

Educational Service Unit Coordinating Council

Legal Committee Meeting

Tuesday, January 28, 2020, 10:00 AM

Bromm's Office at 635 South 14th Street - Suite 315 - Lincoln, NE 68508 and via Zoom, 6949
South 110th Street, LaVista, NE 68128

1. Call to Order

2. Roll Call

3. Agenda Item

1. Legislative Updates/Preview

1. Bromm's Updates

4. Adjournment

{{Name: Agenda Item Name}}

{{Discussion: Agenda Item Discussion}}

{{Comments: Agenda Item Comments}}

{{Actions: Agenda Item Actions}}

Legislative Bill Review January 28, 2020

1. LB 998 (Murman) Support

This is the “restraint & seclusion” training bill, also known as the bill to require ***behavioral awareness and intervention training***. The hearing for this bill was held yesterday, January 27th. There were many testifiers in support of the bill including Dr. John Skretta, myself, Jack Moles (NRCSA), Kyle McGown (NCSA), Boystown representatives and Brian Halsted (NDE). One of the last testifiers represented the Nebraska School Psychology Association.

During the review of this bill, the role of the ESUs was discussed. The current language does not specifically mention ESUs. Rather, the language says each Nebraska school *shall ensure* that the aforementioned training occurs. We then digressed into the numerous nuances (time, energy, money, #s of people to be trained at one time, etc.).

It is likely that this bill will pass, but not with its current wording. ***So, there is some lobbying efforts we all need to do on behalf of ESUs, so we can be involved in providing the required training.***

2. **LB 974**-Change Taxation & School Funding Provisions. Revenue Committee (less McCollister & Crawford)

As LB 974 is currently written, it only pertains to Nebraska’s public schools, and ***NOT ESUs***. However, we need to keep a very close eye on this legislation as it makes its way to the floor for debate and any changes/amendments that may be introduced.

IF ESUs would happen to be added to the current language, the implications would be catastrophic. Currently, the language systematically reduces property taxes over the course of three years.

So, I will be sending a Google Spreadsheet for you and your business managers to complete. The reason for the Google Spreadsheet is so we are prepared to share data and figures if the worst case scenario would occur (adding ESUs to the language). We don’t want to be coalescing information at the last possible minute.

Finally, it’s an election year, and those senators who are up for re-election are skittish. They don’t want to lose their seats, because something didn’t get passed related to property tax relief.

(The following was written by Dr. Mike Dulaney of NCSA). I highlighted most of the salient features in red font.

On Tuesday, January 22nd, the Revenue Committee heard public comment on **LB 974**, which was introduced by six of the eight members of the committee. (Senators McCollister and Crawford did not sign on.)

In the words of the committee chair, Senator Linehan, "the purpose of LB 974 is to reduce the property tax bills of Nebraska's farmers', ranchers, and homeowners while protecting our schools."

There are many aspects of the legislation to consider, but the K-12 education community believes the risks contained within the proposal outweigh any perceived advantages (i.e., the promise of foundation aid). Of particular concern is whether the Legislature can meet the demand for additional state funding. The proposal would cost the state an additional \$103 million in 2020-21, \$184 million in 2021-22, and \$307 million in 2022-23.

LB 974 establishes a graduated reduction in property tax values as it pertains to education:

Residential Property Tax Values:

- Prior to 2020 -- Actual Value
- 2020 -- 95% of Actual Value
- 2021 -- 90% of Actual Value
- 2022 and each year after -- 85% of Actual Value

Agriculture & Horticulture Land Values:

- Prior to 2020 --75% of Actual Value
- 2020 -- 65% of Actual Value
- 2021 and each year after -- 55% of Actual Value

Other concerns expressed by the education community, which includes NCSA, NASB, NRCSA, GNSA, STANCE, and NSEA, are contained in a letter to be delivered to the Revenue Committee at the hearing.

1. LB 974 will result in reduced revenue for schools. Reducing the taxable value of real property will cause some school districts to lose more in property tax revenue than they will receive in state aid. Other provisions in the bill restrict a school's ability to raise revenue locally to offset that loss. Many larger schools won't be able to recoup their lost property tax revenue through increased state aid because of limiting spending growth to the consumer price index. Those schools will see their growth constrained going forward if funding is linked to an inappropriate inflationary measure such as CPI. Coupled with the elimination of the averaging adjustment, large, low-cost-per student schools will see their revenue slashed.

2. LB 974 will result in less stable revenues for schools. LB 974 results in less stable revenue for schools by shifting funding from a stable revenue source -- property taxes -- to a historically unstable source -- state aid. Further, chaining both spending growth and the maximum levy to the consumer price index (CPI) will result in unpredictable spending and levying ability. CPI has no relation to how schools spend money (largely concentrated in labor services), changes annually, and is unpredictable - making it difficult for schools to budget and

plan for major expenditures. With less budget flexibility, school districts will likely budget to the maximum allowed to cushion for future year volatility in the CPI.

3. LB 974 will increase costs to schools. Placing barriers on funding for construction and expansion projects by reducing the maximum building fund levy from \$0.14 to \$0.06 and requiring bonds will increase schools' use of bonds to fund projects. This will increase their costs.

4. Transitional aid is not sufficient. Under LB 974, transitional aid is available for three years and is not guaranteed for any school at any amount. Transitional aid is only intended to replace lost spending ability relative to the prior year; it does not allow for the growing needs of a district. Transitional aid is only available to school districts with a \$1.05 levy and would only bring a qualifying district to the same budget of disbursements as the prior year in year one.

5. LB 974 further limits local control. Schools are already subject to tax and spending lids; adding stricter limitations will make it more difficult for schools to provide a quality education. Locally elected school board members are responsible to their citizens for local tax rates. LB 974 would severely limit local control by giving school district leadership very little flexibility as to how they can use revenue and make planning for future needs more complicated. Moreover, resetting unused budget authority to the current year will punish those school districts that have kept expenses down in recent years. The number of students who face disadvantages or have special needs varies by district, so funding should be targeted to school districts with the highest need and fewest resources - as the TEEOSA formula currently provides.

LB 759 Require consultation with school districts regarding placement of children.
Kolterman

This bill would require the DHHS to communicate with a Nebraska school district prior to placing a student within their boundaries (via foster care, etc).

We support this bill. Dr. Skretta and I will be giving testimony on Friday.

LB 839 Recognize American Sign Language and provide for the teaching of American Sign Language in schools. Wishart (support)

LB 965 Establish a language assessment program for children who are deaf or hard of hearing
(McDonnel) Monitor

LB 1131 (Groene) Monitor

We do not know why Senator Groene has written this bill, but we speculate it includes technical cleanup language. The bill is over 100 pages long and mentions ESU “core service funds” on pages 80 and 81. Additionally, from that point on, it mentions ESUs periodically until the end of the document.

Here is what I can glean. Every so often school districts will consolidate, so there is a chance that one ESU will lose taxable property while another gains it. The language in this bill makes sure the core services (if any) follows the taxable property, etc.

The final portion of the bill adjusts language in what I believe to be the Reading Improvement Act.