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reside within a school district. For average daily membership, fall membership, average daily attendance, resident students and option students will both be counted as students attending the school if you adopt AM0086. Thank you.

SENATOR CUDABACK: Thank you, Senator McDonald. You've heard a review on LB 126 and AM0086. We're now open for discussion on AM0086, offered by Senator McDonald to LB 126. Senators wishing to speak are Senators Schrock, Raikes, Engel, Hudkins, Smith, Loudon, and McDonald. Senator Schrock, on the McDonald amendment.

SENATOR SCHROCK: Mr. President, I give my time to Senator Raikes.

SENATOR CUDABACK: Senator Raikes, you have almost five minutes.

SENATOR RAIKES: Thank you, Senator Schrock. Thank you, Mr. President. Members of the Legislature, we have had a good discussion and, at least from my point of view, it's been a very successful discussion. Let me remind you of the case I bring with LB 126. There are two dominant themes--efficiency and equity. Concerning efficiency, we have 488 school districts in Nebraska, more than makes good sense. Two hundred and thirty-one, or 47 percent of these, serve less than 3 percent of the students, yet each of these has its own administration, its own budget, and thank goodness, given what has happened with two schools in the past two years, its own annual audit. The affiliated Class I districts serve only a little over half of the students residing in their districts, and do so at a cost per student that on average is higher than in K-12 districts, and in some cases astronomically higher. Yet, even with this higher cost per student, they pay teachers less because the organizational structure is inefficient. The Fiscal Office estimates annual savings of more than \$12 million, and this is money that local K-12 school boards could use either to lower property taxes, or improve educational opportunity for all the kids in the district, or both. The other theme is equity. We are bound by good conscience, at least, to see that educational funding is distributed so that students most in need are not underfunded as compared to students least in need. Let me be