used in the calculation of prior year revenue. The local effort rate used in the calculation of prior year revenue for fiscal year 2010-11 would be reduced by one cent.

LB 1072 provides for the utilization of current-year valuation data in determining the local effort rate for fiscal year 2010-11 and each year thereafter. Current-year valuation would also be used in calculating the yield from the local effort rate for each college area. Formula tuition and fees for each college area would equal the adjusted tuition and fees for all community college areas divided by the full-time equivalent enrollment of all community college areas for the fiscal year immediately preceding the fiscal year for which aid is being calculated multiplied by the full-time equivalent enrollment of each community college area for the fiscal year immediately preceding the fiscal year for which aid is being calculated. The bill also provides that if the amount appropriated to the Community College Equalization Aid Act for any fiscal year is decreased following the calculation of the local effort rate by the department pursuant to this subdivision, the department shall reduce the base revenue need of each community college area for such fiscal year by an amount equal to each community college area's proportionate share of the total statewide base revenue need for the fiscal year multiplied by the amount of the decrease in the appropriation for the fiscal year. The minimum levy aid reduction would not be in effect for fiscal year 2010-11.

LB 1072 provides a new definition for "reimbursable educational unit" for fiscal year 2010-11 and each year thereafter. The new definition assigns factor weightings for six program categories, Categories 1 through 6. The factors for Categories 1 through 6 are 1.0, 1.22, 1.48, 1.68, 1.90, and 2.16, respectively, with the factor for each such program category doubled for programs offered by tribally controlled community colleges. The Coordinating Commission would collaborate with community colleges in assigning courses offered by the colleges to Classification of Instructional Programs codes for purposes of calculating reimbursable educational units. The Coordinating Commission would be required to cause a cost study of community college courses to be completed no less often than once every four years and to provide any recommendations for changes in the factors listed in subdivision (20) of section 85-1503 to the Education Committee of the Legislature. The Coordinating Commission would have authority to adjust the Classification of Instructional Programs codes used to identify programs as it deems necessary in order to best reflect the courses provided by community college areas.

LB 1072 prescribes additional duties to the Coordinating Commission related to community colleges. The Coordinating Commission would:

- a) In consultation with community college areas, develop indicators for measuring the success of community college areas in fulfilling their statutory role and mission assignments, including indicators for measuring the outcomes of students receiving foundations education courses. The performance of community college areas, individually and collectively, on such indicators would be reported by the commission in the report required pursuant to section 85-1429 beginning in 2011 and annually thereafter;
- (b) Perform the duties described in section 18 of the act related to reimbursable educational units;
- (c) Prescribe uniform practices and procedures for the auditing, collection, and reporting of data necessary to carry out the Community College Equalization Aid Act; and
- (d) Adopt and promulgate rules and regulations to carry out the Community College Equalization Aid Act.

Community college role and mission statutes would be amended to require each community college area to identify and

implement best practices and promising initiatives for the provision of foundations education. The Coordinating Commission would develop, in consultation with the community college areas, indicators for measuring the outcomes of students receiving foundations education courses. Such outcomes would be reported by the commission in the report required pursuant to section 85-1429 beginning in 2011 and annually thereafter. Section 85-962 would be amended to add language stating the Legislature's recognition of the importance of community colleges in providing students with the education and job skills necessary for the modern workforce. Language is also added to encourage community colleges to collaborate (1) with elementary and secondary education to further enhance the college readiness and career readiness of high school students through the provision of appropriate dual-credit courses, with particular emphasis on enabling full participation in such courses by low-income students, and (2) with the University of Nebraska and the state colleges in the articulation of general academic transfer programs.

Explanation of amendments:

Basic Summary

The committee amendment strikes the original sections and becomes the bill. The amendment terminates the Community College Foundation and Equalization Aid Act (the formula which determines the distribution of state aid, the operating levy limitation, and allowable growth for purposes of calculating budget limitations of community colleges) on June 30, 2011. The amendment also eliminates the requirement for community college boards to be members of an association of the boards after June 30, 2011. The amendment provides for a specific state aid distribution, sets a maximum operating levy, and provides an alternative definition of allowable growth in lieu of determining these factors pursuant to the Community College Foundation and Equalization Aid Act for fiscal year 2010-11. A mechanism for determining the distribution of state aid, the operating levy limitation, and allowable growth for budget purposes for fiscal year 2011-12 and beyond is not specified.

Section-By-Section Summary

Section 1 amends section 13-518 to change the definitions of allowable growth and state aid with respect to community colleges for purposes of calculating budget authority pursuant to sections 13-518 to 13-522. For fiscal year 2010-11, allowable growth for community colleges would equal the percentage increase in full-time equivalent students in excess of the base limitation, if any, from fiscal year 2008-09 to fiscal year 2009-10. Currently, colleges are provided with an amount of allowable growth necessary to equal a college area's base revenue need pursuant to the Community College Foundation and Equalization Aid Act. For fiscal year 2010-11, state aid for community colleges would mean the amount provided to respective colleges areas pursuant to section 10 of the amendment. For other fiscal years, state aid means the amount provided to community colleges pursuant to the Community College Foundation and Equalization Aid Act.

Section 2 amends section 13-519 to eliminate obsolete budget authority for revenue generated pursuant to the property tax levy authorized in section 85-1517(2)(c). The levy authority contained in section 85-1517(2)(c) has expired and is eliminated in section 9 of the amendment.

Section 3 amends section 77-3442 to provide a maximum property tax levy for community college operating expenditures of ten and one-quarter cents per one hundred dollars of taxable valuation for fiscal year 2010-11, in lieu of calculating a maximum levy pursuant to the Community College Foundation and Equalization Aid Act. Language regarding community college levy authority for fiscal year 2010-11 also clarifies that community colleges may continue to access the levy authority provided in subsection 2 of section 85-1517. This subsection provides community colleges with levy authority for (i) capital improvement and bond sinking funds and (ii) accessibility barrier elimination projects and abatement of environmental hazards.

Section 4 amends section 85-1416 to eliminate a reference to the Community College Foundation and Equalization Aid Act in language regarding state aid requests of community colleges.

Section 5 amends section 85-1418 to reference the state aid amounts provided in section 10 of the amendment for fiscal year 2010-11, rather than amounts calculated pursuant to the Community College Foundation and Equalization Aid Act.

Section 6 amends section 85-1502 to eliminate the requirement for community college governing boards to be members

of an association of the boards after June 30, 2011.

Section 7 amends the meaning of tribally controlled community college state aid amount provided in section 85-1503 to reference the amounts provided in section 10 of the amendment for fiscal year 2010-11, in lieu of the calculation method used in previous fiscal years.

Section 8 amends section 85-1511 to restrict the use of audit data in the calculation of state aid to community colleges to fiscal years prior to fiscal year 2010-11.

Section 9 amends section 85-1517 to provide a maximum levy for operating expenditures of ten and one-quarter cents per one hundred dollars of taxable valuation for fiscal year 2010-11. Obsolete levy authority provided in current subsection (2)(c) is eliminated, and language in the existing subsection (3) is stricken and reinserted in subsection (2)(a).

Section 10 provides for the distribution of state aid to community colleges for fiscal year 2010-11, notwithstanding the Community College Foundation and Equalization Aid Act or any other provision of law. The amount of aid for each community college area would be:

- (i) For the Central Community College Area, \$8,289,499;
- (ii) For the Metropolitan Community College Area, \$18,389,499;
- (iii) For the Mid-Plains Community College Area, \$8,251,373;
- (iv) For the Northeast Community College Area, \$12,784,454, including \$38,815 for Nebraska Indian Community College and \$13,120 for Little Priest Tribal College;
- (v) For the Southeast Community College Area, \$27,133,220; and
- (vi) For the Western Community College Area, \$11,909,980;

The Department of Revenue would certify state aid amounts pursuant to this section and report such amounts to the Department of Administrative Services. The Department of Administrative Services would distribute such amounts to each community college area in ten as nearly as possible equal monthly payments between the fifth and the twentieth day of each month beginning in September of each year. These certification and distribution procedures are consistent with current practice.

Section 11 provides for the termination of the Community College Foundation and Equalization Aid Act on June 30, 2011.

Section 12 repeals the original sections.

Section 13 provides the emergency clause.

Greg Adams, Chairperson