

One Hundred Fifth Legislature - First Session - 2017

Introducer's Statement of Intent

LB540

Chairperson: Senator Mike Groene

Committee: Education

Date of Hearing: March 21, 2017

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

The Tax Equity and Educational Opportunities Support Act (TEEOSA) is based on the formula that a school district's need minus its local resources equals the amount of necessary state aid. The formula also recognizes some unique costs associated with providing a free public education to the students in Nebraska. This recognition of local needs and resources is the great strength of the formula.

If a reduction in the growth of TEEOSA is necessary, it is still important to sustain the underlying equalization concept of the formula, so a temporary aid adjustment is the proper method to accomplish both. This bill reflects the understanding that an across-the-board reduction in total aid calculated would create a disproportionate budgetary impact among school districts. The budgets of school districts that qualify for substantial state aid would incur a much greater budgetary impact than schools that qualified for less. In order to minimize this disproportionate impact, the reduction calculation is based on Formula Needs rather than total aid.

LB 540 includes a provision that no district will receive state aid in amount less than half of its total calculated aid from Net Option Funding and Allocated Income Tax. The provisions in the bill ensure that all districts will share in the reductions; however, every school district will receive TEEOSA aid.

The concept behind this bill is to continue with the current TEEOSA formula but to reduce the calculated aid to all districts by the amount necessary to remain within the budget created by the Legislature. With that in mind, the bill includes the following steps:

1. Calculate state aid for all districts using the current TEEOSA statutes.
2. Reduce each district's state aid (calculated in the first step above) by a dollar amount equal to a specific percentage of its Formula Needs. (The specific percentage would be the same for all districts. It would change depending upon the amount of funds appropriated by the Legislature.)
3. Provide that no district's state aid would be reduced to a level below 50% of its combined Net Option Funding and Allocated Income Taxes (calculated in the first step above).

Principal Introducer: _____

Senator John Stinner