

# **One Hundred Second Legislature - First Session - 2011**

## **Introducer's Statement of Intent**

### **LB235**

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**Chairperson: Senator Greg Adams**

**Committee: Education**

**Date of Hearing: January 25, 2011**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 235 would revise elements of the Tax Equity and Educational Opportunities Support Act (TEEOSA), provide clarification, and eliminate obsolete provisions. The measure would also reduce the base limitation rate for school district to 0.5% for 2011-12 and 2012-13, which would affect budget lids and several elements of the aid formula.

In addition to the change in the base limitation rate, elements of the budget lids would be permanently modified. The deadline for certifying the budget limitations would be delayed until July 1<sup>st</sup> for 2011-12. The limitations based on formula need would be reduced from 120% to 110% of need. The limitations based on the prior year budget would rely on the basic allowable growth rate. The calculation of the applicable allowable growth rate would be eliminated. Access to unused budget authority would be restricted to the basic allowable growth rate applied to the prior year budget, minus budget exceptions. Amounts approved by the State Board of Education for specific expenditures associated with significant events that do not occur regularly within each school year could also be used. However, the total amount of unused authority that could be budgeted would be limited to twice the amount calculated by applying the basic allowable growth rate to the prior year budget minus the exceptions.

Several of the modifications would reduce the total amount of state aid. The cost growth factor would be permanently reduced by eliminating the factor that is added on to the two years of basic allowable growth rates in the calculation. The upper and lower ends of the range for need stabilization would be reduced by 5% for 2011-12. The threshold for the averaging adjustment would also be reduced by 5% for 2011-12 and the additional 0.5% that is used in the calculation of the threshold would be permanently eliminated to reflect the change in the cost growth factor. The local effort rate would be increased from \$1.00 to \$1.025 for 2011-12 and 2012-13. The allocated income tax reduction would be extended for 2011-12 and 2012-13 and would be increased to \$21 million.

Other changes would not necessarily result in state aid reductions. The comparison groups used to determine average spending among similarly sized districts would be expanded to include the 10 larger and 10 smaller districts with the 2 high and 2 low spending districts excluded from the average. The elementary class size allowance, which is scheduled to terminate after 2012-13, would be continued indefinitely. The calculation of formula resources would be modified by subtracting off property tax refunds paid by the district beginning with aid calculated for 2012-13.

**Principal Introducer:** \_\_\_\_\_

**Senator Greg Adams**