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LB 540

and I have a little different view on it than what he has, which I'll try to make clear to you. I have not...I worked on my Christmas spirit last night but was not successful, so I'm still going to be opposed here. But he raises several interesting points. What LB 540 does is reduce the basic allowable growth rate from 2.5 percent to zero. Now does that mean that school districts are held to zero increases in spending over...and that's for two years that LB 540 would do that? No, it doesn't, because there are other opportunities for additional spending growth by school districts. To sum it all up for you, with a 2.5 percent budget lid, actual spending for school districts has increased about 5.5 percent. So using a rough comparison, reducing it to zero is going to cut school spending down to roughly 3, maybe 3.5 percent. Why is that? Because there are other provisions besides the basic allowable growth rate that allow for increases in school spending. An obvious one is increases in student enrollment. Increases in student enrollment in a school allow for additional budget authority, as do agreements under...or interlocal agreements which are outside budget lids. Special education costs are outside the budget lid. So for all of these good reasons, spending is actually higher...or spending increases historically have been higher than the actual growth rate. This proposal by Senator Bourne would not do anything...or not make a change until the first year of the out biennium. So the budget biennium that we're dealing with now would be unaffected, but the impact in the first year of that out biennium would be significant, as Senator Bourne has pointed out. It would deepen the hole in the first year of the out biennium by about \$50 million, which I think is a legitimate concern. There is not, in my opinion, a need for this, technically looking at the formula. What we have done is we have said for those two years, we're reducing the basic allowable growth rate to zero...from 2.5 to zero, which means school spending probably needs to increase by no more than 3 or 3.5 percent, at least on an average. There will be exceptions with high growth districts, and so on. My interpretation is that that is a legitimate signal to schools. This is not something that we're saying, well, just hold off your spending increases for a year or two, and then after that we're going to take off all limits, although this wouldn't do that. But we're going to relax the limits so that spending can increase sharply.