

Regular January 2014 Meeting

Monday, January 13, 2014 7:00 PM

1. Call the meeting to order
2. Roll Call
3. Verification of Open Meetings Act Notice
4. Verification of publication of meeting notice
5. Consider and approve the current board meeting agenda  
Motion to approve the current month's board meeting agenda as presented passed with a motion by Raquel Felzien and a second by Kim Molzahn.  
Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea
6. Reorganization of Board of Education-Election of Officers as per Franklin Public School Board Policy #8130
  - 6.1. Annual election of board officers
  - 6.2. Consider and approve appointments to the Franklin Board of Education Committees as presented by Superintendent Ken Schroeder  
Motion to approve the appointments to the Franklin Board of Education Committees as presented by Superintendent Ken Schroeder passed with a motion by Raquel Felzien and a second by Kim Molzahn.  
Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea
  - 6.3. Consider and approve selecting Greg Perry as legal counsel for Franklin Public Schools  
Motion to consider and approve selecting Greg Perry as legal counsel for Franklin Public Schools passed with a motion by Scott Herrick and a second by Kim Molzahn.  
Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea
  - 6.4. Consider and approve selecting Franklin State Bank and South Central State Bank as depository banks for Franklin Public Schools for 2014  
Motion to consider and approve selecting Franklin State Bank and South Central State Bank as depository banks for Franklin Public Schools for 2014 passed with a motion by James Haussermann and a second by Raquel Felzien.  
Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea
  - 6.5. Dissemination of conflict of interest statutes to each board member as per Franklin Public Schools Board Policy 8130
  - 6.6. Consider and approve selecting the Franklin Chronicle as the Franklin Public School District's newspaper of record for 2014  
Motion to consider and approve selecting the Franklin Chronicle as the Franklin Public School District's newspaper of record for 2014 passed with a motion by Raquel Felzien and a second by Kim Molzahn.  
Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea
7. Consent Agenda

Motion to approve consent agenda passed with a motion by Raquel Felzien and a second by Scott Herrick.

Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea

7.1. Minutes of previous meetings

7.2. Monthly Financial Report

7.3. Claims

8. Action Items

8.1. Consider and approve payment of \$1260 from the general fund to H&Y Leveling for snow removal

Motion to approve payment of \$1260 from the general fund to H&Y Leveling for snow removal passed with a motion by Kim Molzahn and a second by James Haussermann.

Ron Fritson: Absent, Scott Herrick: Abstain (With Conflict), Raquel Felzien: Yea, James Haussermann: Yea, Kim Molzahn: Yea, John Siel: Yea

8.2. Consider and approve payment to Resilite Company in the amount of \$9270 from the depreciation fund for replacement wrestling mat

Motion to approve payment to Resilite Company in the amount of \$9270 from the depreciation fund for replacement wrestling mat passed with a motion by Raquel Felzien and a second by James Haussermann.

Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea

8.3. Consider and approve payment to Chief Electric in the amount of \$1981.70 from the depreciation fund for replacement of defective fixtures, replacement of defect lighting ballast, and replacement of worn electrical breakers

Motion to approve payment to Chief Electric in the amount of \$1981.70 from the depreciation fund for replacement of defective fixtures, replacement of defect lighting ballast, and replacement of worn electrical breakers passed with a motion by Kim Molzahn and a second by Scott Herrick.

Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea

8.4. Consider and approve resolution allowing Franklin School Board President, Franklin School Board Treasurer, Franklin Public Schools Bookkeeper, & Franklin Public Schools Superintendent to sign on all bank accounts with Franklin State Bank

Motion to approve resolution allowing Franklin School Board President, Franklin School Board Treasurer, Franklin Public Schools Bookkeeper, & Franklin Public Schools Superintendent to sign on all bank accounts with Franklin State Bank passed with a motion by Scott Herrick and a second by James Haussermann.

Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea

8.5. Consider and approve resolution allowing Franklin School Board President, Franklin School Board Treasurer, Franklin Public Schools Bookkeeper, & Franklin Public Schools Superintendent to sign on all bank accounts with South Central State Bank

Motion to approve resolution allowing Franklin School Board President, Franklin School Board Treasurer, Franklin Public Schools Bookkeeper, & Franklin Public Schools Superintendent to sign on all bank accounts with South Central State Bank passed with a motion by Raquel Felzien and a second by James Haussermann.

Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea

8.6. Consider and approve letter of resignation of Mr. John McWilliams

Motion to approve letter of resignation of Mr. John McWilliams passed with a motion by Kim Molzahn and a second by Raquel Felzien.

Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea

8.7. Consider and approve letter of resignation of Mrs. Kay Schmidt

Motion to approve letter of resignation of Mrs. Kay Schmidt passed with a motion by Raquel Felzien and a second by Scott Herrick.

Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea

8.8. Consider and approve accepting resignation of certificated staff member, Mr. Les Sidlo

Motion to approve accepting resignation of certificated staff member, Mr. Les Sidlo passed with a motion by Scott Herrick and a second by Raquel Felzien.

Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea

8.9. Consider and approve "Negotiated Agreement" with the Franklin Teachers Association for the 2014-15 contract year (Possible Executive Session)

9. Discussion Items

9.1. Providing access to Franklin's Emergency Responders (Possible Executive Session)

Motion to go into executive session for the purpose of discussing deployment of security devices passed with a motion by Felzien and a second by Molzahn. The purpose for going into executive session was repeated by Board Vice-President John Siel at 7:31 PM prior to entering executive session. Motion to come out of executive session passed with a motion by Felzien and a second by Molzahn at 7:50 PM. passed with a motion by Raquel Felzien and a second by Kim Molzahn.

Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea, Kim Molzahn: Yea, John Siel: Yea

9.2. Annual Board Retreat Follow Up

9.3. 2013 Annual Transportation Report

9.4. 8000 & 9000 Series Policy Review

9.5. 7000 Series Policy Review

10. Visitor Comments

11. Elementary Principal's Report

12. Secondary Principal/Activities Director's Report

13. Superintendent's Report

13.1. USDA Meal Program Changes

13.2. Electric Utility Rate Increase Notification

13.3. Legislative Update-Bills to Watch

13.4. Activity Expenditures Article

14. Positive Comments

15. Adjournment

Motion to adjourn the meeting at 8:35 PM passed with a motion by Scott Herrick and a second by Raquel Felzien.

Ron Fritson: Absent, Raquel Felzien: Yea, James Haussermann: Yea, Scott Herrick: Yea,  
Kim Molzahn: Yea, John Siel: Yea

Internal Board Policies - Methods of OperationPublic Participation at Board MeetingsA. Attend

Members of the public shall be permitted to attend and to speak at board meetings. They will not be required to identify themselves as a condition for admission to the meeting.

The Board may allow advisors, consultants, and other persons who are not Board members to appear at the meeting via telephone or other similar means.

The chair has the authority to assure that people conduct themselves in an orderly manner at the meeting. Undue interruption or other interference with the orderly conduct of business will not be allowed. The chair may order persons who are disorderly to be removed from the meeting.

<b>Legal Reference:</b>	§§ 79-570; 79-571; § 84-1411 (3) and (6); § 84-1412 (1) and (3)
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B. Hear

The board will, upon request, make a reasonable effort to accommodate the public's right to hear the discussion and testimony presented at the meeting.

<b>Legal Reference:</b>	§ 84-1412 (7)
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C. Record

Members of the public may use recording devices (tape recorder, video camera, etc.) to record any part of a meeting of a public body, except for closed sessions. No recording, other than note taking, shall be done without informing the President in advance. The President shall control the placement of the recording device so the device does not obstruct the view of Board members or other members of the public attending the meeting and does not otherwise interfere with the meeting.

<b>Legal Reference:</b>	§ 84-1412 (1)
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D. Access to Written Materials

At least one copy of all reproducible written material to be discussed at an open meeting will be made available at the meeting for examination and copying by members of the public.

<b>Legal Reference:</b>	§ 84-1412 (8)
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E. Speak

Members of the public will be permitted to speak at Board meetings at which a public forum is on the Agenda. Members of the public may also speak when invited to make a presentation or when recognized by the chair. The Board is not required to allow members of the public to speak at each meeting. However, the Board will not forbid public participation at all meetings.

Members of the public will not be required to have their name be placed on the agenda prior to the meeting in order to speak about items on the agenda.

Members of the public who desire to address the Board will be required to identify themselves.

The President or chair for the meeting shall have the authority to establish reasonable time limits for individual speakers and for the duration of public forum sessions.

Speakers will be permitted to address the Board consistent with free speech rights. However, offensive language, defamatory remarks, and hostile conduct will not be tolerated. Further, charges or complaints against a school employee shall not be made for the first time at a public Board meeting without having followed the school's complaint procedure.

<b>Legal Reference:</b>
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§ 84-1412 (1) (2) and (3)
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Internal Board Policies - OrganizationAnnual Organizational Meeting

- A. An organizational meeting of the Franklin School District Board of Education shall be held on or before the third Monday of January of each year for the purposes of seating any new members and electing officers.

The following are procedures for election of officers and other business to take place at the annual organizational meeting of the Board:

1. After new Board members are sworn in, the Board will elect from its members a President, Vice President, Secretary and Treasurer, and if it is determined by the Board of Education to be needed an ex officio secretary and treasurer and those elected will assume office at the organizational meeting.
  2. Upon call for nominations for each office by the Chair, nominations shall be made by written or oral ballot. Voting will be by oral or written ballot on all members nominated and repeated until a majority is achieved for a nominee. If the tie is not broken after five ballots, the Chair will determine the winner by the flip of a coin, followed by a vote ratifying such selection. The vote may be taken by secret ballot, but the total number of votes for each candidate shall be recorded in the minutes of the meeting.
  3. The President shall assume the chair immediately upon the President's election.
- B. The order of business for meeting shall be as follows:
1. Call to Order and Roll Call
  2. Oath of office for most recently elected
  3. Elections
    - a. President
    - b. Vice President
    - c. Treasurer
    - d. Secretary
  4. Approval of committees, positions, and designations
    - a. Consider, discuss and take action to elect Secretary to the BOE
    - b. Consider, discuss and take action to select Legal counsel
    - c. Consider, discuss and take action to elect Committees as determined by the BOE
    - d. Consider, discuss and take action to select Depository bank(s)

- e. Consider, discuss and take action to select District newspaper(s) of record
- 5. Approval of current Board policies and regulations
- 6. Designate date for the annual review of BOE policies
- 7. Dissemination to each Board member of conflict of interest statutes
- 8. Adjournment

**RESOLUTION**

**RESOLVED**, that the official depository of school funds for this School District is hereby designated to be \_\_\_\_\_, and that the designation of any other institution as the depository of school funds is hereby withdrawn.

The above Resolution, having been read in its entirety, member \_\_\_\_\_ moved for its passage and adoption, and member \_\_\_\_\_ seconded the same. After discussion and roll call vote, the following members voted in favor of passage and adoption of the above Resolution: \_\_\_\_\_

\_\_\_\_\_.  
The following members voted against the same: \_\_\_\_\_

\_\_\_\_\_.  
The following members were absent or not voting: \_\_\_\_\_

\_\_\_\_\_.  
The above Resolution, having been consented to and approved by more than a majority of the members of the School Board of this School District, was declared as passed and adopted by the President at a duly held and lawfully convened meeting in full compliance with the Nebraska open meetings law.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Franklin Public Schools

**BY:** \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

Legal Reference: Neb. Rev. Stat. §§ 77-2350 and 77-2350.01

# ***FRANKLIN PUBLIC SCHOOLS***

## ***NEBRASKA SCHOOL BOARD OATH OF OFFICE***

I, \_\_\_\_\_ (Board Member's Name), do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of Nebraska, against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely and without mental reservation or for purpose of evasion; and that I will faithfully and impartially perform the duties of the office of Franklin Public Schools board member according to law and to the best of my ability. And I do further swear that I do not advocate, nor am I a member of any political party or organization that advocates the overthrow of the government of the United States or of this state by force or violence; and that during such time as I am in this position I will not advocate nor become a member of any political party or organization that advocates the overthrow of the government of the United States or of this state by force or violence. So help me God.

# Franklin Public Schools Board of Education 2014 Officers & Committee Assignments

President:\_\_\_\_\_

Vice President:\_\_\_\_\_

Secretary:\_\_\_\_\_

Treasurer:\_\_\_\_\_

## **Curriculum, Americanism, Staff Relations, & Policy Development Committee**

Scott Herrick, Chairperson

James Haussermann

Kim Molzahn

## **Humpert Scholarship**

Raquel Felzein, Chairperson

James Haussermann

Kim Molzahn

## **Legislative Committee**

Kim Molzahn, Chairperson

Ron Fritson

Scott Herrick

## **Negotiations Committee**

Ron Fritson, Chairperson

Raquel Felzien

John Siel

## **Transportation & Building and Grounds Committee**

John Siel, Chairperson

James Haussermann

Scott Herrick

# ***Franklin Public Schools Board Of Education Meeting Minutes***

**Regular December Board Meeting**

December 09, 2013 @ 7:00 PM

Franklin Public Schools Media Center

## **Board Members Present & Absent**

### **Attendance Taken at 7:01 PM:**

#### **Present Board Members:**

Raquel Felzien

Ron Fritson

James Haussermann

Scott Herrick

Kim Molzahn

John Siel

### **1. Call the meeting to order**

The regular, December 9, 2013, meeting of the Franklin Public School Board was opened by Board President Ron Fritson at 7:00 PM.

#### **1.1. Verification of Open Meetings Act Notice**

Board Member Haussermann verified that the Open Meetings Notice was posted in the Franklin Public School's Media Center.

#### **1.2. Verification of publication of meeting notice**

Board Member Siel verified that the meeting notice was published in the Franklin Chronicle.

#### **1.3. Roll Call**

Roll call of the December 9, 2013 meeting of the Franklin Public School Board was called to order by Board President Ron Fritson.

### **2. Consider and approve the current board meeting agenda**

Motion to approve the current month's board meeting agenda as presented passed with a motion by Kim Molzahn and a second by Scott Herrick.

### **3. Action Items**

#### **3.1. Consent Agenda**

Motion to approve consent agenda passed with a motion by John Siel and a second by James Haussermann.

##### **3.1.1. Minutes of previous meetings**

##### **3.1.2. Monthly Financial Report**

**3.1.3. Claims**

**3.2. Consider and approve payment of \$945.65 from the special building fund to Marlatt Machine Shop for improvements made in the school kitchen**

Motion to approve payment of \$945.65 from the special building fund to Marlatt Machine Shop for improvements made in the school kitchen passed with a motion by Scott Herrick and a second by Kim Molzahn.

**3.3. Consider and approve adoption of resolution approving the Franklin Public School District's Temporary Early Retirement Incentive Policy (TERIP)**

This item died due to lack of a motion.

**3.4. Consider and approve superintendent's contract as discussed**

Motion to consider and approve superintendent's contract passed with a motion by John Siel and a second by Scott Herrick.

**4. Discussion Items**

**4.1. ILCD Presentation at 7:30 PM**

**4.2. FCCLA Clusters Presentation at 8:00 PM**

**4.3. 8000 & 9000 Series Policy Review**

**4.4. Negotiations Update**

**4.5. Superintendent's Evaluation**

**5. Visitor Comments**

**6. Elementary Principal's Report**

**7. Secondary Principal/Activities Director's Report**

**8. Superintendent's Report**

**8.1. Staff Christmas Party Reminder**

**8.2. Kitchen Floor Project Update**

**8.3. Board Members Terms & Committees**

**8.4. Legislative Update**

**8.5. New Liability Reporting Requirements During Audit**

**9. Positive Comments**

Discussion:

Thanks to the Teammates Board for being the November Door Greeters and for providing the great homemade cookies. -Shelley Kahrs

The elementary music concert was very enjoyable. The students did a great job performing. -Kim Molzahn

Thanks to the ILCD Team for their presentation at the December Board Meeting. The special education staff at Franklin Public Schools and the ESU 11 Staff go above and beyond to help students achieve. -Raquel Felzien

Thanks to the staff for the work they do each day, even during the dark days of winter. Staff members consistently provide a solid, caring learning environment for students. Their work is recognized and appreciated. -Kim Molzahn

Thanks to everyone who helped with the blood drive at the school. -Ron Fritson

Thanks to the all the staff members (crosswalk, recess supervision, bus drivers, grounds crew) who work outside in the cold weather to help keep our kids safe and happy. -Scott Herrick

Thank all the teachers, students, and staff who participated in the "Pennies for Pie" fundraising. It was a great, fun way to raise money for the city library. Great idea, Mrs. Kelly Simmons! -Ron Fritson

**10. Adjournment**

**Motion Passed:** Motion to adjourn at the meeting at 9:25 PM. passed with a motion by John Siel and a second by Raquel Felzien.

Franklin Public Schools  
Board of Education  
District 506  
Franklin, Nebraska 68939

**Regular January Meeting**

**Monday – January 13th, 2013 – 7:00 PM**

**Franklin Public Schools Media Center (1001 M St, Franklin,  
NE)**

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**BILLS COMMITTEE: Scott & Kim (December & January)**

**H & Y Leveling \$1260.00  
Resilite – Depreciation Fund – wrestling mat \$9270.00  
Chief Electric – Depreciation Fund \$1981.70**

**General Fund  
December 31, 2013**

Check Beginning Balance	11/30/13	<b>\$591,496.79</b>	
	Claims for 12/09/13 Meeting	<b>(\$101,960.11)</b>	
	December Local PPd Claims	<b>(\$9,923.75)</b>	
	December Payroll	<b>(\$318,467.90)</b>	
	Lunch Fund Reim for December Payroll	\$7,850.83	
	Dir Dep's, Deposits & Int	\$148,204.80	
	Void old O/S checks-December	\$3,000.00	
	End of Month Checking Balance		\$320,200.66
	11/30/13	\$926,924.16	
	12/2013 Interest	\$379.19	
	12/31/13		\$927,303.35
<b>Total General Fund 12/31/13</b>			<b>\$1,247,504.01</b>
	Checking FSB 12/31/13	\$330,397.32	
	Less Outstanding checks - Dec	<b>(\$10,196.66)</b>	
	Plus Outstanding Deposits		
	12/31/13		\$320,200.66
FSB	CD # 33723	\$106,211.30	2/1/14 3 Mths
FSB	CD # 34031	\$312,154.69	1/1/14 3 Mths
FSB	CD # 34032	\$314,068.99	4/1/14 6 Mth
SCSB	CD # 402352	\$121,633.02	1/1/14 Mthly
SCSB	CD # 402354	\$73,235.35	1/1/14 Mthly
	Investment Total 12/31/13		\$927,303.35
<b>Recon Total</b>			<b>\$1,247,504.01</b>

Regular; Processing Month 12/2013; Fund Number 01

Fund: 01 GENERAL FUND

Account Number	Description	Revised Budget	During Month	To Date	% of Budget	Budget Balance
01 1110	LOCAL PROPERTY TAX	3,063,166.00	5,002.82	840,849.08	27.45	2,222,316.92
01 1115	CARLINE TAX	0.00	0.00	76.35	0.00	(76.35)
01 1125	MOTOR VEHICLE TAX	100,000.00	6,753.80	31,181.51	31.18	68,818.49
01 1240	TUITION REC FROM INDIVID - SP ED	500.00	0.00	0.00	0.00	500.00
01 1270	PRE-SCHOOL TUITION	0.00	260.00	1,060.00	0.00	(1,060.00)
01 1410	INTEREST	10,000.00	482.41	2,104.26	21.04	7,895.74
01 1610	LOCAL LICENSES AND FEES	1,000.00	0.00	1,000.00	100.00	0.00
01 1620	POLICE COURT FINES	0.00	0.00	50.00	0.00	(50.00)
01 1920	CONTRIBUTIONS & DONATIONS	0.00	6,279.37	6,279.37	0.00	(6,279.37)
01 1990	OTHER LOCAL RECEIPTS	5,000.00	0.00	0.00	0.00	5,000.00
Subtotal: LOCAL RECIEPTS		3,179,666.00	18,778.40	882,600.57	27.76	2,297,065.43
01 2110	COUNTY FINES AND LIC. FEES	5,000.00	371.12	2,523.75	50.48	2,476.25
01 2130	OTHER COUNTY RECEIPTS	0.00	0.00	860.16	0.00	(860.16)
01 2160	PRO-RATE MOTOR VEHICLES	0.00	0.00	0.00	0.00	0.00
Subtotal: COUNTY AND ESU RECEIPTS		5,000.00	371.12	3,383.91	67.68	1,616.09
01 3110	STATE AID	1,009,488.00	84,709.84	501,229.47	49.65	508,258.53
01 3120	S.P.E.D.	125,000.00	36,979.00	36,979.00	29.58	88,021.00
01 3125	SPECIAL ED TRANSPORTATION SCHOOL AGE	2,500.00	0.00	0.00	0.00	2,500.00
01 3130	HOMESTEAD EXEMPTION	0.00	0.00	0.00	0.00	0.00
01 3131	RELIEF TO PROPERTY TAX	0.00	0.00	0.00	0.00	0.00
01 3135	HIGH ABILITY LEARNERS	3,500.00	0.00	4,194.00	119.83	(694.00)
01 3180	PRO-RATE MOTOR VEHICLE	5,000.00	0.00	780.05	15.60	4,219.95
01 3200	STATE APPORTIONMENT	35,000.00	0.00	0.00	0.00	35,000.00
01 3300	IN-LIEU OF SCH. LAND TAX	0.00	332.39	2,109.11	0.00	(2,109.11)
01 3500	STATE CATEGORICAL PROGRAMS	25,000.00	0.00	0.00	0.00	25,000.00
01 3510	EDUC INNOVATION FUNDS-Coor School Health	0.00	0.00	0.00	0.00	0.00
01 3512	DISTANCE EDUCATION INCENTIVE PAYMENTS	0.00	0.00	5,000.00	0.00	(5,000.00)
01 3540	EARLY CHILDHOOD	0.00	0.00	8,064.00	0.00	(8,064.00)
01 3990	OTHER STATE RECEIPTS	24,941.00	0.00	0.00	0.00	24,941.00
Subtotal: STATE RECEIPTS		1,230,429.00	122,021.23	558,355.63	45.38	672,073.37
01 4200	TITLE I	72,110.00	0.00	80,314.00	111.38	(8,204.00)
01 4310	TITLE IIA	13,667.00	0.00	0.00	0.00	13,667.00
01 4315	TITLE II, PART B NCLB	0.00	0.00	0.00	0.00	0.00
01 4320	Innovation Ed Prog(Include NCLB TitleV)	0.00	0.00	0.00	0.00	0.00
01 4404	IDEA BASE	1,042.00	0.00	27,086.00	2,599.42	(26,044.00)
01 4406	IDEA PRESCHOOL(619) BASE ALLOCATION	0.00	0.00	0.00	0.00	0.00
01 4410	IDEA ENROLLMENT/POVERTY	0.00	0.00	52,939.00	0.00	(52,939.00)
01 4450	MEDICAID IN SCHOOLS	50,000.00	2,753.71	4,129.30	8.26	45,870.70
01 4455	MEDICAID ADMIN. ACTIV.	30,000.00	0.00	4,159.30	13.86	25,840.70
01 4593	IDEA ENROLLMENT POVERTY	0.00	0.00	0.00	0.00	0.00
01 4599	FED STIMULUS/STATE AID	0.00	0.00	0.00	0.00	0.00
01 4610	ARRA: IDEA PART B(611) ENROLL/POV	0.00	0.00	0.00	0.00	0.00
01 4630	ARRA: IDEA PRESCHOOL(619) ENROLL/POV	0.00	0.00	0.00	0.00	0.00
01 4690	OTHER FEDERAL NON-CATEGORICAL RECEIPTS	90,000.00	0.00	0.00	0.00	90,000.00
01 4810	ARRA TITLE I PART D	0.00	0.00	0.00	0.00	0.00
01 4850	UNIVERSAL SERVICE FUND (E-RATE)	0.00	0.00	3,779.17	0.00	(3,779.17)
01 4960	DRUG FREE SCHOOLS	0.00	0.00	0.00	0.00	0.00
01 4985	TITLE II PART D	0.00	0.00	0.00	0.00	0.00
01 4990	REAP	30,760.00	0.00	0.00	0.00	30,760.00
01 4992	REAP	0.00	0.00	0.00	0.00	0.00
Subtotal: FEDERAL RECEIPTS		287,579.00	2,753.71	172,406.77	59.95	115,172.23
01 5200	LONG TERM LOANS	447,243.00	0.00	0.00	0.00	447,243.00

**Revenue Summary Report**

Processing Month: 12/2013

Regular; Processing Month 12/2013; Fund Number 01

Fund: 01 GENERAL FUND

<u>Account Number</u>	<u>Description</u>	<u>Revised Budget</u>	<u>During Month</u>	<u>To Date</u>	<u>% of Budget</u>	<u>Budget Balance</u>
01 5300	INSURANCE ADJUSTMENTS	0.00	887.00	887.00	0.00	(887.00)
01 5400	SALE OF PROPERTY	500.00	0.00	0.00	0.00	500.00
01 5500	TRANSFERS FROM FUNDS (INCOMING)	0.00	0.00	0.00	0.00	0.00
01 5690	OTHER NON-REVENUE REC.	500.00	2,079.00	2,949.00	589.80	(2,449.00)
Subtotal:	NON-REVENUE RECEIPTS	448,243.00	2,966.00	3,836.00	0.86	444,407.00
	Fund Total:	5,150,917.00	146,890.46	1,620,582.88	31.46	3,530,334.12

**Lunch Fund****December 31, 2013**

Balance on hand:	11/30/13	\$23,377.41
Receipts:	Meals, milk & juice	\$7,191.20
	Transfer from General Fund	\$0.00
	Fed Reim	\$8,180.02
	State Reim	\$0.00
	Interest Checking	\$3.23
	Misc Deposits AF Reim's to Lunch	\$164.25
	November Disbursements	(\$9,746.33)
	Payroll Reim to GF	(\$7,850.83)
	NSF Check	(\$100.00)
<b>Balance on hand:</b>	<b>12/31/13</b>	<b>\$21,218.95</b>

ok 1/5/13 mj

Reconciliation:		
FSB	Super Now Acct Ckg	\$21,218.95
	plus outstanding deposits	\$0.00
	less outstanding checks	\$0.00
<b>Recon Total</b>	<b>11/30/13</b>	<b>\$21,218.95</b>

	outstanding claims due in January	(\$6,389.88)
	Payroll Estimates, November	(\$8,000.00)
	outstanding Receipts	\$0.00
	Net Estimate Cash Resource	<b>\$6,829.07</b>

# Cafeteria Plan

## December 31, 2013

Balance on hand:	11/30/13	\$56,919.01
Receipts:	Transfer frm General Fund for 2012-13SY	\$0.00
	Reim from Employees Payroll-December	\$4,172.97
	Reim from Employees Non-Qualified Exp	\$0.00
Disbursements:	Claims Checks for 2013-2014 SY	(\$5,487.68)
AMGL & Employees	Claims Checks for 2012-2013 SY	
	FLEX Reim GF for Debit Card Expenses	\$0.00
	Claims Debit Cards	(\$331.39)
	Repayment to GF for 2011-12 SY	\$0.00
<b>Balance on hand:</b>	<b>12/31/13</b>	<b>\$55,272.91</b>
Reconciliation:		
FSB Checking	12/31/13	\$55,922.91
	less outstanding chks	(\$650.00)
<b>Recon Total</b>	<b>12/31/13</b>	<b>\$55,272.91</b>

**Building Fund**

**December 31, 2013**

Balance on hand: Bank Stmt 11/30/2013 \$29,618.32  
 Receipts: Interest \$3.82  
 Misc

Disbursements: (\$945.65)

**Balance on hand: 12/31/13 \$28,676.49**

Reconciliation: 12/31/13 \$28,676.49  
 FSB Super Now Acct Ckg  
 less outstanding cks \$0.00

**Recon Total 12/31/13 \$28,676.49**

**Depreciation Fund**

**December 31, 2013**

Balance on hand: 10/31/13 \$107,034.67  
 Receipts: \$6,154.37 \*donations for wrestling mat  
 Disbursements: Claims \$0.00

**Balance on hand: 12/31/13 \$113,189.04**

Budgeted Expenditures (\$27,485.00)

Wrestling Mat Invoice (\$9,270.00)

**End Balance \$76,434.04**

Reconciliation:  
 FSB Checking 10/15/13 \$107,034.67  
 plus outstanding dep \$6,154.37  
 less outstanding chks \$0.00

**Recon Total 12/31/13 \$113,189.04**

Budgeted Expenditures (\$27,485.00)

Wrestling Mat Invoice (\$9,270.00)

**End Balance \$76,434.04**

**Employee Benefit/Unemployment Ins Fund**

**December 31, 2013**

Balance on hand: 10/31/13 \$7,741.79  
 Receipts: Interest \$10.83  
 Disbursements: (\$292.75)

**Balance on hand: 12/31/13 \$7,459.87**

Reconciliation:  
 FSB Now Acct Ckg \$3,861.57 Matures Next Mature  
 Less Outstanding Ck (\$292.75)  
 C#33386 \$3,891.05 6 Mths 4/1/14

**Recon Total 12/31/13 \$7,459.87**

Activity Fund Balance Report - Summary - Exclude Encumbrances  
12/2013 - 12/2013

Regular; Beginning Month 12/2013; Processing Month 12/2013; Active Chart of Account Number True; Fund Number 05

Fund: 05 ACTIVITY FUND

<u>Chart of Account Number</u>	<u>Chart of Account Description</u>	<u>Beginning Balance</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Balance Change</u>	<u>Balance</u>
05 704 0001	ATHLETICS	(943.87)	5,207.53	1,257.50	0.00	(4,893.90)
05 704 0002	CAMPS	5,370.00	0.00	0.00	0.00	5,370.00
05 704 0003	CROSS COUNTRY	0.00	0.00	0.00	0.00	0.00
05 704 0004	BASKETBALL/BOYS	577.50	0.00	0.00	0.00	577.50
05 704 0005	BASKETBALL/GIRLS	1,041.23	681.55	400.00	0.00	759.68
05 704 0006	Football	3,456.75	1,194.00	0.00	0.00	2,262.75
05 704 0007	GOLF	(80.00)	0.00	0.00	0.00	(80.00)
05 704 0008	TRACK/GIRLS	1,448.66	0.00	0.00	0.00	1,448.66
05 704 0010	VOLLEYBALL	1,278.83	68.00	115.19	0.00	1,326.02
05 704 0011	WRESTLING	1,277.56	325.00	322.00	0.00	1,274.56
05 704 0015	ANNUAL	547.97	7.88	0.00	0.00	540.09
05 704 0016	BAND	5,478.36	0.00	207.50	0.00	5,685.86
05 704 0017	CHEER SQUAD	761.81	8.12	0.00	0.00	753.69
05 704 0019	CONCESSIONS	(494.98)	432.72	2,103.00	0.00	1,175.30
05 704 0020	FCCLA	2,221.96	1,151.33	364.32	0.00	1,434.95
05 704 0021	FFA	16,710.03	12,183.78	3,201.25	0.00	7,727.50
05 704 0022	FOREIGN LANGUAGE	1,646.38	0.00	127.86	0.00	1,774.24
05 704 0023	FRESHMAN	184.45	0.00	0.00	0.00	184.45
05 704 0024	JUNIORS	4,025.71	908.06	1,474.51	0.00	4,592.16
05 704 0025	SENIOR BANNERS	487.88	830.25	0.00	0.00	(342.37)
05 704 0026	NHS	5,602.17	159.32	264.33	0.00	5,707.18
05 704 0027	OM/GIFTED	(618.07)	152.05	100.00	0.00	(670.12)
05 704 0028	SCIENCE CLUB	1,120.94	0.00	0.00	0.00	1,120.94
05 704 0029	SENIORS	1,920.29	0.00	0.00	0.00	1,920.29
05 704 0030	SOPHMORES	723.90	0.00	0.00	0.00	723.90
05 704 0031	STUDENT COUNCIL	193.98	0.00	0.00	0.00	193.98
05 704 0032	VOCAL	395.96	261.00	199.32	0.00	334.28
05 704 0034	CAPS/GOWNS	1,823.96	0.00	0.00	0.00	1,823.96
05 704 0037	GREENHOUSE	4,826.90	0.00	0.00	0.00	4,826.90
05 704 0038	COURTESY	865.28	0.00	0.00	0.00	865.28
05 704 0039	ELEMENTARY TEACHERS	3,958.70	1,788.79	1,612.00	0.00	3,781.91
05 704 0040	INDUSTRIAL ARTS	1,007.08	0.00	0.00	0.00	1,007.08
05 704 0041	INVESTMENTS	20,914.44	0.00	9.42	0.00	20,923.86
05 704 0043	LIBRARY	103.99	0.00	0.00	0.00	103.99
05 704 0046	SPECIAL PROJECTS	8,371.14	0.00	0.00	0.00	8,371.14
05 704 0047	SPEECH/DRAMA	(1,259.75)	164.44	0.00	0.00	(1,424.19)
05 704 0048	ENTREPRENEURSHIP	73.86	0.00	0.00	0.00	73.86
05 704 0049	ACE, 40 Dev Assets	414.35	0.00	141.60	0.00	555.95
05 704 0050	IND ARTS/DONATIONS	1,103.48	0.00	0.00	0.00	1,103.48
Fund Total: 05		96,538.83	25,523.62	11,899.80	0.00	82,914.81

**Board Report - Detail after checks are printed**

<u>Vendor Name</u>	<u>Invoice</u>	<u>Check #</u>	<u>Amount</u>
<u>Account Number</u>	<u>Description</u>		<u>Amount</u>
<u>Checking</u>	1		
<b>Checking</b>	<b>1</b>	<b>Fund: 01 GENERAL FUND</b>	
ACCESS ELEVATOR, INC	7076	6192	395.00
01 2620 310 0	REPAIR SERVICES, Annual Safety Test		395.00
			<b>Vendor Total:</b>
			<b>395.00</b>
ALMQUIST M.G. & LUTH	12192013	6193	198.00
01 2510 660 0	DATA PROCESSING, Dec 2013 Flex Plan		198.00
			<b>Vendor Total:</b>
			<b>198.00</b>
ALPHA REHABILITATION PC	3051	6194	141.94
01 1216 313 1	PURCHASED SERVICES, OT/PT B Wagner		35.40
01 1216 313 1	PURCHASED SERVICES,ST B Wagner		106.54
			<b>Vendor Total:</b>
			<b>141.94</b>
APPLE COMPUTER, INC.	4269903442	6195	79.00
01 2120 410 0	SUPPLIES, Power Adapter K Simmons		79.00
			<b>Vendor Total:</b>
			<b>79.00</b>
BLUE CROSS BLUE SHIELD OF NEBRASKA4370714		6196	502.07
01 1100 285 2	VOL TERM-Health Insurance, R Lienemann		502.07
			<b>Vendor Total:</b>
			<b>502.07</b>
BUREAU OF EDUCATION & RESEARCH	INC4493496	6197	900.00
01 1100 319 0	PROF. DEV.,Silas, Sindt, DeJonge,Bonham		900.00
			<b>Vendor Total:</b>
			<b>900.00</b>
CHARTER COMMUNICATIONS	12242013	6198	335.83
01 1100 382 2	DISTANCE EDUCATION, Optical Ethr Intra		1,570.00
01 1100 382 2	DISTANCE EDUCATION, Universal Srv		21.83
01 1100 382 2	DISTANCE EDUCATION, adjustment		(1,256.00)
			<b>Vendor Total:</b>
			<b>335.83</b>
CHASE CARD SERVICES	12262013	6199	66.00
01 1100 419 0	STUDENT FEES, Bonham Big Apple		66.00
			<b>Vendor Total:</b>
			<b>66.00</b>
CHIEF ELECTRIC, INC	55-1084	6200	239.63
01 2620 315 0	ELECTRICAL WORK		239.63
CHIEF ELECTRIC, INC	55-923	6200	150.00
01 2620 315 0	ELECTRICAL WORK, install ballast		150.00
			<b>Vendor Total:</b>
			<b>389.63</b>

<u>Vendor Name</u> <u>Account Number</u>	<u>Invoice</u> <u>Description</u>	<u>Check #</u>	<u>Amount</u> <u>Amount</u>	
CITY OF FRANKLN	12312013	6201	6,687.66	
01 2610 322 0	ELECTRICITY		6,000.11	
01 2610 323 0	WATER & SEWER		229.00	
01 2610 324 0	GARBAGE DISPOSAL		458.55	
				<b>6,687.66</b>
				<b>Vendor Total:</b>
COLE, SONDR	111813	6202	206.79	
01 2760 332 0	MILEAGE TO PARENTS, T Wilson		206.79	
				<b>206.79</b>
				<b>Vendor Total:</b>
COOPERATIVE PRODUCERS INC.	218081	6203	37.90	
01 2750 690 0	MISC, filter/hose fuel pump		37.90	
				<b>37.90</b>
				<b>Vendor Total:</b>
CREATIVE TEACHER	23761	6204	48.93	
01 1100 410 1	SUPPLIES, A Dreher		48.93	
				<b>48.93</b>
				<b>Vendor Total:</b>
CULLIGAN OF KEARNEY	12292013	6205	10.50	
01 2610 410 0	SUPPLIES, cold/room temp cooler		10.50	
				<b>10.50</b>
				<b>Vendor Total:</b>
DEARBORN NATIONAL LIFE INSURANCE COMPANY	12162013	6206	255.91	
01 1100 260 1	LIFE INSURANCE		59.10	
01 1100 260 2	LIFE INSURANCE		94.81	
01 1200 260 2	LIFE INSURANCE		6.00	
01 1310 260 0	LIFE INSURANCE		1.20	
01 2120 260 1	LIFE INSURANCE		3.00	
01 2120 260 2	LIFE INSURANCE		3.00	
01 2222 260 0	LIFE INSURANCE		4.80	
01 2320 260 0	LIFE INSURANCE		12.00	
01 2410 260 1	LIFE INSURANCE		6.00	
01 2410 260 1	LIFE INSURANCE		6.00	
01 2610 260 0	LIFE INSURANCE		18.00	
01 4200 260 0	LIFE INSURANCE		6.00	
01 4310 260 0	LIFE INSURANCE		6.00	
01 4404 260 0	LIFE INSURANCE		6.00	
01 4410 260 1	LIFE INSURANCE		6.00	
01 4410 260 2	LIFE INSURANCE		6.00	
01 1160 260 1	LIFE INSURANCE		6.00	
01 9001 260 0	Life INSURANCE		6.00	
				<b>255.91</b>
				<b>Vendor Total:</b>
Edmentum, Inc	023282	6207	7,500.00	
01 1200 465 0	A+ Sftware,COMPUTER SOFT, Accucess		1,000.00	
01 1200 465 0	A+ Sftware,COMPUTER SOFT,		6,500.00	

<u>Vendor Name</u>	<u>Invoice</u>	<u>Check #</u>	<u>Amount</u>	
<u>Account Number</u>	<u>Description</u>		<u>Amount</u>	
	Plato			<b>7,500.00</b>
				<b>Vendor Total:</b>
ESU #9	121613	6208	2,562.21	
01 1219 313 2	Purch Serv,PUPIL SRV, +18 Wilson, Hardt		2,562.21	
				<b>Vendor Total:</b>
				<b>2,562.21</b>
ESU 11	1974	6209	4,194.00	
01 1310 410 0	SUPPLIES		4,194.00	
ESU 11	1990	6209	18.97	
01 1310 410 0	SUPPLIES, HAL, R Haussermann		18.97	
				<b>Vendor Total:</b>
				<b>4,212.97</b>
ESU COORDINATING COUNCIL	5792	6210	15.00	
01 1100 319 0	IN-SERVICE/PROF. DEV., D Hammer		15.00	
ESU COORDINATING COUNCIL	5818	6210	800.00	
01 1100 319 0	Crisis Team Training		800.00	
				<b>Vendor Total:</b>
				<b>815.00</b>
FRANKLIN AUTO PARTS	12272013	6211	396.01	
01 2750 690 0	MISCELLANEOUS		19.04	
01 2750 336 0	GAS & OIL, filters		163.25	
01 2750 338 0	VEHICLE RPRS, blower mtr,switch		213.72	
				<b>Vendor Total:</b>
				<b>396.01</b>
FRANKLIN COUNTY CHRONICLE	11302013	6212	391.55	
01 2510 350 0	ADVERTISING/PRINTING, Nov 2013		391.55	
				<b>Vendor Total:</b>
				<b>391.55</b>
FRANKLIN HOSPITAL	172110	6213	100.00	
01 2750 690 0	MISC, L Holmes bus physical		100.00	
				<b>Vendor Total:</b>
				<b>100.00</b>
FRONTIER	122113	6214	520.07	
01 2510 342 0	TELEPHONE		520.07	
				<b>Vendor Total:</b>
				<b>520.07</b>
GOVCONNECTION, INC	50883535	6215	400.35	
01 1100 418 2	Vo Ag, Bulb, D Rocker		400.35	
GOVCONNECTION, INC	50913984	6215	184.72	
01 1100 410 2	SUPPLIES, bulb, L Sidman		184.72	
				<b>Vendor Total:</b>
				<b>585.07</b>
H Y LEVELING	365415/36540	6216	1,260.00	
01 2620 310 0	3 REPAIR SERVICES, snow removal		1,260.00	

**Board Report - Detail after checks are printed**

<u>Vendor Name</u> <u>Account Number</u>	<u>Invoice</u> <u>Description</u>	<u>Check #</u>	<u>Amount</u> <u>Amount</u>	
				<b>Vendor Total:</b>
				<b>1,260.00</b>
HASTINGS TRIBUNE 01 2510 350 0	12032013 ADVERTISING/PRINTING, winter sports	6217	40.00 40.00	
				<b>Vendor Total:</b>
				<b>40.00</b>
HOBART 01 2620 310 0	xb22550 REPAIR SERVICES, kitchen disposer	6218	485.25 485.25	
				<b>Vendor Total:</b>
				<b>485.25</b>
HOMETOWN LEASING 01 5000 610 0	01252014 REDEMPTION OF PRINCIPAL, copier	6219	1,581.36 1,581.36	
				<b>Vendor Total:</b>
				<b>1,581.36</b>
JAYMAR BUSINESS FORMS, INC 01 2510 660 0	49745 DATA PROCESSING, 1099 forms	6220	56.89 56.89	
				<b>Vendor Total:</b>
				<b>56.89</b>
KEARNEY HIGH 01 2190 631 2	01062014 Dues/Entries/Fees-MUSIC, Price	6221	50.00 50.00	
				<b>Vendor Total:</b>
				<b>50.00</b>
KEARNEY HUB 01 2222 440 0	01062014 PERIODICALS	6222	129.00 129.00	
				<b>Vendor Total:</b>
				<b>129.00</b>
LAKE AUTOMOTIVE LLC 01 2750 338 0	2604 VEHICLE REPAIRS	6223	821.10 821.10	
				<b>Vendor Total:</b>
				<b>821.10</b>
LAWSON PRODUCTS INC. 01 2620 410 0	9302100417 SUPPLIES, custodial	6224	529.02 529.02	
				<b>Vendor Total:</b>
				<b>529.02</b>
LOCKMOBILE, THE 01 2620 410 0	52200 SUPPLIES, keys, J McWilliams	6225	14.97 14.97	
				<b>Vendor Total:</b>
				<b>14.97</b>
MATHESON TRI-GAS, INC 01 1100 413 2 01 1100 418 2	50526656 INDUSTRIAL ARTS, C Vetter Vo Ag, D Rocker	6226	32.20 16.10 16.10	
				<b>Vendor Total:</b>
				<b>32.20</b>
MIDWEST COMMUNICATIONS 01 2620 315 0	12312013 ELECTRICAL WORK, alarm service	6227	236.00 236.00	
				<b>Vendor Total:</b>
				<b>236.00</b>

**Board Report - Detail after checks are printed**

<u>Vendor Name</u>	<u>Invoice</u>	<u>Check #</u>	<u>Amount</u>
<u>Account Number</u>	<u>Description</u>		<u>Amount</u>
MIERAU & CO PC	16365	6228	270.99
01 2510 660 0	DATA PROCESSING, Dec PR 2013		350.00
01 454	Penalty to NPERS reimb by Mierau		(79.01)
<b>Vendor Total:</b>			<b>270.99</b>
MOSAIC	AXT0114	6229	1,327.65
01 1200 370 1	TUITION PD OTH AGENCIES SPED, Level 3		1,302.21
01 1218 313 1	Purch Serv,PUPIL SERVICES, OT B Wagner		25.44
<b>Vendor Total:</b>			<b>1,327.65</b>
NETS	Emeeting2014	6230	1,250.00
01 2310 630 0	#26 DUES/ENTRIES/FEES, 2014 Annual Membershi		1,250.00
<b>Vendor Total:</b>			<b>1,250.00</b>
NMC EXCHANGE LLC	serv1125518	6231	768.84
01 2750 338 0	VEHICLE REPAIRS, 08 bus		768.84
<b>Vendor Total:</b>			<b>768.84</b>
OK TIRE STORE	63548	6232	186.00
01 2620 310 0	REPAIR, blower tires		186.00
<b>Vendor Total:</b>			<b>186.00</b>
ONE SOURCE	2211-	6233	15.00
01 2320 690 0	20131231 MISCELLANEOUS, C Bislow		15.00
<b>Vendor Total:</b>			<b>15.00</b>
PERRY,GUTHERY,HAASE & GESSFORD,PC,LLO	12312013	6234	140.00
01 2310 317 0	LEGAL SERVICES		140.00
<b>Vendor Total:</b>			<b>140.00</b>
PLANK LUMBER & HARDWARE	12312013	6235	77.07
01 2620 410 0	SUPPLIES, grounds		25.98
01 2620 410 0	SUPPLIES, custodial		51.09
<b>Vendor Total:</b>			<b>77.07</b>
PRESTO-X	123113	6236	117.60
01 2620 310 0	REPAIR SERVICES, Dec statement		117.60
<b>Vendor Total:</b>			<b>117.60</b>
PRINCIPAL LIFE/DEPT. 900	12172013	6237	1,188.95
01 1100 290 1	DISABILITY INSURANCE		231.40
01 1100 290 2	DISABILITY INSURANCE		416.09
01 1200 290 1	Disability Ins, OTHER BENEFITS		47.60

<u>Vendor Name</u>	<u>Invoice</u>	<u>Check #</u>	<u>Amount</u>
<u>Account Number</u>	<u>Description</u>		<u>Amount</u>
01 1200 290 2	Disability Ins, OTHER BENEFITS		41.81
01 1190 290 0	DISABILITY INSURANCE		14.85
01 4404 290 0	DISABILITY INSURANCE		12.50
01 1310 290 0	DISABILITY INSURANCE		5.91
01 2120 290 1	DISABILITY INSURANCE		11.56
01 2120 290 2	DISABILITY INSURANCE		11.56
01 2222 290 0	DISABILITY INSURANCE		23.61
01 2320 290 0	DISABILITY INSURANCE		72.60
01 2410 290 1	DISABILITY INSURANCE		38.20
01 2410 290 2	DISABILITY INSURANCE		54.96
01 2610 290 0	DISABILITY INSURANCE		45.89
01 4200 290 0	Disability,OTHER BENEFITS		28.98
01 4310 290 0	Disability, OTHER BENEFITS		20.90
01 4410 290 1	DISABILITY INSURANCE		22.82
01 4410 290 2	DISABILITY INSURANCE		22.82
01 1160 290 1	OTHER BENEFITS		26.39
01 9001 290 0	Disability,OTHER BENEFITS		38.50
<b>Vendor Total:</b>			<b>1,188.95</b>
PROTEX CENTRAL INC.	In00043921	6238	85.73
01 2620 310 0	REPAIR SERVICES, fire ext inspections		85.73
PROTEX CENTRAL INC.	IN00043928	6238	856.37
01 2620 310 0	REPAIR SERVICES, fire alarms		856.37
PROTEX CENTRAL INC.	IN00044017	6238	1,003.00
01 2620 310 0	REPAIR SERVICES, fire alarms		1,003.00
PROTEX CENTRAL INC.	IN00044174	6238	1,597.19
01 2620 310 0	REPAIR SERVICES, fire alarms		1,597.19
PROTEX CENTRAL INC.	IN00044248	6238	201.87
01 2620 310 0	REPAIR SERVICES, fire alarms		201.87
PROTEX CENTRAL INC.	IN00044593	6238	605.62
01 2620 310 0	REPAIR SERVICES, 12/23 bad duct detector		605.62
PROTEX CENTRAL INC.	ORD9141152	6238	818.00
01 2620 310 0	REPAIR SRV, 2014 inspection agreement		818.00
<b>Vendor Total:</b>			<b>5,167.78</b>
RANDALL, THOMAS	011114	6239	50.00
01 2190 632 2	Dues/Entries/Fees-SPEECH, Judge		50.00
<b>Vendor Total:</b>			<b>50.00</b>
RIGHTWAY	12272013	6240	123.21
01 2620 410 0	SUPPLIES, ice melt		123.21
RIGHTWAY	123113	6240	9.57

**Board Report - Detail after checks are printed**

<u>Vendor Name</u>	<u>Invoice</u>	<u>Check #</u>	<u>Amount</u>	
<u>Account Number</u>	<u>Description</u>		<u>Amount</u>	
01 1100 410 1	SUPPLIES, elementary		9.57	
RIGHTWAY	12312013	6240	78.14	
01 1100 410 2	SUPPLIES, Spanish Class, Cleveland		78.14	
RIGHTWAY	20131227	6240	1,636.83	
01 2620 410 0	SUPPLIES, custodial		1,636.83	
RIGHTWAY	20131231	6240	13.91	
01 1100 410 2	SUPPLIES, Grube		13.91	
RIGHTWAY	Dec272013	6240	155.43	
01 1100 418 2	FCS, S Schegg		155.43	
				<b>2,017.09</b>
				<b>Vendor Total:</b>
ROETHER, SARA	010914	6241	183.06	
01 1100 670 2	TRAVEL/MILEAGE		183.06	
				<b>Vendor Total:</b>
				<b>183.06</b>
S.E. SMITH & SONS	12312013	6242	184.79	
01 1100 413 2	INDUSTRIAL ARTS, Vetter		9.78	
01 2610 410 0	SUPPLIES, paint/ceiling tiles		175.01	
				<b>Vendor Total:</b>
				<b>184.79</b>
SCHROEDER, KENNETH	120913	6243	67.80	
01 2320 670 0	TRAVEL/MILEAGE, TVC admin mtg		67.80	
				<b>Vendor Total:</b>
				<b>67.80</b>
Schutz, Jennifer	December2013	6244	229.95	
01 1218 313 2	Purchased Serv,PUPIL SRV,OT Ignowski		229.95	
				<b>Vendor Total:</b>
				<b>229.95</b>
SHAD'S AUTO, INC.	9779	6245	160.00	
01 2750 338 0	VEHICLE REPAIRS, bus inspections		160.00	
				<b>Vendor Total:</b>
				<b>160.00</b>
SIEL, ROXANNE	01112014	6246	50.00	
01 2190 632 2	Dues/Entries/Fees-SPEECH, Judge		50.00	
				<b>Vendor Total:</b>
				<b>50.00</b>
SINGAPORE MATH INC	322893	6247	285.29	
01 1100 410 1	SUPPLIES		285.29	
				<b>Vendor Total:</b>
				<b>285.29</b>
SOURCE GAS	201091261671	6248	4,068.50	
01 2610 321 0	FUEL/NATURAL GAS, Main 11/27-12/27		4,068.50	
SOURCE GAS	201091261672	6248	465.30	
01 2610 321 0	FUEL/NATURAL GAS, Shop 11/27-12/27		465.30	

**Board Report - Detail after checks are printed**

<u>Vendor Name</u>	<u>Invoice</u>	<u>Check #</u>	<u>Amount</u>	
<u>Account Number</u>	<u>Description</u>		<u>Amount</u>	
SOURCE GAS	201803067980	6248	784.67	
01 2610 321 0	FUEL/NATURAL GAS, Greenhouse 11/27-12/27		784.67	
				<b>5,318.47</b>
				<b>Vendor Total:</b>
STATE OF NEBRASKA	848172	6249	233.21	
01 1100 382 2	DISTANCE EDUCATION, Nov 2013		233.21	
				<b>233.21</b>
				<b>Vendor Total:</b>
SUCCESSFUL FARMING MAGAZINE	Jan2014	6250	25.95	
01 1100 418 2	Vo Ag, D Rocker		25.95	
				<b>25.95</b>
				<b>Vendor Total:</b>
VERIZON BUSINESS	12252013	6251	106.53	
01 2510 342 0	TELEPHONE		106.53	
				<b>106.53</b>
				<b>Vendor Total:</b>
VERIZON WIRELESS	9717264942	6252	251.66	
01 2510 342 0	TELEPHONE		251.66	
				<b>251.66</b>
				<b>Vendor Total:</b>
WOODWARD'S DISPOSAL SERV INC	NO8525-1532	6253	47.50	
01 2510 690 0	MISC, document destruction		47.50	
				<b>47.50</b>
				<b>Vendor Total:</b>
				<b>Fund Total:</b>
				<b>52,295.01</b>
				<b>Checking Account Total:</b>
				<b>52,295.01</b>

**Franklin Public Schools**  
**Resolution To Transact Financial Business with Franklin State Bank on the District's Behalf**

Let it be resolved at the Regular January 13, 2014 Board Meeting of the Franklin Public Schools Board of Education that Franklin Public School Board President, (Name); Franklin Public School Board Treasurer, (Name); Franklin Public School Bookkeeper, Monica James; and Franklin Public School Superintendent, Ken Schroeder, be authorized and directed to transact any and all necessary financial business on behalf of the Franklin Public School District on the following Franklin State Bank accounts: Activity Account #662-452, Lunch Account #611-020, Cafeteria Account #216630, including but not limited to:

1. Open and maintain accounts;
2. Make deposits to the accounts;
3. Endorse for negotiation, negotiate, and receive the proceeds of any negotiable instrument, check, draft, or order for the payment of money payable to or belonging to the school by writing, stamp, or other means permitted by this resolution without the designation of the person endorsing;
4. Make withdrawals from the accounts in any manner permitted by the accounts;
5. Transfer funds from the accounts to any account whether or not held at Franklin State Bank and whether or not held by the school;
6. Transfer funds to the accounts from any account whether or not held at Franklin State Bank;
7. Approve, endorse, guarantee, and identify the endorsement of any payee or any endorser of any negotiable instrument, check, draft or order for the payment of money whether drawn by the school or anyone else and guarantee the payment of any negotiable instrument, check, draft, or order for the payment of money, and;
8. Delegate to others the authority to approve, endorse, guarantee, and identify the endorsement of any payee or endorser on any negotiable instrument, check, draft, or order for the payment of money and to guarantee the payment of any such negotiable instrument, check, draft, or order for the payment of money.

The undersigned certifies that (Names, Monica James, & Ken Schroeder) are the duly appointed Board President, Board Treasurer, Bookkeeper, and Superintendent, respectively, of the Franklin Public Schools District and that this resolution is being duly adopted by a majority vote at a meeting of the Franklin Public School Board, which is being held in accordance with the State Open Meetings Act Law and the ByLaws of the Franklin Board of Education.

Dated: January 13, 2014

President's Signature: \_\_\_\_\_

Treasurer's Signature: \_\_\_\_\_

(Name), Board President, Signature: \_\_\_\_\_

(Name), Board Treasurer, Signature: \_\_\_\_\_

**RESOLUTION OF ASSOCIATION OR ORGANIZATION**

DATE 01/13/2014

TO: NAME / ADDRESS OF FINANCIAL INSTITUTION ("Financial Institution") SOUTH CENTRAL STATE BANK-FRANKLIN PO BOX 173 FRANKLIN NE 68939 308-425-6215 01	FROM: NAME / ADDRESS OF ASSOCIATION OR ORGANIZATION ("Organization") FRANKLIN PUBLIC SCHOOLS DISTRICT #506 GENERAL FUND 1001 M STREET FRANKLIN, NE 68939
---	--

Use this *Resolution Of Association Or Organization to Open Account(s), to Deposit and Withdraw Funds, and to Open and Have Access to Safe Deposit Boxes, as well as sign Agreements on behalf of the Association or Organization for ATM or Debit Cards, Night Depository services, Lock Box services, and Cash Management.*

Words, numbers or phrases preceded by a  are applicable only when marked, i.e., .

**THIS IS TO CERTIFY THAT,** I am the duly elected and qualified  Secretary  Clerk and keeper of the records of the above-named Organization and that the following is a true copy of this Resolution duly adopted by the officers of said Organization at a meeting held on the 13TH day of JANUARY, 2014, at which a quorum was present, and that such Resolution is still in full force and effect and has not been amended or rescinded.

This is a  For Profit  Nonprofit Organization.

**IT IS RESOLVED THAT:**

Pursuant to authority contained in the By-Laws of the Organization, the said officers of the Organization have duly designated Financial Institution as a depository of the funds of the Organization. By virtue of said election, the By-Laws and the afore-said designation, the following described officers, and designated parties or agents, if any, referred to below as "Authorized Signer" or "Authorized Signers" and whose names and signatures appear below, are authorized for and on behalf of the Organization to have the following indicated powers as contained in this Resolution:

**DEPOSITORY ACCOUNT.** Perform the following for the account(s) indicated on Page 2, in the name of the Organization, Authorized Signers  
 subject to any terms and conditions governing the account(s), such as:

1. Open and maintain the account(s); \_\_\_\_\_
2. Make deposits to the account(s); \_\_\_\_\_
3. Endorse for negotiation, negotiate, and receive the proceeds of any negotiable instrument, check, draft, or order for the payment of money payable to or belonging to the Organization by writing, stamp, or other means permitted by this Resolution without the designation of the person endorsing; \_\_\_\_\_
4. Make withdrawals from the account(s) in any manner permitted by the account(s); \_\_\_\_\_
5. Transfer funds from the account(s) in Financial Institution to any account whether or not held at this Financial Institution and whether or not held by this Organization; \_\_\_\_\_
6. Transfer funds to the account(s) in Financial Institution from any account whether or not held at this Financial Institution and whether or not held by this Organization; \_\_\_\_\_
7. Approve, endorse, guarantee, and identify the endorsement of any payee or any endorser of any negotiable instrument, check, draft or order for the payment of money whether drawn by the Organization or anyone else and guarantee the payment of any negotiable instrument, check, draft, or order for the payment of money; and \_\_\_\_\_
8. Delegate to others the authority to approve, endorse, guarantee, and identify the endorsement of any payee or endorser on any negotiable instrument, check, draft, or order for the payment of money and to guarantee the payment of any such negotiable instrument, check, draft, or order for the payment of money. \_\_\_\_\_
9. All of the above. \_\_\_\_\_

**SAFE DEPOSIT BOX.** Lease a Safe Deposit Box(es) with Financial Institution, make inspections of, deposits to and removals from Box(es), and exercise all rights and be subject to all responsibilities under the Lease. \_\_\_\_\_

**NIGHT DEPOSITORY.** Enter into a Night Depository Agreement with Financial Institution and exercise all rights and be subject to all responsibilities under the Agreement. \_\_\_\_\_

**LOCK BOX.** Enter into a Lock Box Agreement with Financial Institution and exercise all rights and be subject to all responsibilities under the Agreement. \_\_\_\_\_

**DEBIT CARD/ATM CARD.** Apply for, receive and utilize debit cards, automated teller machine cards, or other access devices to exercise those powers authorized by this Resolution or other Resolutions then in effect. \_\_\_\_\_

**CASH MANAGEMENT.** Enter into a Cash Management Agreement with Financial Institution, and exercise all rights and be subject to all responsibilities under the Agreement. \_\_\_\_\_

**OTHER AUTHORITY-** describe: \_\_\_\_\_

Further, this Resolution continues on Page 2 of this document, and all of the power and authority granted are incorporated in this Resolution.

RESOLUTION APPLIES TO (check all that apply):  ALL ACCOUNTS     SAFE DEPOSIT BOX NUMBER(S):  
 ALL FUTURE ACCOUNTS     SPECIFIC ACCOUNTS - NUMBER(S):

NAME AND TITLE	SIGNATURE	LIMITATIONS
1. KEN SCHROEDER SUPERINTENDENT	X	COUNTERSIGNERS: 1
2. MONICA JAMES AUTHORIZED SIGNER	X	COUNTERSIGNERS: 1
3. PRESIDENT	X	COUNTERSIGNERS: 1
4. TREASURER	X	COUNTERSIGNERS: 1
5.	X	COUNTERSIGNERS:
6.	X	COUNTERSIGNERS:
7.	X	COUNTERSIGNERS:
8.	X	COUNTERSIGNERS:

**SIGNATURE CERTIFICATION.** The undersigned certifies that he/she is the Secretary/Clerk and keeper of the above-named Organization's official records, and is duly authorized to make this certification on its behalf.

By  \_\_\_\_\_ Attest By  \_\_\_\_\_  
Secretary/Clerk Date President Date

**IT IS FURTHER RESOLVED AS FOLLOWS, the Secretary/Clerk of this Organization certifies to the Financial Institution that:**

- The Secretary/Clerk and keeper of the records of this Organization shall certify to the Financial Institution the names of the persons who are at present authorized to act on behalf of this Organization under this Resolution and shall from time to time hereafter, as changes in the personnel of said officers are made, immediately certify such changes to the Financial Institution. The Financial Institution shall be fully protected in relying on such certifications of the Secretary/Clerk and shall be indemnified and held harmless from any claims, demands, expenses, loss or damage resulting from, or growing out of, honoring the signature of any officer so certified, or refusing to honor any signature not so certified;
- Unless specifically designated, each of the Authorized Signers whose signature appears above may sign without the other(s);
- (Select if applicable)  FACSIMILE SIGNATURES. The Financial Institution shall be entitled to honor and charge the Organization for all such negotiable instruments, checks, drafts, or other orders for payment of money drawn in the name of the Organization, on the indicated account(s), including an order for electronic debit, whether by electronic tape or otherwise, regardless of by whom or by what means a facsimile signature or other non-manual signature (collectively, "Facsimile Signatures") may have been affixed, or electronically communicated, if such Facsimile Signatures resemble the specimens duly certified to or filed with the Financial Institution for any of the named Authorized Signers, regardless of whether any misuse is with or without the negligence of the Organization. The Specimen Facsimile Signature Exhibit, when attached, is incorporated into and is an integral part of this Resolution. The Organization agrees that the duty of maintaining the security of any such Facsimile Signatures or device by which they are affixed is solely that of the Organization. Your authorization notwithstanding, Financial Institution is not obligated to accept or pay any items bearing Facsimile Signatures;
- As used herein, any pronouns relative to the signers for the Organization shall include the masculine, feminine, and neutral gender, and the singular and plural number, wherever the context so admits or requires;
- All items deposited with prior endorsements are guaranteed by the Organization;
- All items not clearly endorsed by the Organization may be returned to the Organization by the Financial Institution or, alternatively, the Financial Institution is granted a power of attorney in relation to any such item to endorse any such item on behalf of the Organization in order to facilitate collection;
- Financial Institution shall have no liability for any delay in the presentment or return of any negotiable instrument or other order for the payment of money, that is not properly endorsed;
- Financial Institution is directed and authorized to act upon and honor any withdrawal or transfer instructions issued and to honor, pay and charge to any depository account or accounts of the Organization, all checks or orders for the payment of money so drawn when signed consistent with this Resolution without inquiring as to the disposition of the proceeds or the circumstances surrounding the issuance of the check or the order for the payment of the money involved, whether such checks or orders for the payment of money are payable to the order of, or endorsed or negotiated by any one or more of the Authorized Signers signing them or such party in their individual capacities or not, and whether they are deposited to the individual credit of or tendered in payment of the individual obligation of any one or more of the Authorized Signers signing them or of any other such party or not;
- All transactions by any of the officers, employees or agents of the Organization on its behalf, and in its name, with the Financial Institution prior to the delivery to the Financial Institution of a certified copy of the foregoing Resolution are, in all respects, hereby ratified, confirmed, approved and adopted; and
- Notwithstanding any modification or termination of the power of any Authorized Signer of the Organization, this Resolution shall remain in full force and bind the Organization and its legal representatives, successors, assignees, receivers, trustees or assigns until written notice to the contrary signed by, or on behalf of, the Organization shall have been received by the Financial Institution, and that receipt of such notice shall not affect any action taken by the Financial Institution prior to receipt of such notice in reliance on this Resolution.

Additional comments or instructions:

See attachment for additional instructions or comments. Attachment must be dated and properly authorized.

John J. McWilliams  
319 12<sup>th</sup> Avenue  
Franklin, NE 68939

Dr. Ken Schroeder, Superintendent  
Franklin Public School  
1001 M Street  
Franklin, NE 68939

Dr. Schroeder,

I write this letter to announce my formal retirement from Franklin Public School as Custodian, effective as of June 10, 2014 or when we feel comfortable with the new employee.

I would like to thank you and the School Board for all the great opportunities you have given me as an employee at Franklin Public School. I have enjoyed working with the staff of Franklin Public School for the past thirty one years, and am ready to move on to the next phase in my life.

Please let me know if I can be of assistance during this transition.

Sincerely,

John J. McWilliams  
*John J. McWilliams*

Franklin Public School  
Highway 136 W  
Franklin NE 68939

December 18, 2013

Franklin School Board and Administration:

This letter is to inform you that I have accepted a position at another employer and that I am resigning my position as Bus Driver for Franklin Public Schools. The reasons for my resignation are that I will be working full time hours and will have additional employee benefits.

I want to thank Ken Schroeder and Stacy James for their help and support. It has been greatly appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Kay L. Schmidt".

Kay L Schmidt

Les Sidlo  
316 12th Avenue  
Franklin, NE 68939  
308 425-3723  
les.sidlo@fpsflyers.org

December 11, 2013

Mr. Ron Fritson  
Board President  
Franklin Public Schools  
1001 M Street  
Franklin, NE 68939

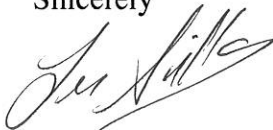
Dear Mr. Fritson:

I wish to thank the Board of Education for their tireless efforts in guiding our school into the future. Being a school board member is not for the faint of heart. The issues you face are challenging and often times contentious. I am extremely proud to call all of you "former students". You are all outstanding examples of success stories that roll out of Franklin Public Schools each and every year.

I would also like to express my appreciation to Dr. Ken Schroeder for his tremendous support and encouragement over the years. Reflecting on the 38 years I have been in this district, I believe more positive things have happened in the four years under Dr. Schroeder than any other superintendent's tenure. Dr. Schroeder is our "steady hand at the wheel" and I hope for the sake of our school, our students and our staff we can keep him for a long, long time.

I've had a most enjoyable and rewarding career at Franklin Public Schools and if I had it to do over again, I would do it in a heartbeat. However, the time has come for change and I request that you accept this letter as my tender of resignation to be effective at the close of the current contract period for the purpose of retirement.

Sincerely



Les Sidlo

cc Dr. Ken Schroeder  
Superintendent

Mr. Adam Boettcher  
7-12 Principal

# FRANKLIN PUBLIC SCHOOLS

2014-15

## SALARY SCHEDULE, EXTRA DUTY, AND RELATED INFORMATION

### SALARY SCHEDULE

1. PREVIOUS EXPERIENCE AND HOURS: In employing teaching personnel, credit for previous experience may be granted up to a maximum of five years, and credit for graduate hours may be granted up to a maximum of 45 hours. The number of years and hours credited will be determined by the Superintendent of Schools. The years and hours allowed an individual upon signing his first contract shall be the base figure for all future contracts and will not be altered.
2. VERTICAL ADVANCEMENT: A teacher must have the recommendation of the administration staff (as represented by the Superintendent) before vertical movement on the salary schedule will be allowed. Lack of recommendation will in affect place the teacher on notice. In no instance will a teacher be held two consecutive years due to lack of administrative recommendation. If a teacher is not recommended a second year, that teacher will not be eligible for rehire as provided in Nebraska Stat. 79-1254 and due process will be provided as prescribed by that law.

Rationale: Remove the language in paragraph 2 pertaining to Nebraska Statute 79-1254. 79-1254 was repealed in 1982 when the current tenure law was enacted. 79-1254 had provided for a 2-year probationary period. Following the 2 years, just cause was required to terminate a teacher. Since 79-1254 was repealed, the language should be removed from the contract. The language below regarding advancing staff for commendable service to the school district and allowing teachers to only advance one vertical step per year should be retained.

Upon recommendation of the administrative staff (as represented by the Superintendent) a teacher who is frozen on a given step may be advanced downward one step as a result of commendable service to the system. There shall be no limit as to the number of advancements a teacher may be given.

In no case can a teacher move vertically more than one step per year.

3. HORIZONTAL ADVANCEMENT:
  - A. Credits earned to move on the salary schedule must be graduate level classes approved by the administration or be hours on an approved program leading to an advanced degree in the teacher's assigned area.
  - B. Credits earned after the opening day of school will not be allowed for salary schedule until the next contract year.
  - C. It is the teacher's responsibility to notify the Superintendent no later than May 15 if he intends to move horizontally on the schedule in the coming school term. If the teacher fails to notify the Superintendent by the date specified, he may not be advanced horizontally for the coming year.
  - D. In no case can a teacher move horizontally more than one step per year.
  - E. Teachers must present a transcript of their work prior to September 1 of the school term following the term in which such work was performed.

## **SALARY SCHEDULE continued**

4. BASE SALARY AMOUNT: The base salary amount for the 2014-15 school year will be \$31,775.
5. If a shortage of teachers in a specific field necessitates hiring off the schedule, then that teacher will receive half increments until such time as proper placement on the schedule is achieved.
6. EXTENDED CONTRACT: Pay for extended contracts beyond 185 days of the salary schedule pay shall be calculated by the following formula:  $1/185 \times$  that teacher's indexed salary  $\times$  number of additional days. Example –  $1/185 \times \$37,264 = \$201.42$  per day  $\times$  5 additional days = \$1,007.14.
7. Half-time teachers will receive 1/2 plus \$100 of their proper step of increments. Salaries will be based on a normal workload with no specified number of classes to allow for more equitable and flexible class scheduling.
8. BOARD OF EDUCATION RESERVES RIGHT TO VARY FROM SCHEDULE: The Board of Education has the right to designate any position as special, and vary from this schedule as they feel is essential to the welfare of the system.

## **OTHER**

A section 125/Cafeteria Plan will be offered by the district and administered by a third party. The Section 125 Plan administrator will be selected by the district administration based on quality of service and cost to the district. Employees may voluntarily participate in the cafeteria plan for eligible medical and child care expenses.

## **TERMS AND CONDITIONS OF EMPLOYMENT**

1. TEACHER CONTRACT LENGTH: A teacher's contract shall be considered 185 days of service. A teacher who loses a day's salary shall be deducted 1/185 of their total annual salary. The Board may extend a teacher's contract beyond the normal 185 days.
2. TEACHER DUTY HOURS: A normal teaching day is from 7:50 AM to 3:50 PM. Early dismissal schedule teacher duty hours are from 7:50 AM to 2:10 PM. Teachers will be required to attend all meetings called by the school administration including meetings scheduled outside the regular duty hours listed herein.  
**Rationale: Remove defined duty hours from contract. Assignment of hours is an administrative prerogative. Staff can be assigned extra duties (as per section 5 of this master agreement) and are regularly assigned to attend meetings outside of these hours (parent teacher conferences, professional development, staff meetings, etc.) without additional compensation. Through the annual development of the district calendar, 'early dismissal days' are regulated through the administration and board of education. Simply removing those early dismissal days from the school calendar would invalidate the existing language regarding duty hours on early dismissal days, just as having staff report for professional development, staff meetings, or any other assigned duty on those early dismissal days.**
3. CERTIFICATE REGISTRATION: Teachers must have a current certificate registered in the Superintendent's Office in order to receive a paycheck.
4. SALARY PAYMENTS: All salaries shall be paid in 12 equal payments except for those teachers employed after September 1. Those employed after September 1 shall be paid in equal payments with the last payment being in August. Payroll date is the 20<sup>th</sup> of each month.

5. EXTRA DUTIES NOT SPECIFICALLY LISTED: Extra duties not specifically listed are considered a part of the contractual agreement and may be assigned to any teacher.

### **INSURANCE BENEFITS**

1. HEALTH INSURANCE: The Board agrees to provide single dental insurance for the employee for the 2014-15 school year. (Dependents may be covered at the employee's expense.)

The Board also agrees to provide health insurance based on the four-tier membership structure with BCBS at the second-tier deductible level (currently \$750 deductible) during the term of this agreement. This coverage is to be the full dollar cost of premiums for the school 2014-15 school year. Part-time certified employees will receive a percentage of family or single coverage - such percentage to be based upon percentage of salary paid.

2. The Board of Education will authorize payment of full income protection insurance for all certified employees. Persons not wishing involvement in this fringe benefit will not be reimbursed the amount expended for monthly premiums.
3. LIFE INSURANCE: In conjunction with the Health Insurance plan the district provides \$15,000 of Life Insurance per employee. This rate is to be the full cost of premium for the 2014-2015 school year.

### **SPECIAL LEAVES**

1. SICK and DISCRETIONARY. During the 2014-15 school year, staff will be entitled to 3 discretionary days and 10 sick days with up to 10 sick days rolling over into the sick day bank with a maximum accumulation of 45 sick days.
2. PROFESSIONAL LEAVE: Each teacher shall be eligible for two days of professional leave each year. Additional days can be granted to each teacher for worthwhile opportunities with approval of the building supervisor.
3. UNPAID LEAVE: The Superintendent may grant unpaid leave of absence in circumstances not covered by any other leave policies. Requests for such leave must be made in advance to the Superintendent and must have the Superintendent's approval. Teachers will not be paid for these days and salary deductions will be made at a ratio of the number of days granted to the total days of service on the teacher's contract. Unpaid leave is to be used for emergency or unusual circumstances and the Superintendent shall not permit its use to become routine or regular in nature.
4. JURY DUTY: Teachers who elect to serve on court juries rather than to apply for exemption (25-1601) shall receive their salary in full less per diem received from the courts.
5. PART-TIME EMPLOYEES will receive a FTE % of all leave listed in the negotiated agreement. Example – a .8 FTE instructor will receive 80% of all leave as outlined in the negotiated agreement.
6. BEREAVEMENT: Up to 5 days of paid leave per year shall be granted each teacher in the event of death of a teacher's spouse, child, son-in-law, daughter-in-law, parent, parent-in-law, brother, sister, brother-in-law, sister-in-law, grandparents and any other member of the immediate family. Additional bereavement leave may be granted by the Superintendent as needed. Such additional days would come from sick leave.

FTA Representative \_\_\_\_\_

FPS Board Representative \_\_\_\_\_

Dated: January 13, 2014



	Base Salary 2013-14	Contracted Days	Total Compensation	Health Insurance Deductible	Dental Coverage
Superior	\$32,830	185	\$2,550,021	\$500	80% A&B 50% C
Alma	\$32,300	183	\$2,492,430	\$750	80% A&B 50% C
Elm Creek	\$31,700	182	\$2,446,845	\$750	80% A&B 50% C
Franklin	\$31,775	185	\$2,485,619	\$750	80% A&B 50% C
Silver Lake	\$31,600	183	\$2,420,344	\$750	80% A&B 50% C
Blue Hill	\$32,550	185	\$2,481,602	\$750	80% A&B 50% C
Wilcox-Hildreth	\$31,250	183	\$2,382,995	\$750	80% A & B
Southern Valley	\$30,700	183	\$2,380,573	\$950	80% A&B 50% C
Kenesaw	\$31,400	182	\$2,367,582	\$750	80% A&B 50% C
Shelton	\$30,100	185	\$2,367,559	\$750	80% ABC 50% D
Bertrand	\$31,150	183	\$2,424,955	\$750	80% A&B 50% C
Loomis	\$31,900	183	\$2,398,868	\$750	80% A&B
Axtell	\$32,010	185	\$2,376,196	\$750	80% A&B 50% C
Red Cloud	\$31,550	183	\$2,351,278	\$750	80% ABC 50% D



# ***Franklin Public Schools Board Of Education Negotiation Team Minutes***

**January 8th Meeting  
Franklin Public Schools Media Center @ 7:00**

## **Board Members Present:**

Ron Fritson  
John Siel  
Raquel Felzien

## **Franklin Teachers Association Members Present:**

Tom Dreher  
Janet Guge

The fourth 2014-15 negotiations meeting between the Franklin Public School Board Negotiations Subcommittee and the Franklin Teachers Association Subcommittee was held in the Franklin Public Schools Media Center on January 8<sup>th</sup> @ 7:00 PM. Mr. Schroeder was present to record the minutes and provide any information needed by either FTA Members or Board Members.

President Fritson began the meeting by offering the FTA a \$600 increase in the base pay. Tom Dreher indicated that the FTA would be willing to accept an increase of \$600 on the base pay.

There was discussion about the proposed language change regarding duty hours. The concern expressed by the FTA was that the consultants at the NSEA has advised them to not remove the language from the FTA contract as they had seen other schools remove similar language and then have teacher duty hours significantly increased.

The board offered to reduce the number of contracted teacher days from 185 to 184 if the FTA would be willing to remove the language from the agreement or the option of changing the language in the agreement to simply indicate a designated length of time the teachers would need to report for duty both before and after school, such as, "Teachers will report for duty 30 minutes prior to the arrival of students and remain on duty until 30 minutes after students are dismissed. Mr. Dreher indicated he would take

those options back to his leadership for consideration.

Mr. Dreher further indicated that he could not make a decision on the proposed language change regarding removing the outdated language pertaining to teacher tenure until further consulting with NSEA consultants.

The negotiations teams agreed to meet on Wednesday, January 15<sup>th</sup>, at 7:00 PM in the Franklin Public Schools Media Center.

Both sides agreed to convene the meeting at 7:18.

## Transportation Report

(Please fill out in pen)

Bus # 2007      Route # \_\_\_\_\_      Reporting Period July - Dec 2013  
Gmc      Repairs, parts, etc.      105.<sup>96</sup>  
Pickup      Labor      \_\_\_\_\_  
 TOTAL      105.<sup>96</sup>

**Itemized Repairs, Labor, Etc.**

550.5 gal - gas

Date	Parts/Item & Cost	Labor Cost	Vendor
8-1	6 1/2 qt 15-40      22. <sup>75</sup>		coop
	Filter      6. <sup>00</sup>		C.Q.
10-10	6.5 qt oil      22. <sup>75</sup>		coop
	Filter      5. <sup>18</sup>		C.Q.
	grease - fluid      3. <sup>00</sup>		
11-25	6.5 qts oil      22. <sup>75</sup>		coop
	Filter - oil      5. <sup>18</sup>		C.Q.
	Filter - Air      16. <sup>35</sup>		
	grease - fluid      2. <sup>00</sup>		

Beginning Mileage 81,200      Ending Mileage 90,270      Total 9,070

Average Miles Per Month 1511      Bus Route Miles \_\_\_\_\_

Gasoline: MPG 16.<sup>4</sup>      Average Cost Per Mile\* \$ .21

\*(Gasoline \$ 1860.<sup>70</sup> + Repair & Labor \$ 105.<sup>96</sup>) ÷ Miles \_\_\_\_\_

Comments: \_\_\_\_\_

## Transportation Report

(Please fill out in pen)

Bus # 2011  
Ford van  
white

Route # Activity

Reporting Period July - Dec 2013

Repairs, parts, etc.

164.<sup>04</sup>

Labor

115.

TOTAL

279.<sup>04</sup>

**Itemized Repairs, Labor, Etc.**

456.5 gal gas

Date	Parts/Item & Cost	Labor Cost	Vendor
8-15	Inspect	24. <sup>00</sup>	Tom P.
	Pack wheel bearings 83. <sup>46</sup>	75. <sup>00</sup>	I
9-16	7Qts oil 24. <sup>50</sup>		coop
	85372 - Filter 5. <sup>60</sup>		C.Q.
	88418 - Air 16. <sup>88</sup>		I
	grease - fluid 2. <sup>00</sup>		I
10-28	Tire Repair	16. <sup>00</sup>	Jim's OK tire
11-5	7Qts oil 24. <sup>50</sup>		coop
	85372 - Filter 5. <sup>60</sup>		C.Q.
	grease 1. <sup>-</sup>		I

Beginning Mileage 47,137

Ending Mileage 53,615

Total 6,478

Average Miles Per Month 1,080

Bus Route Miles         

Gasoline: MPG 14.2

Average Cost Per Mile\* .27

\*(Gasoline \$1512. + Repair & Labor \$279.<sup>04</sup>) ÷ Miles         

Comments:

## Transportation Report

(Please fill out in pen)

Bus # 2007      Route # Activity      Reporting Period July - Dec 2013  
 Ford van      Repairs, parts, etc.      315.<sup>02</sup>  
 maroon      Labor      124.<sup>00</sup>  
 TOTAL      439.<sup>02</sup>

Itemized Repairs, Labor, Etc.      547 gal gas

Date	Parts/Item & Cost	Labor Cost	Vendor
8-5	Inspect	24. <sup>00</sup>	Tom P.
	Brakes      233. <sup>94</sup>	100. <sup>00</sup>	L
9-16	7 qts oil      24. <sup>50</sup>		coop
	85372 - Filter      5. <sup>60</sup>		C.A.
	grease - Fluid      2. <sup>00</sup>		L
	88410 - Filter      16. <sup>88</sup>		L
11-6	7 qts oil      24. <sup>50</sup>		coop
	85372 - Filter      5. <sup>60</sup>		C.A.
	grease - Fluid      2. <sup>00</sup>		L

Beginning Mileage 91,228      Ending Mileage 98,543      Total 7315  
 Average Miles Per Month 1219      Bus Route Miles \_\_\_\_\_  
 Gasoline: MPG 13.<sup>4</sup>      Average Cost Per Mile\* \$ .32

\* (Gasoline \$ 1852.<sup>00</sup> + Repair & Labor \$ 439.<sup>02</sup>) ÷ Miles \_\_\_\_\_

Comments: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

## Transportation Report

(Please fill out in pen)

Bus # 2007  
 Ford van  
 Gold

Route # Sped  
 (Jim Wagner)  
 Repairs, parts, etc.  
 Labor  
 TOTAL

Reporting Period July - Dec. - 2013  
320.<sup>00</sup>  
149.  
469.<sup>00</sup>

**Itemized Repairs, Labor, Etc.**

766 gal. gas

Date	Parts/Item & Cost	Labor Cost	Vendor
7-25	7Qts oil 24. <sup>50</sup>		coop
	85372 - Filter 5. <sup>60</sup>		C.Q.
	88418 - Filter 16. <sup>88</sup>		L
8-5	Brakes - wipers - 160. <sup>95</sup>	125. <sup>00</sup>	Tom P.
	Inspect.	24. <sup>00</sup>	
10-6	7Qts - oil 24. <sup>50</sup>		coop
	85372 - Filter 5. <sup>60</sup>		C.Q.
	grease - fluid 3. <sup>00</sup>		L
11-25	7Qts oil 24. <sup>50</sup>		coop
	85372 - Filter 5. <sup>60</sup>		C.Q.
	grease - fluid 2. <sup>00</sup>		
	88418 - Filter 16. <sup>88</sup>		
12-30	7Qts - oil 24. <sup>50</sup>		coop
	85372 - Filter 5. <sup>60</sup>		C.Q.

Beginning Mileage ~~66,300~~ 78,801 Ending Mileage 90,096 Total 11,295

Average Miles Per Month 1883 Bus Route Miles \_\_\_\_\_

Gasoline: MPG 14.7 Average Cost Per Mile\* \$.28

\*(Gasoline \$ 2642. + Repair & Labor \$ 469.<sup>00</sup>) ÷ Miles \_\_\_\_\_

Comments: \_\_\_\_\_

## Transportation Report

(Please fill out in pen)

Bus # 2000      Route # Rt./Activity      Reporting Period July - Dec - 2013  
 Ford van  
 Red

Repairs, parts, etc.	<u>1001.<sup>12</sup></u>
Labor	<u>115.-</u>
TOTAL	<u>1119.<sup>12</sup></u>

Itemized Repairs, Labor, Etc.		838 gal gas		
Date	Parts/Item & Cost	Labor Cost	Vendor	
7-29	wheel seal	51. <sup>98</sup>	75. <sup>00</sup>	Tom P.
	wipers	26. <sup>98</sup>		
8-27	Inspect		24.-	
	7 qts oil	24. <sup>50</sup>		coop
	85372-filter	5. <sup>60</sup>		C.Q.
	grease-Fluids	2. <sup>00</sup>		
	88418-filter	16. <sup>88</sup>		
10-3	7 qts oil	24. <sup>50</sup>		coop
	85372-filter	5. <sup>60</sup>		C.Q.
	fluid-grease	2. <sup>00</sup>		
	Tire repair		16. <sup>00</sup>	Jims OK tire
11-5	7 qts	24. <sup>50</sup>		coop
	85372-filter - fluids	7. <sup>60</sup>		C.Q.
11-22	4-tires	762. <sup>00</sup>		Jims OK tire
12-16	7 qts oil	24. <sup>50</sup>		coop
	filters - fluids	25. <sup>48</sup>		C.Q.

Beginning Mileage 162,543      Ending Mileage 174,562      Total 12,019

Average Miles Per Month 2003      Bus Route Miles \_\_\_\_\_

Gasoline: MPG 14.<sup>3</sup>      Average Cost Per Mile\* \$ .33

\*(Gasoline \$ 2838 + Repair & Labor \$ 1119.<sup>12</sup>) ÷ Miles \_\_\_\_\_

Comments: \_\_\_\_\_

## Transportation Report

(Please fill out in pen)

Bus # 2008  
mini van  
# 1

Route # Sped  
 (Dennis Knutson)  
 Repairs, parts, etc.  
 Labor  
 TOTAL

Reporting Period July - Dec - 2013  
430.<sup>78</sup>  
155.  
585.<sup>78</sup>

**Itemized Repairs, Labor, Etc.**

721 gal gas

Date	Parts/Item & Cost	Labor Cost	Vendor
6-25	5 qts oil 25. <sup>-</sup>		C.Q.
	85374 - filter 6. <sup>23</sup>		
7-25	5 qts oil - filter 31. <sup>23</sup>		
	87389 - Air Filter 12. <sup>61</sup>		
7-12	Brakes 159. <sup>88</sup>	90.	Tom P.
8-28	5 qts oil - filter 31. <sup>23</sup>		C.Q.
8-5	Inspect - wipers - 59. <sup>50</sup>	24.	Tom P.
10-3	5 qts oil - filter 31. <sup>23</sup>		C.Q.
11-5	5 qts oil - filter 31. <sup>23</sup>		
	87389 - air filter 11. <sup>35</sup>		
	Tire repair & rotate	41. <sup>00</sup>	Jims OK tire
12-16	5 qt oil - filter 31. <sup>23</sup>		C.Q.

Beginning Mileage 147,842 Ending Mileage 166,274 Total 18,432

Average Miles Per Month 3,072

Bus Route Miles \_\_\_\_\_

Gasoline: MPG 25.<sup>6</sup>

Average Cost Per Mile\* \$ .16

\*(Gasoline \$2437. + Repair & Labor \$585.<sup>78</sup>) ÷ Miles \_\_\_\_\_

Comments: \_\_\_\_\_

## Transportation Report

(Please fill out in pen)

Bus # 2008      Route # Sped / Activity      Reporting Period July - Dec - 2013  
mini van      (Brenda James)  
#2      Repairs, parts, etc.      788.<sup>04</sup>  
                                  Labor      92.-  
                                  TOTAL      880.<sup>04</sup>

**Itemized Repairs, Labor, Etc.**

792 gal gas

Date	Parts/Item & Cost	Labor Cost	Vendor
8-1	5Qts oil - Filter      31. <sup>23</sup>		C.Q.
	Inspect - Brakes - wipers - 201. <sup>04</sup>	74. <sup>00</sup>	Tom P.
9-17	5Qts oil - Filter      31. <sup>23</sup>		C.Q.
10-15	5Qts oil - Filter      31. <sup>23</sup>		I
	4 - New tires      142. <sup>50</sup>		Jims OK tire
11-13	5Qts oil - Filter      31. <sup>23</sup>		C.Q.
	87389 - Air Filter      11. <sup>35</sup>		I
	Tire repair	18. <sup>00</sup>	Jims OK tire
	2 new tires      277. <sup>00</sup>		I
12-12	5Qts oil - Filter      31. <sup>23</sup>		C.Q.

Beginning Mileage 90,659      Ending Mileage 108,864      Total 18,205

Average Miles Per Month 3,034      Bus Route Miles \_\_\_\_\_

Gasoline: MPG 23.      Average Cost Per Mile\* \$ .20

\*(Gasoline \$2636. + Repair & Labor \$880.<sup>04</sup>) ÷ Miles \_\_\_\_\_

Comments: \_\_\_\_\_



## Transportation Report

(Please fill out in pen)

Bus # 07 FH

Route # Andy

Reporting Period July - Dec. 2013

Repairs, parts, etc.

733.<sup>84</sup>

Labor

78.-

TOTAL

811.<sup>84</sup>

**Itemized Repairs, Labor, Etc.**

943 gal Fuel

Date	Parts/Item & Cost	Labor Cost	Vendor
7-25	3 batteries 316. <sup>59</sup>		C.Q.
8-21	Inspect. - Brakes 243. <sup>42</sup>	38.- 40.-	Shad
10-18	2 bulbs - 3. <sup>00</sup>		C.Q.
12-2	30 ats oil - 105.-		coop
	oil filter 45. <sup>89</sup>		C.Q.
	Fuel filter 16. <sup>94</sup>		}
	grease-fluids 3. <sup>00</sup>		

Beginning Mileage 62151

Ending Mileage 68227

Total 6076

Average Miles Per Month 1013

Bus Route Miles \_\_\_\_\_

Gasoline: MPG 6.4

Average Cost Per Mile\* \$ .70

\*(Gasoline \$ 3451.<sup>28</sup> + Repair & Labor \$ 811.<sup>84</sup>) ÷ Miles \_\_\_\_\_

Comments: \_\_\_\_\_

\_\_\_\_\_

# Transportation Report

(Please fill out in pen)

Bus # 06 IH      Route # old Act.      Reporting Period July - Dec 2013

Repairs, parts, etc.	<u>2825.<sup>81</sup></u>
Labor	<u>2642.<sup>52</sup></u>
<b>TOTAL</b>	<u><b>5468.<sup>33</sup></b></u>

Date	Parts/Item & Cost	Labor Cost	Vendor
	<u>296 gal Fuel</u>		
<u>8-1</u>	<u>Injectors - oil cooler</u>		<u>Pavelkas</u>
	<u> tranny filter</u> <u>2639.<sup>32</sup></u>	<u>2602.<sup>52</sup></u>	<u>1</u>
<u>8-21</u>	<u>Inspect.</u>	<u>40.</u>	<u>Shed</u>
<u>11-20</u>	<u>Door switch</u> <u>186.<sup>49</sup></u>		

Beginning Mileage 56,300      Ending Mileage 58879      Total 2579

Average Miles Per Month 430      Bus Route Miles \_\_\_\_\_

Gasoline: MPG 8.6      Average Cost Per Mile\* \$ 2.54

\*(Gasoline \$1083.<sup>36</sup> + Repair & Labor \$546.<sup>33</sup>) ÷ Miles \_\_\_\_\_

Comments: \_\_\_\_\_





## Transportation Report

(Please fill out in pen)

Bus # 99 IH      Route # Stace      Reporting Period July - Dec 2013

Repairs, parts, etc.	<u>4461.<sup>20</sup></u>
Labor	<u>448.</u>
<b>TOTAL</b>	<b><u>4909.<sup>20</sup></u></b>

Date	Parts/Item & Cost	Labor Cost	Vendor
8-21	G-lows Plugs-Injectors 4120. <sup>46</sup>	408.	Shad
	Inspect	210.	
10-10	Radiator hose 82. <sup>77</sup>		
	1/2 gal. AntiFreeze 6. <sup>00</sup>		C.Q.
12-2	20 qts oil 70. <sup>00</sup>		COOP
	7039 - Filter 18. <sup>36</sup>		
	Fuel Filter 35. <sup>11</sup>		
	grease - Fluid 3.-		C.Q.
12-6	Heater Motor 125.-		

Beginning Mileage 169,700      Ending Mileage 176,202      Total 6502

Average Miles Per Month 1084      Bus Route Miles \_\_\_\_\_

Gasoline: MPG 6.9      Average Cost Per Mile\* \$ 1.28

\*(Gasoline \$ 3429.<sup>32</sup> + Repair & Labor \$ 4909.<sup>20</sup>) ÷ Miles \_\_\_\_\_

Comments: \_\_\_\_\_



## Transportation Report

(Please fill out in pen)

Bus # 2008      Route # S.J.      Reporting Period July - Dec 2013  
Blue bird  
Bus      Repairs, parts, etc.      1750.<sup>00</sup>  
 Labor      \_\_\_\_\_  
 TOTAL      \_\_\_\_\_

Itemized Repairs, Labor, Etc.		581 gal Fuel	
Date	Parts/Item & Cost	Labor Cost	Vendor
11-21	Fuel Filter 35. <sup>09</sup>		C.Q.
	Fuel Filter 13. <sup>78</sup>		
	tranny Filter 13. <sup>14</sup>		
11-4	nozzle cleaner 104. <sup>52</sup>		NMC
	Pump & injectors 1583. <sup>53</sup>		NMC

Beginning Mileage 34,300      Ending Mileage 38,835      Total 4,535  
 Average Miles Per Month 756      Bus Route Miles \_\_\_\_\_  
 Gasoline: MPG 7.8      Average Cost Per Mile\* \$.85  
 \*(Gasoline \$2126.<sup>46</sup> + Repair & Labor \$1750.<sup>00</sup>) ÷ Miles \_\_\_\_\_

Comments: \_\_\_\_\_

# FPS FLEET INFORMATION

Updated: 1-9-14

Vehicle	Year	Mileage	Miles Last Year	Replacement Priority	Replacement Value	Notes/Repairs
Route Bus	1995	241,200	5,200	2	\$40,000	New Engine-2010-
Route Bus	2008	39,000	4,500	8	\$50,000	Purchased 2013
Route Bus	2007	68,200	13,400	5	\$70,000	
Route Bus (Int.)	1999	164,000	12,200	3	\$55,000	
Route Bus (Frt.)	1999	145,500	5,500	1	\$55,000	No Driver Likes
Route Bus	2005	55,700	10,300	4	\$45,000	Oil Pump, Turbo, S
Big Activity Bus	2006	58,900	4,900	8	\$80,000	
New Activity Bus	2007	21,600	4,000	7	\$80,000	
Ford Van (Red)	2000	174,500	24,500	1	\$20,000	New Ball Joints
Ford Van (Maroon)	2007	98,500	14,500	2	\$20,000	
Ford Van (Gold)	2007	90,000	23,700	4	\$20,000	
Dodge Minivan #1	2008	166,250	37,650	5	\$15,000	
Dodge Minivan #2	2008	108,850	35,650	6	\$15,000	
Ford Van (White)	2011	53,615	16,000	7	\$19,000	
GMC Pickup	2007	90,270	14,470	3	\$25,000	

-Good Spare

sensors (All Of Them)

## ***2nd Quarter Elementary Honors***

### ***4th Grade Honors***

Stephen Aberle  
Barett Haussermann  
Emily Rutt  
Katy Schurman  
Aaliyah Wilsey

### ***5th Grade Honors***

Mia Vansyckle  
Taylor Scheuneman  
Levi Lennemann  
Jacob Lunsford  
Joseph Kahrs  
Shyanne Baxter  
Jack Cooper  
Michelle Falkenstine  
Isaak Grube  
Monte Adams  
Madalynn Welsh  
Faith Reed  
Kristen Herrick  
McClain Hunt  
Clayton Olson  
Gabriel Pettit  
Cheyenne Trompke  
Logan Wentworth  
Spencer Wentworth  
Taelyn Pritchard  
Kendall Colby

### ***6th Grade Honors***

Joseph Aberle  
Ava Goosic  
Grace Hudson  
Alyssa Shoemaker  
Ryan Weiss  
Claire Harrison  
Abe Schroeder  
Alyson Lunsford  
Abby Cleveland  
Makaylin Kahrs  
Marc Osantowski  
Avery Yates

### ***5th Grade Boosters***

Mia Vansyckle  
Taylor Scheuneman  
Levi Lennemann  
Jacob Lunsford  
Kaci Watts  
Shyanne Baxter  
Jack Cooper  
Alex Wilbur  
Andrew Jackson  
Monte Adams  
Madalynn Welsh  
Faith Reed  
Kristen Herrick  
McClain Hunt  
Clayton Olson  
Gabriel Pettit  
Cheyenne Trompke  
Joey Gonzales

### ***6th Grade Boosters***

Joseph Aberle  
Ava Goosic  
Grace Hudson  
Alyssa Shoemaker  
Jurnee Bruce  
Anthony Gonzales  
Colby Ingram  
Mallory Rochette  
Abby Cleveland  
Makaylin Kahrs  
Marc Osantowski  
Avery Yates  
Michael Edgar  
Andrea Schurman



**High School Principal's Report - January 2014**  
**Board of Education**

**1. Academic Information**

- ✓ Book Study Update - How to Grade for Learning - We are now through Chapter 6. If you are following along, we plan to be through Chapter 10 by February's Board Meeting.
- ✓ Access Period Update and PLATO Learning

**2. Activity Information**

- ✓ Football Schedule - 11-Man/8-Man and where we are.
- ✓ Our Football District for 14-15 - Arapahoe, Axtell, Blue Hill, Elm Creek, and Shelton. We put Heartland Lutheran (Grand Island), Red Cloud, and Alma on our "wish list" for non-district games.

**4. Other Information**

- ✓ Wellness Committee Meeting Information - See Attachments
  - o Letter that went to Parents on a healthier school environment - See attachments

## FRANKLIN PUBLIC SCHOOLS

1001 M Street  
Franklin, NE 68939  
(308) 425-6283  
Fax (308) 425-6553

<http://franklin.k12.ne.us/franklin.home.html>

December 16, 2013

Dear Parents of 7-12 Grade Students:

The 2013-2014 school year is just about half over and I have really enjoyed my new position here at Franklin Public Schools. It has been a pleasure to get to know some of you as well as the students and staff. It has also been a very humbling feeling of being so welcomed into the community. I have been working hard throughout this semester, along with my fellow administrators and teachers to make Franklin Public Schools one of the best educational institutions in the area. The teachers and administrators have begun discussion on our grading practices, started better aligning our curriculum to the Nebraska State Standards, and have begun discussions on how we can better communicate with you the parents in terms of your students' educational progress as well as their development in becoming productive citizens. In order to do these things we have had to begin making some changes. Some of these changes have been minor and throughout the course of the next few years we will be looking at some bigger changes in terms of aligning our grading practices, teaching, and curriculum to match the State Standards and raise our overall achievement level of our students.

On a separate but similar note one of the things I have been charged with in my role here at school is being in charge of the Wellness Committee and working on doing what we can to create more healthy students. One of the things I have noticed in my short tenure is that many of our students are coming to school in the morning with a lot of high sugar and high caffeine drinks and snacks. In some cases this has become overly excessive. In our Wellness Committee meetings (which includes, teachers, administrators, constituents from the community, students, and a board member) we have started discussing this issue, and one of the things we have decided is, starting with the second semester, we will **not** be allowing students to bring in outside snacks and drinks. We will allow them to bring bottled water, 20 oz. Sports Drinks, individual sized milks, juice, or flavored water. Students will no longer be allowed to bring in energy drinks, pop, cups with drinks in them (i.e. fountain drink cups, coffee cups, etc.), coffee, and snack food items, including but not limited too candy, boxes of Little Debbie snacks, chips, jerky, etc. There has been some discussion on whether or not students will be allowed to bring in "healthy" snacks like fruits or vegetables, and at this time we are still discussing it. Our overall goal is to try to limit how much unhealthy things our students are putting into their bodies throughout the day. I have seen everything from three boxes of Little Debbie Nutty Bars to a giant bag of M&M's being completely consumed during a study hall. I have also seen students come to school with two or three cans of energy drinks in their backpacks, and then finishing them off throughout the day. The school will continue to provide breakfast in the morning along with vending machines that dispense water, Gatorade, milk, flavored waters, as well as a snack machine, which is being revamped to meet the federal guidelines for snacks in schools, and of course lunch. Finally, one of the other things that this committee is looking into is providing non-competitive activities for students to participate in. Please be looking for these opportunities as we make them available. Please talk with your students about these new minor changes, with your help we hope to try and provide a healthier environment for student learning.

If you have any questions or concerns about any of the things mentioned, please don't hesitate to give me a call here at school, or feel free to stop by and visit with me. I would be more than happy to get to meet you and discuss any questions or concerns that you have.

Wishing you a Happy and Safe Holiday Season,

Adam Boettcher, 7-12 Principal/AD  
Franklin Public Schools

Wellness Committee Meeting  
Wednesday, December 18, 2013

Called to Order at 7:15 pm

Members Present: Adam Boettcher, Jan Weiss, Sandy Schegg, Mary Goebel, Kim Molzahn, Renee Schnuerle, Travis Tarman, Sara Roether, and Heather Easton (Dept. of Health)

Reviewed minutes from our October 9, 2013 meeting, and discussed the new January rule of no outside food and drinks being allowed into the building by students. Discussed that we need staff support of this rule, and that we need the staff to help police this rule. We also discussed that it might be important to make this a board policy at some point in the future.

Health Grant Overview - Presented by Travis, Sara, Renee, and Heather. They are looking at using the \$2000 grant that they have been rewarded to provide more aerobic exercises during PE, as well as get more equipment to help with this.

Discussed Ideas for our Goal of offering non-competitive physical activity for students before and/or after school. Two ideas were presented, and they are described below:

1. Walking Program - 30 minutes prior to the start of school or after school. Develop a program where students and teachers walk a certain designed path. As they complete certain distances the students are rewarded with little trinkets, as they are working their way walking the same distance as a marathon. If they reach the marathon distance then they are recognized in the paper, given a certificate, and so on. We can design this anyway we would like too, but thought that it would be a good program for K-12 students that show up on a regular basis between 7:15 and 7:30 am.
2. Catch Program - Presented by Heather Easton of the Department of Health
  - a. Grant Based Program that is an evidence based childhood obesity program. Would be free for us to do in the first year.
  - b. Targets students in grades 3-6.
  - c. Would be open to 25-40 third through sixth graders, and would be one day a week for eight weeks for an hour and a half after school
  - d. 30 minutes would be snack time (provided through the grant)
  - e. 30 minutes would be information on healthy living
  - f. 30 minutes would be physical activity.
  - g. There would be incentives for students to show up each of the eight weeks.
  - h. At the end of the eight weeks there would be a program with parents celebrating the completion of the program.
  - i. Mary Goebel volunteered to help out with this program. We would like to get 2-3, 7-12 grade students to help out with the program as well, and possibly an elementary teacher in grades 3-6.
  - j. We will plan to start the program on February 11th and it would last until April 1st.





**Billing Code: 3410-30-P**

**DEPARTMENT OF AGRICULTURE**

**Food and Nutrition Service**

**7 CFR Part 210**

**[FNS-2011-0025]**

**RIN 0584-AE15**

**Certification of Compliance with Meal Requirements for the National School Lunch Program under the Healthy, Hunger-Free Kids Act of 2010**

**AGENCY:** Food and Nutrition Service, USDA

**ACTION:** Final rule.

**SUMMARY:** This final rule adopts, with some revisions, changes to the National School Lunch Program (NSLP) regulations, as set forth in the interim final rule published in the Federal Register on April 27, 2012. The changes conform to requirements contained in the Healthy, Hunger-Free Kids Act of 2010 regarding performance-based cash assistance for school food authorities (SFAs) certified compliant with meal pattern and nutrition standards. The changes finalized in this rule include requiring State agencies to certify participating SFAs that are in compliance with meal pattern and nutrition standard requirements as eligible to receive performance-based cash assistance for each reimbursable lunch. This rule also finalizes the requirement in the interim final rule that State agencies disburse performance-based cash assistance to certified SFAs, and withhold the performance-based cash assistance from SFAs determined to be out of compliance with meal pattern or nutrition standards during a subsequent administrative review. Additionally, this final rule is adopting minor changes based on

comments on the interim final rule that will help to streamline the certification process. These changes include making permanent the flexibility that State agencies should consider any SFA compliant with the daily and weekly ranges for grain and meat/meat alternates if documentation is compliant with the daily and weekly minimums.

**DATES:** This final rule is effective [insert date 60 days after publication in the Federal Register].

**FOR FURTHER INFORMATION CONTACT:** Julie Brewer, Chief, Policy and Program Development Branch, Child Nutrition Division, FNS, 3101 Park Center Drive, Alexandria, Virginia 22302, or by telephone at (703) 305-2590.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

The Healthy, Hunger-Free Kids Act of 2010 (P. L. 111-296) (the HHFKA), enacted December 13, 2010, made significant changes to the meal pattern and reimbursement requirements for school breakfasts and lunches served in accordance with the Richard B. Russell National School Lunch Act (NSLA) (42 U.S.C. 1751 et seq.).

Section 201 of the HHFKA amended section 4(b) of the NSLA, 42 USC 1753(b), by requiring the Secretary to update the meal patterns and nutrition standards for the NSLP and School Breakfast Program (SBP) and to issue regulations requiring all SFAs to comply with the updated meal patterns and nutrition standards. On January 26, 2012, the Department issued a final rule, titled Nutrition Standards in the National School Lunch and School Breakfast

Programs (77 FR 4088). With some exceptions, the implementation date of that final rule was July 1, 2012.

Section 201 of the HHFKA also amended the NSLA to provide for additional payments in the form of performance-based reimbursement of 6 cents per lunch served beginning on October 1, 2012, in SFAs certified by the State agency to be in compliance with the updated meal patterns and nutrition standards.

In response to statutorily imposed effective dates established by section 201 of the HHFKA, the Department published an interim final rule on April 27, 2012 (77 FR 25024), which amended 7 CFR 210 to include criteria for the certification and validation processes and require State agencies to begin certifying SFAs beginning October 1, 2012. The interim final rule invited public comment for a 90-day period, beginning April 27, 2012 and ending July 26, 2012. During the comment period, FNS received 173 comments on the interim final rule: 117 comments from SFAs, 45 comments from advocacy organizations, 6 from individuals and 5 from State agencies.

## **II. Discussion of Public Comments and FNS Response**

Following an analysis of comments, this rule adopts, as final, the provisions of the interim final rule, with revisions as described below. The finalized provisions include the procedures for performance-based certifications, required documentation and timeframes, validation reviews, compliance and administrative reviews, reporting and recordkeeping, and technical assistance.

### Reporting and Recordkeeping

The interim final rule established at 7 CFR 210.5, requirements for State agencies to submit a quarterly report, as specified by FNS, detailing the disbursement of performance-based

reimbursements, including the total number of SFAs in the State, the names and locations of certified SFAs, and the total number of lunches earning the performance-based reimbursement for each month.

FNS received feedback from State agencies that some of this information would be particularly difficult and/or burdensome to report by SFAs. In an effort to reduce burden, FNS notified State agencies on January 22, 2013 in memorandum SP 31-2012 (<http://www.fns.usda.gov/cnd/governance/Policy-Memos/2012/SP31-2012osr3.pdf>), and later revisions, that FNS would collect on a quarterly basis, the total number of SFAs in the State and the names of certified SFAs.

Therefore, this rule finalizes this reporting change at 7 CFR 210.5(d)(2)(ii) to require that State agencies only include in this quarterly report the total number of SFAs in the State and the names of certified SFAs.

Additionally, FNS created the quarterly report as way to track the number of SFAs being certified throughout the country. FNS realizes that once all SFAs have been certified, the information reported on the quarterly report will become repetitive and will no longer be useful. Therefore, FNS will no longer require State agencies to submit the quarterly report once all SFAs in the State have been certified.

### Certification Process

The interim final rule established at 7 CFR 210.7, criteria for State agencies and SFAs to follow during the certification process. These criteria include requiring SFAs to submit to their State agency documentation demonstrating that they are in compliance with the new meal pattern and nutrition requirements. State agencies are then required to determine if SFAs are in

compliance with meal pattern and nutrition standard requirements, and if so, certify the SFA as eligible to receive the 6 cents performance-based cash assistance for each reimbursable lunch served (an additional 6 cents per lunch became available beginning October 1, 2012 and is adjusted annually thereafter). The interim final rule also required that State agencies disburse performance-based cash assistance to certified SFAs, and withhold the performance-based cash assistance from SFAs determined to be out of compliance with meal pattern or nutrition standards during subsequent administrative reviews.

Several commenters felt that the work required in the certification process was too burdensome for school food service directors. One common complaint was that SFAs that offer a wide variety of menu choices may be forced to limit their menus due to the difficulty with the certification process.

The certification process established in the interim final rule was intended to both meet the intent of the provision (that SFAs demonstrate compliance with the new meal pattern requirements) and impose a reasonable administrative burden on SFAs. FNS provided several training opportunities across the Nation to ensure that our State agency partners were well equipped to train local operators on the new certification process. Representatives from every State agency participated in at least one of these in-person trainings. In addition to in-person trainings, FNS conducted several webinars for both State agencies and SFAs on the certification process and on how to complete certification materials. Finally, FNS issued memoranda including a series of questions and answers related to the 6 cents certification process. Most recently, FNS issued SP 31-2012 (3rd Revision) on January 22, 2013, which included revised questions and answers on the certification process. The memorandum can be found at:

<http://www.fns.usda.gov/cnd/governance/Policy-Memos/2012/SP31-2012osr3.pdf>. FNS plans to continue to update the memorandum as more questions from States and SFAs are received.

Based on program data and other information from State agencies, 86 percent of SFAs nationwide have submitted certification materials as of the end of October 2013. By the end of September 2013, 80 percent of SFAs had been certified.

FNS is encouraged by these numbers and feels it demonstrates that a majority of SFAs have an understanding of the certification process. FNS continues to encourage State agencies to provide technical assistance and guidance to those SFAs not engaged in the certification process. Therefore, FNS will not be making changes to the requirements for the certification process in this final rule.

#### Maximums for Grains and Meats and Frozen Fruit with Added Sugar

As stated above, FNS established procedures for the certification process at 7 CFR 210.7. As part of the certification determination process, State agencies must evaluate whether documentation provided by SFAs (including menus, a menu worksheet measuring components and a nutrient analysis or assessment) is compliant with the updated meal pattern and nutrition requirements. This evaluation includes determining whether the SFA's menu meets the daily and weekly requirements for grains and meat/meat alternates.

Since implementation of the interim final rule, FNS has received feedback from both State agencies and SFAs about the certification process and the new meal pattern requirements in general. A frequent concern expressed by State and SFA partners was significant operational challenges in not exceeding the weekly maximum requirements for the grains and meats/meat

alternate components, particularly for SFAs with schools with multiple menu offerings and multiple serving lines during meal service.

SFAs reported that for both grains and meat/meat alternates, some popular products are not yet readily available from suppliers in the wide ranges of serving sizes needed to meet the grain and meat/meat alternate weekly maximum requirements. Additionally, SFAs have reported that they are experiencing challenges with student acceptability of new items and smaller servings of items on their menus.

In response to concerns, FNS issued SP 11-2013 on December 20, 2012 (<http://www.fns.usda.gov/cnd/governance/Policy-Memos/2013/SP11-2013os.pdf>), providing local operators with flexibility in meeting the weekly maximums for grains and meat/meat alternates for compliance purposes in School Year (SY) 2012-2013. The memorandum stated that State agencies should consider any SFA compliant with the weekly ranges for these two components if the FNS-developed or FNS-approved Certification Tool and required supporting documentation indicate the menu is compliant with the daily and weekly minimums. SFAs are still expected to fall within the weekly minimum and maximum ranges for calories. These flexibilities were extended to School Year 2013-14 in SP 26-2013, which was issued on February 25, 2013 (<http://www.fns.usda.gov/cnd/governance/Policy-Memos/2013/SP11-2013os.pdf>).

Feedback on the memoranda concerning flexibility for weekly maximum grains and meat/meat alternates has been overwhelmingly positive, and there have been numerous requests to further extend this change. This new flexibility for measuring compliance has had a meaningful impact on the certification process by making it less complicated for SFAs to be

certified as compliant with the new meal pattern. Allowing for more grain and meat/meat alternates has also increased student acceptability of the new meals they are being served.

Therefore, FNS is making this flexibility permanent by including it in this final rule at 7 CFR 210.7(d)(1). Because ongoing compliance with the meal patterns is assessed during administrative reviews, FNS is further extending this flexibility by including in the final rule at 7 CFR 210.18(g)(2)(vi). When conducting administrative reviews, State agencies should consider any SFA compliant with the weekly ranges for grains and meats if the weekly minimums are met. SFAs continue to be required to meet the weekly minimum and maximum range requirements for calories and the other dietary specifications.

In addition to concerns about the maximums for grains and meats, FNS received feedback from State and SFA partners concerning the requirement that frozen fruit served in the NSLP contain no added sugar.

Since 2009, USDA has reduced the amount of added sugars in frozen fruits offered to States; however most frozen strawberries, peaches and apricots offered by USDA currently contain added sugar. USDA has reached out to industry concerning reformulating these frozen fruits products to eliminate sugar completely, and industry has been working on this issue since publication of the meal pattern rule. Reformulating some products has been challenging because sugar acts as an important ingredient in maintaining fruit flavor, appearance, texture and storability of certain frozen fruits. In addition, research on substitute sweeteners has not been successful in maintaining the color, flavor or texture of the fruit being tested.

In response to these concerns, FNS issued SP 20-2012 on February 24, 2012 and a revised version on September 11, 2012 (<http://www.fns.usda.gov/cnd/governance/Policy-Memos/2012/SP20-2012osr.pdf>), providing SFAs the flexibility to continue to use frozen fruit

products containing added sugar through SY 2013-14. This was later expanded in SP 49-2013 issued on June 25, 2013, to include both lunch and breakfast through SY 2014-15 (<http://www.fns.usda.gov/sites/default/files/SP49-2013os.pdf>). In an effort to ease burden on program operators, this flexibility was applicable to all frozen fruit products.

Feedback on the memoranda has been positive with numerous requests to extend the flexibility for frozen fruit with added sugar. Thus far, research performed by several different processors for development of an acceptable no-sugar frozen fruit has resulted in an unacceptable product. Processors do not believe a short term solution is feasible as their research requires long term studies because many of the problems with frozen fruit do not develop until the products have been in storage for a reasonable time.

In addition to the challenges associated with processing frozen fruit without sugar, allowing SFAs to use frozen fruit with added sugar will make it less complicated for SFAs to meet meal pattern requirements, and also expand the types of frozen fruit allowable in school meals. It is also consistent with canned fruits since some added sugar is allowed in canned products. Additionally, the calorie limits for meals help preserve the integrity of the updated nutrition standards, as schools have to plan menus and select products carefully, including frozen fruit with added sugar, in order to be in compliance with the standards.

For those reasons, FNS is making this flexibility permanent by including it in this final rule at 7 CFR 210.7(d)(1)(iii)(B). Because ongoing compliance with the meal patterns is assessed during administrative reviews, FNS is further extending this flexibility by including it in the final rule at 7 CFR 210.18(g)(2)(vi). When conducting administrative reviews, State agencies should consider any SFA compliant with the meal pattern requirements even if the SFA serves frozen

fruit containing added sugar. This flexibility is also applicable to fruit offered in the School Breakfast Program.

### Training

Several comments from SFAs requested that FNS and State agencies provide training on the certification process, how to complete certification documentation, and allowable uses of administrative funds provided pursuant to amendments made by Section 201 of the HHFKA.

In recognition of the significance of changes necessitated by the new regulatory requirements, section 201 of the HHFKA amended section 4(b)(3)(F) of the NSLA authorizes the Secretary to provide up to \$47 million to States for each of two years to assist in the implementation of the updated meal patterns, including training, technical assistance, and conducting performance-based certifications. States are using these funds to provide trainings and technical assistance to SFAs.

To address comments about the effective use of section 201 administrative funds, FNS issued two guidance memoranda to provide additional information on allowable uses of these administrative funds. Most recently, on December 6, 2012, FNS issued SP 13-2013 (<http://www.fns.usda.gov/cnd/governance/Policy-Memos/2013/SP13-2013os.pdf>) which provided several best practices State agencies may consider in using these administrative funds to help SFAs implement the new meal pattern.

To support State agency efforts to provide technical assistance and training, FNS offered States the option of postponing administrative reviews for School Year 2012-13. By providing this flexibility, FNS expected State agencies to use this time to certify SFAs and train SFAs that need assistance in becoming certified.

In addition, since the publication of the interim final rule, FNS has conducted several in-person trainings across the Nation. The webinars will help ensure both State agencies and SFAs understand the certification process and how to complete and evaluate certification materials.

FNS will continue to provide technical assistance and guidance, as needed, but no changes will be made in this final rule in regards to training.

#### Non-discretionary Items

Several comments related to parts of the regulation over which FNS does not have discretion. Specifically, many comments indicated that 6 cents per lunch is insufficient to cover the costs associated with the new meal pattern requirements. The 6 cents per meal performance-based reimbursement was specifically established in the HHFKA; and therefore, FNS does not have discretion to increase the reimbursement rate. However, commenters should be aware that the HHFKA provided for annual adjustment to reflect changes in the cost of operating the meal programs, as indicated by the change in the series for food away from home of the Consumer Price Index for all Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor.

Several commenters felt that breakfast should not be included as part of 6 cents certification. However, as indicated in the preamble of the interim final rule, the statutory authority for the performance-based reimbursement requires that breakfast must be evaluated as part of the certification process. Further discussion of this issue is found in the Federal Register at 77 FR 25025.

## **IV. Procedural Matters**

### Executive Order 12866 and Executive Order 13563

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility.

This final rule has been designated an “economically significant regulatory action,” under section 3(f) of Executive Order 12866. Accordingly, the rule has been reviewed by the Office of Management and Budget.

### Regulatory Flexibility Act

This final rule has been reviewed with regard to the requirements of the Regulatory Flexibility Act of 1980 (5 U.S.C. 601-612). Pursuant to that review, it has been determined that this rule will not have a significant impact on a substantial number of small entities.

While there may be some SFA burden associated with initial certification for the performance-based reimbursement in this rule, the burden will not be significant and will be outweighed by the benefits of increased Federal reimbursement for school lunches.

### Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104-4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on

State, local, and tribal governments and the private sector. Under section 202 of the UMRA, the Department generally must prepare a written statement, including a cost/benefit analysis, for proposed and final rules with Federal mandates that may result in expenditures to State, local, or tribal governments, in the aggregate, or to the private sector, of \$100 million or more in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires the Department to identify and consider a reasonable number of regulatory alternatives and adopt the least costly, more cost-effective or least burdensome alternative that achieves the objectives of the rule. This rule does not contain Federal mandates (under the regulatory provisions of Title II of the UMRA) that impose costs on State, local, or tribal governments or to the private sector of \$100 million or more in any one year. This rule is, therefore, not subject to the requirements of sections 202 and 205 of the UMRA.

#### Executive Order 12372

The National School Lunch Program and School Breakfast Program are listed in the Catalog of Federal Domestic Assistance under No. 10.555 and 10.553. For the reasons set forth in the final rule in 7 CFR part 3015, Subpart V and related notice (48 FR 29115, June 24, 1983), this program is included in the scope of Executive Order 12372, which requires intergovernmental consultation with State and local officials. In developing this rule, FNS gathered input from State and local program operators, and other stakeholders, via listening sessions held at the School Nutrition Association Legislative Action Conference in March 2012, and at the School Nutrition Association Annual National Conference in July 2012. Additionally, FNS held a State agency meeting to discuss issues pertaining to the new meal pattern and certification in December 2012.

## Executive Order 13132

Executive Order 13132 requires Federal agencies to consider the impact of their regulatory actions on State and local governments. Where such actions have federalism implications, agencies are directed to provide a statement for inclusion in the preamble to the regulations describing the agency's considerations in terms of the three categories called for under section (6)(b)(2)(B) of Executive Order 13132.

### Prior Consultation with State Officials:

Prior to drafting this final rule, FNS staff received informal input from various stakeholders while participating in various State, regional, national, and professional conferences. The School Nutrition Association, the Center for Science in the Public Interest, and the American Dietetic Association shared their views about performance-based reimbursement. Numerous stakeholders, including State agencies and local program operators, also provided input at public meetings held by the School Nutrition Association.

### Nature of Concerns and the Need to Issue this Rule:

State agencies and SFAs want to provide the best possible school meals through the NSLP and SBP but are concerned about the costs and administrative burden associated with increased program oversight. While FNS is aware of these concerns, Section 4(b)(3)(D) of the Richard B. Russell National School Lunch Act, 42 U.S.C. 1753(b)(3)(D), requires that State agencies certify whether SFAs are in compliance with meal pattern and nutrition standards, and disburse performance-based reimbursement to eligible SFAs.

#### Extent to Which We Meet those Concerns:

FNS has considered the impact of this final rule on State and local program operators and has attempted to develop a rule that would implement the performance-based reimbursement in the most effective and least burdensome manner. FNS recognizes that implementing the new performance-based reimbursement certification process will require a significant effort on the part of State and local program operators. This final rule simplifies the certification process by allowing State agencies to consider any SFA compliant with the component requirements for grains and meat/meat alternates if the menu is compliant with the daily and weekly minimums for these components. Additionally, FNS has provided several trainings and guidance to ensure State agencies understand performance-based funding requirements and provide SFAs with the training and technical assistance needed to implement the improved school meal patterns. Finally, per the requirements of the HHFKA, FNS provided \$47 million to State agencies in fiscal years 2012 and 2013 to assist with meal pattern implementation, training, technical assistance, and performance-based certification activities. These funds are available for obligation by State agencies through September 2015.

#### Executive Order 12988

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is intended to have preemptive effect with respect to any State or local laws, regulations or policies which conflict with its provisions or which would otherwise impede its full implementation. This rule is not intended to have retroactive effect unless specified in the DATES section of the final rule. Prior to any judicial challenge to the provisions of this rule or the application of its provisions, all applicable administrative procedures must be exhausted.

### Civil Rights Impact Analysis

FNS has reviewed this rule in accordance with Departmental Regulations 4300-4, "Civil Rights Impact Analysis", and 1512-1, "Regulatory Decision Making Requirements." After a careful review of the rule's intent and provisions, FNS has determined that this rule is not intended to limit or reduce in any way the ability of protected classes of individuals to receive benefits on the basis of their race, color, national origin, sex, age or disability nor is it intended to have a differential impact on minority owned or operated business establishments, and woman-owned or operated business establishments that participate in the Child Nutrition Programs.

### Paperwork Reduction Act

FNS reduced the data required for the quarterly report associated with this final rule. In the interim rule, FNS required State agencies to submit a quarterly report detailing the disbursement of performance-based reimbursement, including the total number of SFAs in the State, the names and locations of certified SFAs, and the total number of lunches earning the performance-based reimbursement for each month. The burden estimate for this quarterly report was one hour. FNS received comments from State agencies that some of this information would be particularly difficult and/or burdensome to report by SFAs.

In an effort to reduce burden, this rule finalizes a reporting change at 7 CFR 210.5(d)(2)(ii) to require that State agencies only include in this quarterly report the total number of SFAs in the State and the names of certified SFAs. This reduces the estimated burden for State agencies from one hour per quarterly report to 15 minutes per quarterly report.

In accordance with the Paperwork Reduction Act of 1995, (44 U.S.C. Chapter 35), the information collection requirements have been previously approved by the Office of Management and Budget (OMB) and assigned OMB No. 0584-0567, Certification of Compliance with Meal Requirements for the National School Lunch Program Under the Healthy, Hunger-Free Kids Act of 2010.

#### E-Government Act Compliance

The Food and Nutrition Service is committed to complying with the E-Government Act, 2002 to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

#### Executive Order 13175 - Consultation and Coordination with Indian Tribal Governments

Executive Order 13175 requires Federal agencies to consult and coordinate with tribes on a government-to-government basis on policies that have tribal implications, including regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or distribution of power and responsibilities between the Federal government and Indian tribes.

FNS provides regularly scheduled quarterly consultation sessions as a venue for collaborative conversations with Tribal officials or their designees. The most recent Quarterly Consultation Conference Calls were coordinated by FNS and held on the following dates: November 2, 2011; February 29, 2012; May 2, 2012; August 29, 2012; February 13, 2013.

There were no comments about this regulation received during any of the aforementioned Tribal Consultation sessions. Reports from these consultations are part of the USDA annual

reporting on Tribal consultation and collaboration. FNS will respond in a timely and meaningful manner to Tribal government requests for consultation concerning this rule.

### Regulatory Impact Analysis Summary

As required for all rules that have been designated significant by the Office of Management and Budget, a Regulatory Impact Analysis (RIA) was developed for this final rule. The following is a summary of the RIA. The full RIA is included as an Appendix to this rule.

### Need for action

Section 201 of the Healthy Hunger-Free Kids Act of 2010 provides for a 6 cent per lunch performance-based reimbursement to SFAs that comply with the National School Lunch program (NSLP) and School breakfast Program (SBP) meal standards that took effect on July 1, 2012. This rule finalizes the interim rule's regulatory framework for establishing initial school food authority (SFA) compliance with the new meal standards and for monitoring ongoing compliance. In addition, the final rule makes minor changes to the interim rule that are intended to facilitate the certification of SFA compliance with the meal patterns.

### Benefits

The impact analysis for the interim rule estimated that full compliance with the new meal patterns would increase SFA revenues by more than \$300 million per year in the aggregate. The changes contained in the final rule are expected to facilitate compliance with the meal patterns, allowing SFAs to take full advantage of the additional revenue. Granting some flexibility on meat, grains, and frozen fruit is an effort by USDA to work with schools that are making serious efforts to comply with the rule's standards but are having some difficulty finding products that

have been resized or reformulated specifically to meet the requirements of the rule. To the extent that a little flexibility at the margins encourages schools to plan menus that meet the new standards, students benefit from receiving meals that comply with the new standards rather than receiving meals that do not comply with the new standards.

Even with the added flexibility, schools have to meet all of the meal patterns' minimum food group requirements and stay within its calorie maximums. The benefits to children who consume school meals that follow DGA recommendations are detailed in the impact analysis prepared for the final meal patterns rule.<sup>1</sup> As discussed in that document, the 2010 Dietary Guidelines Advisory Committee emphasizes the importance of a diet consistent with DGA recommendations as a contributing factor to overall health and a reduced risk of chronic disease.<sup>2</sup> The new meal patterns are intended not only to improve the quality of meals consumed at school, but to encourage healthy eating habits generally. Those goals of the meal patterns rule are furthered to the extent that this rule contributes to full compliance with the meal patterns by all SFAs.

Further, the changes adopted in the final rule are intended to facilitate SFA compliance with the meal pattern requirements and reduce State agency reporting and recordkeeping burden. By making permanent the flexibility on weekly maximum servings of grains and meat/meat alternates, and by allowing frozen fruit with added sugar to credit toward the meal pattern requirement for fruit, the final rule will make it easier for some SFAs to plan menus that comply with the meal pattern requirements. The effect of these provisions is to reduce the costs of

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<sup>1</sup> *Federal Register*, Vol. 77, No.17 pp. 4088-4167

<sup>2</sup> Report of the Dietary Guidelines Advisory Committee on the Dietary Guidelines for Americans, 2010, p. B1-2. (<http://www.cnpp.usda.gov/DGAs2010-DGACReport.htm>).

compliance for the small minority of SFAs that would otherwise not have been certified eligible to receive the performance-based 6 cent reimbursement by the end of SY 2013-2014, though we do not estimate those potential cost savings in this analysis.<sup>3</sup> The savings generated by reducing State agency reporting and recordkeeping burden is minimal.<sup>4</sup>

### Costs

These provisions will likely result in a small increase in cost to the Federal Government (as a result of a small number of schools receiving the performance-based reimbursement that might have otherwise not received it), though we expect this potential increase to fall within the cost range estimated for the interim final rule.<sup>5</sup>

### **List of Subjects in 7 CFR Part 210**

Grant programs-education; Grant programs-health; Infants and children; Nutrition; Penalties; Reporting and recordkeeping requirements; School breakfast and lunch programs; Surplus agricultural commodities.

Accordingly, the interim final rule published at 77 FR 25024 on April 27, 2012, is adopted as final with the following changes:

### **PART 210 – NATIONAL SCHOOL LUNCH PROGRAM**

1. The authority citation for part 210 continues to read as follows:

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<sup>3</sup> Since these provisions are options (not requirements) and because we have no data on how many schools might avail themselves of these options, we do not estimate those cost savings in this analysis.

<sup>4</sup> Although the relative burden decrease of 75% seems substantial, the absolute burden decrease (as measured in the dollar value of State agency staff time) is only about \$4,000 per year across the entire United States.

<sup>5</sup> *Federal Register*, Vol. 77, No. 82 pp. 25024-25036.

Authority: 42 U.S.C. 1751-1760, 1779.

2. Amend § 210.5 by revising paragraph (d)(2)(ii) to read as follows:

**§ 210.5 Payment process to States.**

\* \* \* \* \*

(d) \* \* \*

(2) \* \* \*

(ii) Each State agency shall also submit a quarterly report, as specified by FNS, detailing the disbursement of performance-based cash assistance described in § 210.4(b)(1). Such report shall be submitted no later than 30 days after the end of each fiscal year quarter. State agencies will no longer be required to submit the quarterly report once all SFAs in the State have been certified. The report shall include the total number of school food authorities in the State and the names of certified school food authorities.

\* \* \* \* \*

3. Amend §210.7 by redesignating paragraphs (d)(1)(iii) through (vii) as paragraphs (d)(1)(iv) through (viii) and adding a new paragraph (d)(1)(iii) to read as follows:

**§210.7 Reimbursement for school food authorities.**

\* \* \* \* \*

(d) \* \* \*

(1) \* \* \*

(iii) State agencies must review certification documentation submitted by the school food authority to ensure compliance with meal pattern requirements set forth in §210.10, §220.8, or §220.23, as applicable. For certification purposes, State agencies should consider any school food authority compliant:

(A) If when evaluating daily and weekly range requirements for grains and meat/meat alternates, the certification documentation shows compliance with the daily and weekly minimums for these two components, regardless of whether the school food authority has exceeded the maximums for the same components.

(B) If when evaluating the service of frozen fruit, the school food authority serves products that contain added sugar.

\* \* \* \* \*

3. Amend §210.18 by adding paragraph (g)(2)(vi) to read as follows:

**§210.18 Administrative reviews.**

\* \* \* \* \*

(g)\* \* \*

(2)\* \* \*

(vi) For purposes of paragraphs (g)(2)(i) through (v) of this section, State agencies should consider any school food authority compliant:

(A) If when evaluating daily and weekly range requirements for grains and meat/meat alternates, the documentation shows compliance with the daily and weekly minimums for these two components, regardless of whether the school food authority have exceeded the maximums for the same components.

(B) If when evaluating the service of frozen fruit, the school food authority serves products that contain added sugar.

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Kevin Concannon  
Under Secretary  
Food, Nutrition and Consumer Services

December 24, 2013  
Date

Note: The following appendix will not appear in the Code of Federal Regulations:

## **Appendix A**

### **Regulatory Impact Analysis**

- Agency:** Food and Nutrition Service
- Title:** Certification of Compliance with Meal Requirements for the National School Lunch Program under the Healthy, Hunger-Free Kids Act of 2010
- Nature of Action:** Final Rule
- Need for Action:** Section 201 of the Healthy Hunger-Free Kids Act of 2010 provides for a 6 cent per lunch performance-based reimbursement to SFAs that comply with the National School Lunch program (NSLP) and School Breakfast Program (SBP) meal standards that took effect on July 1, 2012. This rule finalizes the interim rule’s regulatory framework for establishing initial school food authority (SFA) compliance with the new meal standards and for monitoring ongoing compliance. In addition, the final rule makes minor changes to the interim rule that are intended to facilitate the certification of SFA compliance with the meal patterns.
- Affected Parties:** The programs affected by this rule are the NSLP and the SBP. The parties affected by this regulation are local school food authorities, State education agencies and the USDA.

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- VIII. Accounting Statement

## I. Background

The National School Lunch Program (NSLP) is available to over 50 million children each school day; an average of 31.6 million children per day ate a reimbursable lunch in fiscal year (FY) 2012. Schools that participate in NSLP receive Federal reimbursement and USDA Foods (donated commodities) for meals that meet program requirements.

Sections 4 and 11 of the Richard B. Russell National School Lunch Act (NSLA) govern the Federal reimbursement of school lunches. Reimbursement for school breakfasts is governed by Section 4(b) of the Child Nutrition Act. Reimbursement rates for both NSLP and SBP meals are adjusted annually for inflation under terms specified in Section 11 of the NSLA.

Federal reimbursement for program meals and the value of USDA Foods totaled \$14.9 billion in FY 2012. Table 1 summarizes FNS projections of reimbursable meals served and the value of Federal reimbursements and USDA Foods through FY 2017.

The baseline for this analysis is the cost estimate published with the interim final rule.<sup>6</sup>

### **Table 1: Projected Number of Meals Served and Total Federal Program Costs<sup>7</sup>**

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<sup>6</sup> *Federal Register*, Vol. 77, No. 82 pp. 25024-25036.

<sup>7</sup> USDA projections of reimbursable lunches and breakfasts served, and total NSLP and SBP program costs, prepared for the FY 2014 President's Budget. NSLP program cost includes entitlement commodity assistance, but is not adjusted for the projected additional amount necessary to bring total commodity assistance up to 12 percent of the combined value of the Section 4 and 11 reimbursements as required by NSLA section 6(e) (42 USC 1755(e)). Note that the estimate for the cost of NSLP as given in on p. 175 of the 2014 President's budget appendix does not include estimated entitlement commodity assistance, unlike Table 1. In addition, although the USDA projections in the FY 2014 President's Budget included the cost of the extra 6 cents per meal (and assumed that all meals served would be eligible for the extra 6 cents per meal), the projections presented here do not include the value of the 6 cents – instead, program costs are presented as if no meals receive the 6 cents reimbursement, to provide a basis for

(in billions)

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>NSLP</b>					
<b>Lunches Served</b>	5.3	5.4	5.4	5.4	5.5
<b>Program Cost</b>	\$12.3	\$12.6	\$12.7	\$12.9	\$13.0
<b>SBP</b>					
<b>Breakfasts Served</b>	2.3	2.4	2.4	2.5	2.5
<b>Program Cost</b>	\$3.6	\$3.8	\$4.0	\$4.1	\$4.2

Table 2 provides additional detail on the components of the school year (SY) 2012-2013 Federal reimbursement rates for lunches and breakfasts that meet program requirements. The figures in Table 2 exclude the 6 cents for meals that comply with the new meal patterns.

**Table 2: Federal Per-Meal Reimbursement and Minimum Value of USDA Foods, SY 2012-2013**

	Breakfast Reimbursement		Lunch Reimbursement					Minimum Value of Donated Foods
	Section 4(b) of Child Nutrition Act		Section 4 NSLA		Section 11 NSLA	Combined Reimbursement, NSLA Sections 4 & 11		
	Schools in "Severe Need"	Schools not in "Severe Need"	SFAs that serve fewer than 60% of lunches free or at reduced price	SFAs that serve at least 60% of lunches free or at reduced price		SFAs that serve fewer than 60% of lunches free or at reduced price	SFAs that serve at least 60% of lunches free or at reduced price	Additional Federal assistance for each NSLP lunch served
<b>Contiguous States</b>								
<b>Free</b>	\$1.85	\$1.55	\$0.27	\$0.29	\$2.59	\$2.86	\$2.88	\$0.2275
<b>Reduced Price</b>	1.55	1.25	0.27	0.29	2.19	2.46	2.48	0.2275
<b>Paid</b>	0.27	0.27	0.27	0.29	n.a.	0.27	0.29	0.2275
<b>Alaska</b>								
<b>Free</b>	\$2.97	\$2.48	\$0.44	\$0.46	\$4.19	\$4.63	\$4.65	\$0.2275
<b>Reduced Price</b>	2.67	2.18	0.44	0.46	3.79	4.23	4.25	0.2275
<b>Paid</b>	0.41	0.41	0.44	0.46	n.a.	0.44	0.46	0.2275
<b>Hawaii</b>								

comparison for the rest of the estimates in this RIA. The projected number of meals has changed from the estimated projections in the interim rule on account of updated projections provided in the 2014 President's Budget.

<b>Free</b>	\$2.16	\$1.81	\$0.32	\$0.34	\$3.03	\$3.35	\$3.37	\$0.2275
<b>Reduced Price</b>	1.86	1.51	0.32	0.34	2.63	2.95	2.97	0.2275
<b>Paid</b>	0.31	0.31	0.32	0.34	n.a.	0.32	0.34	0.2275

## II. Need for Action

Section 201 of the Healthy, Hunger-Free Kids Act of 2010 (HHFKA) directs the USDA to issue regulations to update the NSLP and SBP meal patterns to align them with the *Dietary Guidelines for Americans* (DGA). The Department published a proposed rule in January 2011.<sup>8</sup> A final rule was published on January 26, 2012.<sup>9</sup> The new standards took effect on July 1, 2012, the start of SY 2012-2013.

HHFKA Section 201 also provides for a 6 cent increase to the USDA reimbursement for lunches served on or after October 1, 2012 that meet the new meal standards. The interim rule provided the regulatory structure necessary to establish initial school food authority (SFA) compliance with the new meal standards and to monitor ongoing compliance. This final rule responds to concerns raised by comments given in response to the interim rule.

## III. Key Provisions of the Interim Rule

The interim rule included provisions that govern initial certification of SFA compliance with the breakfast and lunch meal patterns that took effect on July 1, 2012, ongoing monitoring of compliance by State agencies, consequences for non-compliance, and administrative responsibilities of SFAs and State agencies. SFAs began receiving an additional 6 cents for each

<sup>8</sup> *Federal Register*, Vol. 76, No. 9, pp. 2494-2570.

<sup>9</sup> *Federal Register*, Vol. 77, No. 17, pp. 4088-4167.

reimbursable lunch served on or after October 1, 2012 that was determined to comply with the new meal standards. Key provisions of the interim rule included:

- **Defining compliance:** SFAs must be compliant with breakfast and lunch meal pattern requirements to receive the performance-based 6 cent lunch reimbursement. All meal components must be present in appropriate quantities. The meals offered to students must also comply with sodium, calorie, saturated fat, and trans fat standards.
  
- **Initial certification of SFA eligibility for performance-based lunch reimbursement:** SFAs may be certified eligible for the performance-based lunch reimbursement in one of several ways. Procedures for submitting certification documentation will be developed by State agencies. Final certification decisions will also be made by State agencies. However, standards for certification and the materials used in the certification process will be developed by FNS and specified in guidance. The interim rule provided for the following certification methods:
  - i. Nutrient analysis: SFAs may submit to their State agency one week of each menu used by the SFA, along with the results of a nutrient analysis on each menu, and a menu worksheet.
  
  - ii. Practices and indicators documentation: SFAs may submit to their State agency responses to a series of questions on program operations, a week of each menu used by the SFA, and a menu worksheet.

iii. State agency reviews: SFAs may be certified in the process of a normal State agency administrative review. An SFA determined by the State agency to be compliant with all meal pattern and nutrient standards during an administrative review will be certified eligible for the performance-based lunch reimbursement.

iv. HealthierUS School Challenge: Individual schools that receive HealthierUS School Challenge awards after July 1, 2012 will be certified eligible for the performance-based lunch reimbursement without further action by the school or SFA.

- **Ongoing compliance:** SFAs must be held compliant with meal pattern and nutrient standards at subsequent State administrative reviews to remain eligible for the performance-based lunch reimbursement.
- **Consequences of non-compliance:** SFAs that are determined non-compliant with meal pattern or nutrient standards, either through State review of the SFAs' initial certification materials, or in an initial or future State administrative review, will not be eligible (or will lose eligibility) for the performance-based lunch reimbursement. State agencies that find SFAs to be non-compliant with meal pattern or nutrient standards must provide technical assistance and encourage SFA corrective action and re-application for certification.
- **State agency validation reviews:** State agencies must perform on-site validation reviews of a 25 percent random sample of certified SFAs during SY 2012-2013. Each validation review

can substitute for an administrative review that the State agency would otherwise have to perform during SY 2012-2013.

- **Federal assistance to State agencies:** HHFKA Section 201 provided \$50 million in each of the fiscal years 2012 and 2013 to assist States with training, technical assistance, certification, and oversight. As provided by HHFKA, the preamble to the interim rule specified that \$3 million would be retained for Federal administration and \$47 million would be distributed to the States in each of these 2 years.

#### **IV. Key Provisions of the Final Rule**

This rule finalizes the provisions of the interim rule, including the procedures for performance-based certifications, required documentation and timeframes, validation reviews, compliance and administrative reviews, reporting and recordkeeping, and technical assistance, with a few revisions:

- This final rule amends the reporting requirement at 7 CFR 210.5(d)(2)(ii) to require that State agencies only include in their quarterly SFA performance-based certification report the total number of SFAs in the State and the names of certified SFAs. This represents a simplification of the reporting requirement from the interim rule. The change formalizes the simplification previously adopted by USDA and communicated to State agencies through Policy Memo SP 31-2012.

- This final rule at 7 CFR 210.7(d)(1) makes permanent a flexibility in requirements for weekly maximum grains and meat/meat alternates as originally outlined in Policy Memo SP 26-2013 and the flexibility for serving frozen fruit with added sugar as originally outlined in Policy Memo SP 20-2012. These changes make it easier for SFAs to meet the requirements of the school meals rule, which is a prerequisite for certification for the performance-based reimbursement.

## **V. Addressing Comments on the Interim Rule and RIA**

The interim rule generated about 200 comments. As noted in the preamble to the final rule, most of the comments pertained to either the school meals rule (e.g., commented on the new meal patterns) or to statutory requirements as set forth in HHFKA (e.g., commented on whether 6 additional cents are sufficient to cover the costs of the new meal patterns). As this RIA does not address the school meals rule and as FNS has no discretion to change the statutory requirements of the rule, this RIA will not address those comments.

### **A. Concerns about State Administrative Costs**

A few comments raised concerns about the cost of the States' quarterly reporting requirement on SFA certification. These comments viewed the reporting requirements as overly burdensome.

In response to these concerns, FNS decreased the amount of information required from States in the quarterly report, as noted above. This change decreases the estimated time it takes one State to prepare and submit a quarterly certification report from one hour under the interim rule to 15

minutes under this final rule. These reports will no longer be required once all SFAs have been certified to receive the performance-based reimbursement.

**B. Concerns about Certification Costs**

A few comments raised concerns about State or SFA administrative costs to comply with the certification process and with a lack of adequate guidance and training of State agency officials by FNS. Other comments indicated that small SFAs do not have the staff resources, computers, or computer skills necessary to develop compliant menus or to complete the certification process. Some comments questioned whether the additional administrative costs are worth the additional 6 cent reimbursement, and they raised concerns about SFAs' abilities to meet certification requirements in a timely manner.

As noted in the preamble, FNS is encouraged by the number of SFAs that have already completed the certification process successfully. In October 2013, State agencies reported that, as of the end of June 2013, approximately 80 percent of all SFAs participating in the NSLP had submitted certification documentation to their respective State agency for review and certification, with more expected by the end of the school year. In addition, 90 percent of all lunches served in May 2013 received the extra 6 cent reimbursement.

With regard to the training provided to State agencies by FNS, we note that FNS led in-person training sessions with every State agency to assist them with the task of helping SFAs navigate the certification process. FNS also developed webinars, spreadsheet tools, documentation, and other training resources to assist State agencies and SFAs. All of these resources remain

available on the FNS website.<sup>10</sup> The spreadsheet tools, in particular, are intended to assist SFAs that may not have the time or resources to develop or purchase their own software.<sup>11</sup> FNS recognizes, however, that some SFAs may continue to have difficulty with the process despite these resources. FNS is committed to assisting those SFAs, and the State agency staff who are working with them, by answering additional questions on the certification process as we receive them. FNS also encourages the States to provide additional assistance to SFAs that have not yet submitted requests for certification.

The final rule does not, however, change the requirements in the certification process. Consequently, we also make no fundamental change in the RIA concerning the costs of certification, although we do provide updated estimates of the cost of the interim rule based on the most recent data available. Nevertheless, we note that the other major change between the interim and final rule (i.e., making permanent the flexibility for weekly maximum grains and meat/meat alternates as original outlined in Policy Memo SP 26-2013 and the flexibility for serving frozen fruit with added sugar as originally outlined in Policy Memo SP 20-2012) should make it easier for SFAs to comply with the school meals rule (a prerequisite to becoming certified), though this does not change the certification process itself. As discussed in the preamble and below in Section VI.A.1., we do not find that making permanent these flexibilities negatively impacts the nutritional profile of NSLP meals.

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<sup>10</sup> See [http://www.fns.usda.gov/outreach/webinars/child\\_nutrition.htm](http://www.fns.usda.gov/outreach/webinars/child_nutrition.htm) and <http://www.fns.usda.gov/cnd/Governance/Legislation/certificationofcompliance.htm>.

<sup>11</sup> Some comments indicated that the FNS-developed spreadsheet tools were difficult to work with. While FNS will not be changing the tool at this time, FNS has conducted several in-person trainings and webinars to assist State agencies and SFA having difficulties using the tools. Additionally, the FNS website lists other commercially available tools that SFAs may find more appropriate or helpful.

## **VI. Cost/Benefit Assessment**

### **A. Final Rule**

#### **1. Benefits**

The impact analysis for the interim rule<sup>12</sup> (and updated below) estimated that full compliance with the new meal patterns would increase SFA revenues by more than \$300 million per year in the aggregate. The changes contained in the final rule are expected to facilitate compliance with the meal patterns, allowing SFAs to take full advantage of the additional revenue. Granting some flexibility on meat, grains, and frozen fruit is an effort by USDA to work with schools that are making serious efforts to comply with the rule's standards but are having some difficulty finding products that have been resized or reformulated specifically to meet the requirements of the rule. To the extent that a little flexibility at the margins encourages schools to plan menus that meet the new standards, students benefit from receiving meals that comply with the new standards rather than receiving meals that do not comply with the new standards.

The benefits to children who consume school meals that follow DGA recommendations are detailed in the impact analysis prepared for the final meal patterns rule.<sup>13</sup> As discussed in that document, the 2010 Dietary Guidelines Advisory Committee emphasizes the importance of a diet consistent with DGA recommendations as a contributing factor to overall health and a reduced risk of chronic disease.<sup>14</sup>

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<sup>12</sup> *Federal Register*, Vol. 77, No. 82 pp. 25024-25036.

<sup>13</sup> *Federal Register*, Vol. 77, No.17 pp. 4088-4167

<sup>14</sup> Report of the Dietary Guidelines Advisory Committee on the Dietary Guidelines for Americans, 2010, p. B1-2. (<http://www.cnpp.usda.gov/DGAs2010-DGACReport.htm>).

The link between poor diets and health problems such as childhood obesity are a matter of particular policy concern given their significant social and economic costs. Obesity has become a major public health concern in the U.S., second only to physical activity among the top 10 leading health indicators in the United States Healthy People 2020 goals. According to data from the National Health and Nutrition Examination Survey 2007–2008, 34 percent of the U.S. adult population is obese and an additional 34 percent are overweight.<sup>15</sup>

The trend towards obesity is also evident among children; 33 percent of U.S. children and adolescents are now considered overweight or obese<sup>16</sup>, with current childhood obesity rates four times higher in children ages 6 to 11 than they were in the early 1960s (19 vs. 4 percent), and three times higher (17 vs. 5 percent) for adolescents ages 12 to 19.<sup>17</sup> These increases are shared across all socio-economic classes, regions of the country, and have affected all major racial and ethnic groups.<sup>18</sup>

Excess body weight has long been demonstrated to have health, social, psychological, and economic consequences for affected adults.<sup>19</sup> Recent research has also demonstrated that excess

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<sup>15</sup> C.L. Ogden and M.D. Carroll (2010), “Prevalence of Overweight, Obesity, and Extreme Obesity among Adults: United States, Trends 1976–1980 through 2007–2008,” National Center for Health Statistics, June 2010, as cited in *Food Labeling: Calorie Labeling of Articles of Food in Vending Machines*, NPRM (2011). Preliminary Regulatory Impact Analysis, Docket No. FDA-2011-F-0171.

<sup>16</sup> M.A. Beydoun and Y. Wang (2011), “Socio-demographic disparities in distribution shifts over time in various adiposity measures among American children and adolescents: What changes in prevalence rates could not reveal,” *International Journal of Pediatric Obesity*, 6:21-35, as cited in *Food Labeling: Calorie Labeling of Articles of Food in Vending Machines*, NPRM (2011). Preliminary Regulatory Impact Analysis, Docket No. FDA-2011-F-0171.

<sup>17</sup> Institute of Medicine (2007), *Progress in Preventing Childhood Obesity: How do we Measure Up? Committee on Progress in Preventing Childhood Obesity*, edited by J.P. Koplan, C.T. Liverman, V.I. Kraak, and S.L. Wisham, Washington, DC: The National Academies Press, p. 24.

<sup>18</sup> S.J. Olshansky, D. J. Passaro, R.C. Hershov, J. Layden, B.A. Carnes, J. Brody, L. Hayflick, R.N. Butler, D.B. Allison, and D.S. Ludwig (2005). “A Potential Decline in Life Expectancy in the United States in the 21st Century,” *The New England Journal of Medicine*, 352:1138-1145.

<sup>19</sup> J. Guthrie, C. Newman, and K. Ralston (2009), “USDA School Meal Programs Face New Challenges,” *Choices: The Magazine of Food, Farm, and Resource Issues*, 24 (available online at

body weight has negative impacts for obese and overweight children. Research focused specifically on the effects of obesity in children indicates that obese children feel they are less capable, both socially and athletically, less attractive, and less worthwhile than their non-obese counterparts.<sup>20</sup>

Further, there are direct economic costs due to childhood obesity; \$237.6 million (in 2005 dollars) in inpatient costs<sup>21</sup> and annual prescription drug, emergency room, and outpatient costs of \$14.1 billion.<sup>22</sup>

Childhood obesity has also been linked to cardiovascular disease in children as well as in adults. Freeman, Dietz, Srinivasan, and Berenson found that “compared with other children, overweight children were 9.7 times as likely to have 2 [cardiovascular] risk factors and 43.5 times as likely to have 3 risk factors” (p. 1179) and concluded that “[b]ecause overweight is associated with various risk factors even among young children, it is possible that the successful prevention and treatment of obesity in childhood could reduce the adult incidence of cardiovascular disease” (p. 1175).<sup>23</sup> It is known that overweight children have a 70 percent chance of being obese or

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<http://www.choicesmagazine.org/magazine/print.php?article=83>); and Y. Wang, M.A. Beydoun, L. Liang, B. Cabellero and S.K. Kumanyika (2008), “Will all Americans Become Overweight or Obese? Estimating the Progression and Cost of the US Obesity Epidemic,” *Obesity*, 16: 2323 – 2330.

<sup>20</sup> A. Riazi, S. Shakoor, I. Dundas, C. Eiser, and S.A. McKenzie (2010), “Health-related quality of life in a clinical sample of obese children and adolescents,” *Health and Quality of Life Outcomes*, 8:134-139.

<sup>21</sup> L. Trasande, Y. Liu, G. Fryer, and M. Weitzman (2009), “Trends: Effects of Childhood Obesity on Hospital Care and Costs, 1999-2005,” *Health Affairs*, 28:w751-w760.

<sup>22</sup> J. Cawley (2010), “The Economics of Childhood Obesity,” *Health Affairs*, 29:364-371, as cited in *Food Labeling: Calorie Labeling of Articles of Food in Vending Machines*, NPRM (2011). Preliminary Regulatory Impact Analysis, Docket No. FDA-2011-F-0171.

<sup>23</sup> D.S. Freeman, W.H. Dietz, S.R. Srinivasan, and G.S. Berenson (1999), “The Relation of Overweight to Cardiovascular Risk Factors Among Children and Adolescents: The Bogalusa Heart Study,” *Pediatrics*, 103:1175-1182.

overweight as adults. However, the actual causes of obesity have proven elusive.<sup>24</sup> While the relationship between obesity and poor dietary choices cannot be explained by any one cause, there is general agreement that reducing total calorie intake is helpful in preventing or delaying the onset of excess weight gain.

There is some recent evidence that food standards can improve children’s dietary quality:

- Taber, Chriqui, and Chaloupka compared calorie and nutrient intakes for California high school students—with food standards in place—to calorie and nutrient intakes for high school students in 14 States with no food standards.<sup>25</sup> They concluded that California high school students consumed fewer calories, less fat, and less sugar at school than students in other States. Their analysis “suggested that California students did not compensate for consuming less within school by consuming more elsewhere” (p. 455).

The consumption of fewer calories in school ‘suggests that competitive standards “...may be a method of reducing adolescent weight gain” (p. 456).

- A study of competitive food policies in Connecticut concluded that “removing low nutrition items from schools decreased students’ consumption with no compensatory increase at home.”<sup>26</sup>

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<sup>24</sup> ASPE, Health & Human Services (No Date), “Childhood Obesity,” Assistant Secretary for Planning and valuation, U.S. Department of Health & Human Services. Available online at [http://aspe.hhs.gov/health/reports/child\\_obesity](http://aspe.hhs.gov/health/reports/child_obesity).

<sup>25</sup> D.R. Taber, J.F. Chriqui, and F. J. Chaloupka (2012), “Differences in Nutrient Intake Associated With State Laws Regarding Fat, Sugar, and Caloric Content of Competitive Foods,” *Archives of Pediatric & Adolescent Medicine*, 166:452-458.

<sup>26</sup> M.B. Schwartz, S.A. Novak, and S.S. Fiore (2009), “The Impact of Removing Snacks of Low Nutritional Value from Middle Schools,” *Health Education & Behavior*, 36:999-1011, p. 999.

- Similarly, researchers for Healthy Eating Research and Bridging the Gap found that “[t]he best evidence available indicates that policies on snack foods and beverages sold in school impact children’s diets and their risk for obesity. Strong policies that prohibit or restrict the sale of unhealthy competitive foods and drinks in schools are associated with lower proportions of overweight or obese students, or lower rates of increase in student BMI.”<sup>27</sup>

Pew Health Group and Robert Wood Johnson Foundation researchers noted that the prevalence of children who are overweight or obese has more than tripled in the past three decades,<sup>28</sup> which is of particular concern because of the health problems associated with obesity. In particular, researchers found an increasing number of children are being diagnosed with type 2 diabetes, high cholesterol, and high blood pressure. These researchers further observed that children with low socioeconomic status and black and Hispanic children are at a higher risk of experiencing one or more of these illnesses (pp. 39–40, 56). Their analysis also noted that: [T]here is a strong data link between diet and the risk for these chronic diseases. Given the relationship between childhood obesity, calorie consumption, and the development of chronic disease risk factors at a young age, this report proposes that a national policy could alter childhood and future chronic disease risk factors by reducing access to certain energy-dense foods in schools. To the extent that the national policy results in increases in students’ total dietary intake of healthy foods and reductions in the intake of low-nutrient, energy-dense foods, it is likely to have a beneficial

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<sup>27</sup> Healthy Eating Research and Bridging the Gap (2012), “Influence of Competitive Food and Beverage Policies on Children’s Diets and Childhood Obesity,” p. 3. Available online at [http://www.healthyeatingresearch.org/images/stories/her\\_research\\_briefs/Competitive\\_Foods\\_Issue\\_Brief\\_HER\\_BTG\\_7-2012.pdf](http://www.healthyeatingresearch.org/images/stories/her_research_briefs/Competitive_Foods_Issue_Brief_HER_BTG_7-2012.pdf).

<sup>28</sup> Pew Health Group and Robert Wood Johnson Foundation (2012), *Health Impact Assessment: National Nutrition Standards for Snack and a la Carte Foods and Beverages Sold in Schools*. Available online at [http://www.pewhealth.org/uploadedFiles/PHG/Content\\_Level\\_Pages/Reports/KS%20HIA\\_FULL%20Report%20062212\\_WEB%20FINAL-v2.pdf](http://www.pewhealth.org/uploadedFiles/PHG/Content_Level_Pages/Reports/KS%20HIA_FULL%20Report%20062212_WEB%20FINAL-v2.pdf).

effect on the risk of these diseases. However, the magnitude of this effect would be proportional to the degree of change in students' total dietary intake, and this factor is uncertain (p. 68).

In summary, the most current, comprehensive, and systematic review of existing scientific research concluded that foods standards can have a positive impact on reducing the risk for obesity-related chronic diseases. Because the factors that contribute both to overall food consumption and to obesity are so complex, it is not possible to define a level of disease or cost reduction that is attributable to the changes in foods resulting from implementation of this rule. USDA is unaware of any comprehensive data allowing accurate predictions of the effect of increasing the flexibility in meeting certain dietary requirements by SFA's to certify compliance for the National program and subsequent changes in consumer choice and , especially among children. But to illustrate the magnitude of the potential benefits of a reduction in childhood obesity, based on \$237.6 million in inpatient costs and \$14.1 billion in outpatient costs, a one percent reduction in childhood obesity implies a \$143 million reduction in health care costs.

Some researchers have suggested possible negative consequences of regulating nutrition content in school foods. They argue that not allowing access to low nutrient, high calorie snack foods in schools may result in overconsumption of those same foods outside the school setting (although as noted earlier, Taber, Chriqui, and Chaloupka concluded overcompensation was not evident among the California high school students in their sample).

The new meal patterns are intended not only to improve the quality of meals consumed at school, but to encourage healthy eating habits generally. Those goals of the meal patterns rule are

furthered to the extent that this rule contributes to full compliance with the meal patterns by all SFAs.

The changes adopted in the final rule (summarized in Section IV) are intended to facilitate SFA compliance with the meal pattern requirements and reduce State agency reporting and recordkeeping burden. By making permanent the flexibility on weekly maximum servings of grains and meat/meat alternates, and by allowing frozen fruit with added sugar to credit toward the meal pattern requirement for fruit, the final rule will make it easier for some SFAs to plan menus that comply with the meal pattern requirements.<sup>29</sup>

The added flexibility on weekly maximum servings of grains and meat/meat alternates will benefit SFAs who may continue to rely on prepared foods or recipes that ensure compliance with daily and weekly minimum quantities but may exceed weekly maximums in some weeks. However, because the meal patterns' weekly calorie requirements remain in place, the added flexibility on grains and meat/meat alternates is unlikely to have a significant effect on the overall quantity of food served, the cost of acquiring that food, or the nutritional profiles of the meals served.

Allowing frozen fruit with added sugar to credit toward the meal patterns' fruit requirement also provides SFAs greater flexibility in purchasing foods for use in the school meal programs.

Permitting schools to make use of a wider range of currently available frozen fruit products may

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<sup>29</sup> As explained in this section and in the preamble to the rule, making permanent this flexibility does not compromise the nutritional profile of school meals. IOM's recommendations were to serve food in minimum amounts subject to maximum calorie limits; the additional flexibility allowed by these provisions is still subject to the maximum calorie limits for school meals.

reduce the administrative costs of finding and acquiring compliant foods for use in the meal programs. But, like the grains and meat/meat alternate provision, because the calorie limits are still in place, allowing added sugar in frozen fruit products will not undermine the updated nutrition standards.<sup>30</sup>

It is important to emphasize that menus developed by SFAs that are certified eligible for the additional 6 cent reimbursement must meet all of the minimum food group requirements contained in the final school meals rule, whether or not those SFAs take advantage of the added flexibilities of this rule. In addition, all SFAs are held to the same maximum calorie standards contained in the final school meals rule. Those standards are not meal-based. Instead, SFA compliance with the food group standards is assessed by comparing the weighted average amounts served across all meals served per day or in an entire week. Children in SFAs that are certified compliant under the modified standards of this rule will be served meals that satisfy the same minimum requirements as meals served in SFAs that were certified compliant under the original terms of the final school meals rule. Even in the absence of the flexibility added by this rule, the amount of meat and grains served in individual meals will vary significantly from the weighted average minimum and maximum amounts required over the course of a day or week. The changes in this rule recognize that additional flexibility on the upper end of the required range for meat and grains allows SFAs to use products that were formulated prior to the final school meal rule standards and to satisfy student demand. This rule does not offer SFAs a way to reduce the minimum amounts served from any of the food groups emphasized by the final school meal rule. And because this rule does not modify the final school meal rule's maximum

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<sup>30</sup> We note that, in SY 2009-2010, frozen fruit accounted for only 17% of the fruit used by US schools. See p. 83 of USDA/FNS, School Food Purchase Study III (2012). Available online at [http://www.fns.usda.gov/Ora/menu/Published/CNP/FILES/SFSP3III\\_Final.pdf](http://www.fns.usda.gov/Ora/menu/Published/CNP/FILES/SFSP3III_Final.pdf).

calorie requirements, the new flexibility is limited and does not weaken the school meal standards' focus on childhood obesity.<sup>31</sup>

The final school meal rule establishes a primarily food-based set of requirements; these are designed to comply with the recommendations of the DGAs regarding the consumption of a variety of foods from key food groups. The school meal rule sets just a handful of macronutrient standards (for calories, saturated fat, sodium, and trans fat). The changes contained in this rule require SFAs to serve meals that satisfy the same minimum requirements from each of the food groups identified in the final school meal rule without relaxing any of that rule's macronutrient standards. In short, this rule's additional flexibility, designed to make it marginally easier to meet compliance with the new meal standards.

Schools that adopt healthier food standards for their school lunch programs will improve the dietary intake for children at school and make it more likely that those students will have improved health outcomes. However, by allowing greater flexibility in meeting the school lunch dietary standards, it may be that some compliant SFAs relax their implementation of those guidelines somewhat.

USDA has not quantified what changes may result to the overall nutritional content of SFAs availing themselves of those flexibility provisions. There are relatively few SFAs (relative to the

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<sup>31</sup> The final rule's flexibility on sugar contained in frozen fruit is also constrained by the retention of the interim rule's calorie restrictions. Because the interim rule already allowed for added sugar in canned fruit, the final rule's modification of the frozen fruit standard is primarily a means to widen the selection of processed fruit available to SFAs under nutrient standards that are comparable to the standards already allowed under the interim rule for other processed fruit. In the absence of the final rule provision on frozen fruit with added sugar, SFAs remained free to serve canned fruit in light syrup rather fresh or processed fruit without added sugar.

total number of SFAs complying with school lunch dietary guidelines) that would significantly change the dietary composition of their school lunch program one way or the other. Those two effects (described above) are offsetting and so the net effects of these changes on the benefits to school children are likely to be marginal relative to the overall benefits afforded by the dietary standards.

Because of the macronutrient requirement is not adjusted, any resulting changes to the nutritional quality of the NSLP and SBP meals served by SFAs are expected to marginal, and so there would likely be few changes to the benefits to children relative to the final school meal rule or to the interim rule on certification for the 6 cent reimbursement.

## **2. Costs and Transfers**

The baseline for our estimate of the cost of the final rule is the estimate for the interim final rule, which we update below using the latest President's Budget projections and preliminary data on certifications for the performance-based reimbursement.

The provisions in the final rule will likely result in a small increase in cost to the Federal Government (as a result of a transfer of Federal funds in the form of additional performance-based reimbursements to a small number of schools receiving the performance-based reimbursement that might have otherwise not received it), though we expect this potential increase to fall within the cost range estimated for the interim final rule, as updated below.

The effect of the provisions in the final rule (i.e. increased flexibility on grains, meats, and frozen fruits with added sugar) is to reduce the costs of compliance for the small minority of SFAs that would otherwise not have been certified compliant with the new meal standards by the end of SY 2013-2014. The policy memos issued by FNS in September 2012 and February 2013 had already extended these provisions through the end of SY 2013-2014.

These provisions are essentially administrative efficiency measures that will reduce meal pattern compliance costs at the margin for some SFAs; the provisions are not expected to have a significant effect on food costs. Since these provisions are options (not requirements) and because we have no data on how many schools might avail themselves of either of these options, we do not estimate those cost savings in this analysis.

Given these assumptions about a phased certification process for some SFAs, the estimated cost of Federal performance-based reimbursements (and the value of additional SFA revenue) is \$1.54 billion through FY 2017 (1 percent less than the \$1.55 billion estimated with full implementation).

To the extent that the additional flexibilities afforded SFAs, this rule could result in marginally lower costs to SFAs relative to the interim final rule baseline. USDA has not quantified those changes as there are relatively few SFAs (relative to the total number of SFAs complying with school lunch dietary guidelines) that would significantly change the dietary composition of their school lunch program one way or the other.

The added flexibility on weekly maximum servings of grains and meat/meat alternates could benefit SFAs who may continue to rely on prepared foods or recipes that ensure compliance with daily and weekly minimum quantities but may exceed weekly maximums in some weeks. That provision may reduce the administrative costs of meal planning for some SFAs, and may reduce the costs associated with modifying recipes or finding new prepared foods in the market with slightly different formulations than products currently purchased.

Because the flexibility on grains, meat/meat alternates, and frozen fruit had previously been extended by FNS through SY 2013-2014, the effect of these provisions on the initial certification of SFAs for the performance-based reimbursement is expected to be very small. Administrative data on certifications approved or pending through May 2013 indicate that only a small minority of SFAs are likely to remain uncertified by the end of SY 2013-2014. For those SFAs, these provisions may help reduce the costs of certification after that time.<sup>32</sup> For all other SFAs, these provisions will make it marginally easier to maintain compliance with daily and weekly meal pattern requirements, a necessary condition for continued receipt of the performance-based reimbursement. We expect these provisions to generate a small but uncertain cost savings for SFAs through a small reduction in SFA compliance costs.

The rule also finalizes the change in State agency quarterly reporting requirement on SFA certification. That change, previously adopted through Policy Memo SP-31-2012, reduces

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<sup>32</sup> As we note above, approximately 80 percent of SFAs had submitted documentation to their respective State agencies for review and certification as of June 2013. Administrative data also show that many SFAs are being certified retroactively as the processing of applications and approval of certification requests catch up with SFAs' documented compliance with the new meal patterns. With or without the changes contained in the final rule, State agency technical assistance will likely concentrate on this subset of uncertified SFAs during SY 2013-2014. Those efforts are likely to substantially reduce the number of non-certified SFAs by the end of SY 2013-2014. It is that remaining subset of SFAs that may benefit most from the permanent extension of the grains, meat/meat alternate, and frozen fruit policy changes contained in the final rule.

quarterly State agency reporting burden to an estimated 15 minutes per quarter per State agency.<sup>33</sup> The last change, contained in the preamble to the final rule, will eliminate the requirement that State agencies submit quarterly reports on SFA certification for the performance-based rate increase once all SFAs have been certified. The administrative savings from this provision is minimal.<sup>34</sup>

## **B. Updated Analysis of Interim Rule Effects**

The analysis provided below updates a similar analysis prepared for the interim rule impact analysis.<sup>35</sup> We update the figures here using data on actual SFA certifications that were not available when the interim rule was published in April 2012, as well as new financial and participation projections provided in the 2014 President's Budget. The data collected since April 2012 allows for a more precise estimate of SFA certifications and receipt of performance-based reimbursements in FY 2013 and projections for fiscal years 2014 through 2017. This analysis is presented for the information of those interested in the effects of the rule on SFAs, State agencies and USDA. It provides estimates of the economic impact of the rule overall, not just the incremental effects of the final rule.

Two estimates are provided in recognition of the uncertainty of how quickly SFAs will be determined compliant with the new meal standards and, therefore, how soon they will be eligible for the performance-based rate increase. Data available as of October 2013 shows that 73% of

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<sup>33</sup> Estimate developed for Paperwork Reduction Act reporting and contained in the preamble to the rule. Because this change was already adopted by USDA through a policy memo, the reduction in burden for State agencies is part of our baseline, and the formalization of that policy by the final rule does not further reduce State agency reporting costs.

<sup>34</sup> Although the relative burden decrease of 75% seems substantial, the absolute burden decrease (as measured in the dollar value of State agency staff time) is only about \$4,000 per year across the entire United States.

<sup>35</sup> *Federal Register*, Vol. 77, No. 82 pp. 25024-25036.

meals served in FY2013 have been certified for the performance-based reimbursement as of July 2013, with 90% of meals served in May 2013 certified as of July 2013. Given the rate of retroactive certification of SFAs and meals, our upper bound (primary) estimate assumes that all SFAs will be certified by the end of FY 2013 and that 80% of the lunches served in FY 2013 will eventually be certified to receive the additional 6 cent reimbursement.

As of October 2013, administrative data that indicate that 80 percent of SFAs had been certified or had submitted certification documentation to their respective State agency for review and certification by the end of June 2013. It assumes that the remaining 20 percent of SFAs will be certified (or certified retroactively) in the remaining months of the fiscal year. Administrative data also indicate that 90 percent of meals served in May 2013 qualified for the extra 6 cent reimbursement, and that many SFAs are being certified retroactively as the processing of applications and approval of certification requests catch up with SFAs' documented compliance with the new meal patterns.<sup>36</sup>

Our alternate scenario relies on administrative data on certifications through the first several months of SY 2012-2013 to estimate the revenues and costs of a phased implementation that assumes full compliance during FY 2014. For both estimates, we assume that 80% of the meals served in FY 2013 will qualify for the additional 6 cent reimbursement; in the alternate estimate, we assume 95% of meals will qualify in FY 2014, and 100% will qualify in FY 2015 and beyond. In addition, in this second scenario we assume that roughly 90 percent of SFAs will be found compliant by the end of FY 2013, or certified compliant retroactively to the start of FY

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<sup>36</sup> I.e., the number of meals certified for the performance-based reimbursement in the early months of the school year increases with each additional month of administrative data reported by the States.

2014. We further assume that the remaining 10% of SFAs will be certified sometime during FY 2014, and that 95% of FY 2014 lunch reimbursements will include the performance-based 6 cents. We assume that 100 percent of SFAs (and, consequently, 100 percent of meals) will be certified to receive the performance-based reimbursement in FY 2015 and beyond.

**Table 3: Summary of Revenue and Cost Impact, Updated Estimate for Interim Rule, FY 2013-2017<sup>37</sup>**  
(millions)

	Fiscal Year					Total (FY 2013-2017)
	2013	2014	2015	2016	2017	
<b>Upper bound (primary) estimate</b>						
<b>SFAs and State agencies</b>						
SFA revenue (NSLP reimbursements)	\$255.3	\$321.3	\$323.3	\$325.4	\$327.6	<b>\$1,553.0</b>
Federal transfer to States for technical assistance	47.0	0.0	0.0	0.0	0.0	<b>\$47.0</b>
State agency and SFA reporting and recordkeeping	-2.9	**	**	**	**	<b>-\$2.9</b>
<b>Federal</b>						
Technical assistance to States	-\$50.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>-\$50.0</b>
NSLP reimbursements	-255.3	-321.3	-323.3	-325.4	-327.6	<b>-\$1,553.0</b>
<b>Alternate estimate</b>						
<b>SFAs and State agencies</b>						
SFA revenue (NSLP reimbursements)	\$255.3	\$305.2	\$323.3	\$325.4	\$327.6	<b>\$1,536.9</b>
Federal transfer to States for technical assistance	47.0	0.0	0.0	0.0	0.0	<b>\$47.0</b>
State agency and SFA reporting and recordkeeping	-2.5	-0.4	**	**	**	<b>-\$2.9</b>
<b>Federal</b>						
Technical assistance to States	-\$50.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>-\$50.0</b>
NSLP reimbursements	-255.3	-305.2	-323.3	-325.4	-327.6	<b>-\$1,536.9</b>

<sup>37</sup> We note that the estimates in this table are largely consistent with the estimates published with the interim rule; the main differences are caused by (1) the exclusion of FY 2012 and the inclusion of FY 2017 in the above table, and (2) a small downward revision in the estimated number of lunches served in future Fiscal Years, resulting in an decrease in estimated Federal transfers to SFAs for reimbursable lunches. We also note that the 2014 President's Budget likely overstates the final number of lunches that will be served in FY2013, but we use the 2014 President's Budget as our basis of analysis for consistency's sake, both for internal consistency and consistency with past estimates.

\*\* Estimated at less than \$50,000.

Note: Positive values indicate increase in revenues; negative values indicate increase in costs.

## **1. Methodology**

The estimated increase in the Federal cost of NSLP reimbursements is a straightforward calculation of the number of meals that are certified in compliance with the new meal standards times 6 cents (adjusted for inflation). This approach applies the additional 6 cents to USDA's baseline projection of lunches. The 6 cents is subject to the same inflation adjustment applied to the Section 4 and Section 11 components of the lunch reimbursement, rounded down to the nearest cent.<sup>38</sup> The interim rule inflates the 6 cents separately from the Section 4 or Section 11 rates. Given our projected increase in the CPI Food Away from Home, we estimate that the 6 cents will remain unchanged through FY 2017.<sup>39</sup>

### Full Implementation by October 1, 2013

If all SFAs are certified eligible for the performance-based 6 cent lunch rate increase as of October 1, 2013 (as assumed in the primary estimate), then the Federal cost and SFA revenue increase from FY 2013 through FY 2017 would total about \$1.55 billion. This upper bound estimate (our primary estimate) assumes full compliance with the new breakfast and lunch meal patterns' food group and nutrient requirements by the start of (or retroactive to the start of) SY 2013-2014.

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<sup>38</sup> The fractional cents are not lost; they are added back to the base rate before applying the next year's inflation adjustment.

<sup>39</sup> The CPI Food Away From Home Index is the factor specified by NSLA Section 11 to adjust the reimbursement rates for school lunch and breakfast. Our projected values for this index are those prepared by OMB for use in the 2014 President's Budget.

The added revenue will be distributed across SFAs in proportion to the number of reimbursable lunches served. Because students eligible for free or reduced-price meals participate in the school meals programs at higher rates than other students, revenue per enrolled student will tend to be higher in SFAs with the greatest percentage of free and reduced-price certified students. However, eligibility for free or reduced price meals is not the only factor that impacts student participation in the NSLP. Other factors that vary by SFA include the distribution of students by grade level, prices charged for paid lunches, availability of offer vs. serve (in elementary and middle schools), the variety of entrees offered, and school geography.<sup>40</sup>

The data available do not allow us to account for each of those variables here. Instead we estimate the distribution of revenue across SFAs under the assumption that revenue is proportional to enrollment. Table 4 provides estimated revenue distributions across SFAs by SFA size, geography, and incomes of enrolled students.<sup>41</sup>

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<sup>40</sup> *School Nutrition Dietary Assessment Study-III*, Vol. 2, Table IV.2. Mathematica Policy Research, Inc. for U.S. Department of Agriculture, Food and Nutrition Service, 2007. Available online at <http://www.fns.usda.gov/ora/MENU/Published/CNP/cnp.htm>.

<sup>41</sup> Table 4 is based on SY 2009-2010 data for public local educational agencies (LEAs) from the Common Core of Data, U.S. Department of Education, National Center for Education Statistics. <http://nces.ed.gov/ccd/>. LEA and SFA boundaries are generally the same, but do vary in some instances.

**Table 4: Estimated Distribution of Additional Revenue from Performance-Based Rate Increase<sup>42</sup>**

	Percent of Students	Share of New Revenue: Primary Estimate, FY 2013-17 (if proportional to enrollment)
<b>LEA enrollment</b>		
1 - 500	3%	\$42.8
501 - 1,000	4%	62.3
1,001 - 2,500	11%	172.4
2,501 - 5,000	14%	223.4
5,001 - 10,000	15%	229.8
10,001 - 25,000	19%	290.0
25,001 - 50,000	15%	226.2
50,001 +	20%	306.3
All	100%	\$1,553.0
<b>Census region</b>		
Northeast	16%	\$251.8
Midwest	21%	332.7
South	37%	581.7
West	24%	370.6
Territories	1%	16.2
All	100%	\$1,553.0
<b>Urbanicity</b>		
City	31%	\$479.5
Suburb	38%	584.8
Town	12%	183.3
Rural	20%	305.4
All	100%	\$1,553.0
<b>Percent of enrollment certified for free or reduced price school meals</b>		
0.0 - 19.9 %	14%	\$218.2
20.0 - 39.9 %	23%	361.1
40.0 - 59.9 %	33%	507.6
60.0 - 79.9 %	23%	350.5
80.0 - 100.0 %	7%	115.5
All	100%	\$1,553.0

<sup>42</sup> The distribution of States by Census region was taken from [http://www.census.gov/geo/www/us\\_regdiv.pdf](http://www.census.gov/geo/www/us_regdiv.pdf). The territories included here are Puerto Rico, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

The urbanicity categories are U.S. Department of Education, National Center for Education Statistics “urban-centric local codes.” “City” is any territory, regardless of size, that is inside an urbanized area and inside a principal city. “Suburb” is any territory, regardless of size, inside an urbanized area but outside a principal city. “Town” is a territory of any size inside an urban cluster but outside an urbanized area. “Rural” is a Census-defined rural territory outside both an urbanized area and an urban cluster. These definitions are contained in documentation for the SY 2009-2010 Common Core of Data, <http://nces.ed.gov/ccd/>.

Percent of enrollment certified for free or reduced-price meals is also an NCES Common Core of Data variable.

### Phased Implementation Within 2 Years

As we note above, State agencies reported in October 2013 that more than 80 percent of all SFAs participating in the NSLP had submitted certification documentation to their respective State agency for review and certification by the end of June 2013, and that 90 percent of meals qualified for the higher reimbursement in May. Administrative data also show that many SFAs are being certified retroactively as the processing of applications and approval of certification requests catch up with SFAs' documented compliance with the new meal patterns. Consequently, we feel comfortable assuming for this alternate analysis that roughly 90 percent of SFAs will be found compliant by the end of FY 2013, or certified compliant retroactively to the start of FY 2014.

We further assume that the remaining 10% of SFAs will be certified sometime during FY 2014, and that 95% of FY 2014 lunch reimbursements will include the performance-based 6 cents. We assume that 100 percent of SFAs (and, consequently, 100 percent of meals) will be certified to receive the performance-based reimbursement in FY 2015 and beyond.

Given these assumptions about a phased certification process for some SFAs, the estimated cost of Federal performance-based reimbursements (and the value of additional SFA revenue) is \$1.54 billion through FY 2017 (1 percent less than the \$1.55 billion estimated with full implementation).

## **2. Administrative costs**

Our updated estimate of administrative costs differs only slightly from the estimate published with the interim final rule.<sup>43</sup> The only change is a slight shifting in when certification expenses were incurred (or are estimated to be incurred), based on administrative data on certifications received after publication of the interim rule, as well as accounting for additional wage inflation.

As most SFAs submitted documentary materials in FY 2012 or FY 2013, most of the cost of this administrative burden was realized in those years, and we note that FY 2012 is not subject to this formal cost analysis. States reported 23.4 percent of SFAs were certified to receive the performance-based reimbursement for October 2012 and therefore incurred certification costs in FY2012. For purposes of our primary analysis, we assume that the remaining 76.6 percent did so by the end of FY 2013 (as described above, we currently only have data through June 2013).

Based on this updated information on when certifications occurred, we estimate in our primary estimate that State agency and SFA administrative costs associated with the rule totaled \$3.7 million across FY 2012 and FY 2013 if all SFAs were determined compliant with the new meal standards based on an initial submission of SFA documentation. \$2.9 million of these costs were realized in FY 2013 and are therefore included in the tables above. The ongoing burden created by reporting and recordkeeping requirements are not expected to be appreciably higher than they were before the implementation of the interim rule.

Under our alternate scenario, we assume that an additional 66.6 percent of SFAs submitted documentation by the end of FY 2013 and that the remaining 10 percent of SFAs did not submit

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<sup>43</sup> *Federal Register*, Vol. 77, No. 82 pp. 25024-25036.

applications to their State agencies in FY 2013.<sup>44</sup> For this estimate, we assume that these SFAs will take the steps necessary to reach compliance in FY 2014, and will submit documentation to their State agencies in that fiscal year, so those certification costs for both the States and remaining SFAs are realized in FY 2014.

Administrative costs will be similar, but will be spread over two years under our alternate scenario of less than 100 percent SFA compliance with the new standards by the start of SY 2013-2014. The cost of preparing and processing initial certification claims in FY 2012 and FY 2013 by 90 percent of SFAs will equal \$3.4 million, of which \$2.5 million was realized in FY 2013. The cost of submitting and processing the remaining claims will equal \$0.4 million in FY 2014.

Due to inflation, SFAs and State agencies that submit or process documentation in FY 2014 will face slightly higher labor costs than those that submitted documentation in prior fiscal years, though this cost increase is too small to appear in our tables at the level of detail presented.

### **3. Uncertainties**

The most significant unknown in this analysis is the length of time it will take all SFAs to reach full compliance. Our primary revenue and cost estimate developed in the previous section

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<sup>44</sup> Our alternate estimate of Federal reimbursements in Section V.B. assumes that 90 percent of SFAs will be certified compliant by the start of FY 2014, or retroactively back to the start of FY 2014. That allows for the possibility that fewer than 90 percent of SFAs will submit applications for certification before the end of FY 2013. For the sake of simplicity, we assume in the alternative administrative cost section of this analysis that 90 percent of applications for certification are submitted before the end of FY 2013.

assumes full compliance by October 2013.<sup>45</sup> Our alternate estimate assumes that 10 percent of SFAs are certified compliant with the rule sometime in FY 2014.

Because the economic effects are essentially proportionate to the level of SFA compliance, the effects of more or less optimistic scenarios can be estimated by scaling the effects of our alternate scenario upward or downward by the assumed rates of initial and future year compliance.

Another important unknown is the student response to the introduction of new meal patterns. Although the introduction of healthier meals may attract new participants to the school meals program, the replacement or reformulation of some favorite foods on current school menus may depress participation, at least initially. As we did in the impact analysis for the school meal patterns rule, we provide alternate estimates given a 2 percent increase and a 2 percent decrease in student participation. The estimates shown here are simply 2 percent higher (or lower) than our estimates in Table 3. That is, we estimate the effect of changes in student participation on the value of the performance-based rate increase alone.

Changes in participation would also affect the current Section 4 and Section 11 reimbursements and student payments for paid and reduced price lunches. Because those effects are not a consequence of the 6 cent rate increase, but rather a consequence to the change in the content of the meals served, we exclude them from Table 5.

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<sup>45</sup> Note that, even though this RIA was most recently revised in October 2013, data were only available through June 2013.

Table 5 does not show the effects on administrative costs (reporting and recordkeeping by State agencies and SFAs, and the technical assistance funds transferred by the Federal government to the States). Those are unchanged from Table 3.

**Table 5: Alternate Revenue and Cost Impacts (in millions)**

	Fiscal Year					Total (FY 2013-2017)
	2013	2014	2015	2016	2017	
<b>2 Percent Increase in Student Participation</b>						
<b>Full Implementation</b>						
SFA revenue (NSLP reimbursements)	\$260.5	\$327.7	\$329.8	\$332.0	\$334.1	<b>\$1,584.0</b>
<b>Phased Implementation</b>						
SFA revenue (NSLP reimbursements)	\$260.5	\$311.3	\$329.8	\$332.0	\$334.1	<b>\$1,567.6</b>
<b>2 Percent Decrease in Student Participation</b>						
<b>Full Implementation</b>						
SFA revenue (NSLP reimbursements)	\$250.2	\$314.8	\$316.9	\$318.9	\$321.0	<b>\$1,521.9</b>
<b>Phased Implementation</b>						
SFA revenue (NSLP reimbursements)	\$250.2	\$299.1	\$316.9	\$318.9	\$321.0	<b>\$1,506.2</b>

#### 4. Benefits

The interim rule will result in a transfer from the Federal government to SFAs of as much as \$1.55 billion through FY 2017 to implement the new breakfast and lunch meal patterns that took effect on July 1, 2012. The Federal cost is fully offset by an identical benefit to SFAs and State agencies.

The interim rule generates significant additional revenue for SFAs that partially offset the additional food and labor costs to implement the improved meal standards more fully aligned with the *Dietary Guidelines for Americans*. For example, USDA previously estimated that the improved meal standards would cost an additional \$1,220.2 million in FY 2015 (the first year in which the new standards are fully implemented).<sup>46</sup> The rule will generate \$323.3 million in additional SFA revenue in the same fiscal year, helping school districts cover about 26% of this additional cost. USDA has also estimated that the paid lunch pricing and non-program food revenue provisions of HRFKA sections 205 and 206 will generate \$7.5 billion in revenue for SFAs through FY 2015.<sup>47</sup> In the aggregate, therefore, these provisions provide a net gain in SFA revenue that exceeds the estimated cost of serving school meals that follow the *Dietary Guidelines*.

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<sup>46</sup> *Federal Register*, Vol. 77, No.17 pp. 4088-4167

<sup>47</sup> USDA estimate contained in the regulatory impact analysis for the interim rule, "National School Lunch Program: School Food account Revenue Amendments Related to the Healthy, Hunger-Free Kids Act of 2010." *Federal Register* Vol. 76, No. 117, pp. 35301-35318

The benefits to children who consume school meals that follow DGA recommendations is detailed in the impact analysis prepared for the final meal patterns rule.<sup>48</sup> As discussed in that document, the 2010 Dietary Guidelines Advisory Committee emphasizes the importance of a diet consistent with DGA recommendations as a contributing factor to overall health and a reduced risk of chronic disease.<sup>49</sup> The new meal patterns are intended not only to improve the quality of meals consumed at school, but to encourage healthy eating habits generally. Those goals of the meal patterns rule are furthered by the funding made available by this final rule.

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<sup>48</sup> *Federal Register*, Vol. 77, No.17 pp. 4088-4167

<sup>49</sup> Report of the Dietary Guidelines Advisory Committee on the Dietary Guidelines for Americans, 2010, p. B1-2. (<http://www.cnpp.usda.gov/DGAs2010-DGACReport.htm>).

## VII. Alternatives

The substantive differences between the interim and final rules are:

1. decreasing the amount of information required in the States' quarterly certification reports and clarifying that the reports need not be submitted once all SFAs are certified for the performance-based reimbursement; and
2. making permanent the increased flexibility for SFAs regarding weekly maximum grains and meat/meat alternates and the serving of frozen fruit with added sugar.

These changes all decrease the administrative and/or compliance burden on States and SFAs and/or increase the flexibility for SFAs in serving lunches and breakfasts that comply with the school meal patterns, thereby decreasing costs to States and SFAs. The primary alternative considered in the course of developing the final rule was not to make these changes.

We do not provide a separate cost estimate for this “doing nothing” alternative because the decrease in burden associated with the shorter quarterly reports for States is small<sup>50</sup> (less than \$50,000 per year) and because the additional transfers possibly attributable to the increase in flexibility to SFAs are likely within the cost estimate range published with the interim rule<sup>51</sup> and updated above.

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<sup>50</sup> Furthermore, we do not estimate any Federal administrative savings as a result of the shorter quarterly reports.

<sup>51</sup> *Federal Register*, Vol. 77, No. 82 pp. 25024-25036.

## VIII. Accounting Statement

As required by OMB Circular A-4 (available at [http://www.whitehouse.gov/sites/default/files/omb/assets/regulatory\\_matters\\_pdf/a-4.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/regulatory_matters_pdf/a-4.pdf)), we have prepared an accounting statement showing the annualized estimates of benefits, costs and transfers associated with the provisions of this final rule.

The figures in the accounting statement are the estimated discounted, annualized costs and transfers of the rule. The figures are computed from the nominal 5-year estimates developed above and summarized in Table 3. The accounting statement contains figures computed with 7 percent and 3 percent discount rates for both our upper bound (primary) estimate and our alternate estimate.

Note that we only provide an accounting statement for the final rule, not for the interim rule (as the interim rule was the baseline for our cost analysis for the final rule). As noted in the above analysis, any possible changes in costs or transfers attributed to the final rule are small and are likely within the cost estimate range published with the interim rule and updated above.

### Illustration of computation:

The annualized value of this discounted cost stream over FY 2013-2017 is computed with the following formula, where PV is the discounted present value of the cost stream,  $i$  is the discount rate (e.g., 7 percent), and  $n$  is the number of years (5)<sup>52</sup>:

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<sup>52</sup> The Excel formula for this is  $\text{PMT}(\text{rate}, \# \text{ periods}, \text{PV}, 0, 1)$

$$PV \div \left[ \frac{1 - \frac{1}{(1+i)^{(n-1)}}}{i} + 1 \right]$$

	Estimate	Year Dollar	Discount Rate	Period Covered
<b>Benefits</b>				
<u>Qualitative:</u> Compared with the interim rule, the final rule slightly decreases the reporting burden on States and makes permanent the increased flexibility for SFAs regarding weekly maximum grains and meat/meat alternates and the serving of frozen fruit with added sugar.				
<b>Costs</b>				
Annualized Monetized (\$millions/year)	n.a.	2013	7%	FY2013-2017
	n.a.	2013	3%	
As discussed in Section V.A., the reduction in administrative costs to State agencies as a result of the reduced quarterly reporting requirement on SFA compliance is already in our baseline. The reduction in burden for State agencies who will no longer have to submit quarterly reports on SFA compliance once all SFAs have been certified is minimal. The final rule may also slightly reduce the costs of complying with the meal patterns for some SFAs, and reduce the costs of maintaining compliance by others. This reduction in SFA cost is not estimated, and likely lies within our range of alternate estimates for the interim rule.				
<b>Transfers</b>				
Annualized Monetized (\$millions/year)	n.a.	2013	7%	FY2013-2017
	n.a.	2013	3%	
The changes in the final rule that are designed to facilitate compliance with the new meal patterns are expected to increase slightly the number of SFAs that are certified by their State agencies to receive the additional 6 cents per reimbursable lunch. This increased transfer from the Federal government to SFAs will be realized after the end of SY 2013-2014 (primarily in FY 2014 and beyond) when the grains, meat/meat alternate, and frozen fruit provisions contained in FNS policy memos would have expired in the absence of the rule. This possible, small increase in Federal transfers to SFAs also likely lies within our range of alternate estimates for the interim rule.				



# CITY OF FRANKLIN

619 15TH AVE  
FRANKLIN NE 68939

Phone: 308-425-6295  
Fax: 308-425-3304  
Email: [cityhall3@gtmc.net](mailto:cityhall3@gtmc.net)

Mayor: Rhn Jacobsen  
Council: Kim Haussermann  
Council: Richard Herrick  
Council: Margaret Siel  
Council: Brian Welsh  
City Clerk/Treasurer: Cheryl K. Saathoff

December 20, 2013

Dear Franklin Utility Customer:

The City of Franklin's rates were recently reviewed by an outside consultant to ensure the financial stability of the electric utility. The increases provide rates that are competitive with neighboring utilities. While the City does not like implementing rate increases, it worked very hard to minimize the increase to the greatest extent possible.

The City recently approved an average electric rate increase of approximately 4%, effective January 1, 2014. This will be followed by another electric rate increase of approximately 4%, effective January 1, 2015. These increases will help fund costs related to purchased power, operating and maintenance, capital improvements necessary for reliable delivery of electricity to the City's customers, as well as transfers to the General Funds. For the typical Residential customer, the monthly bill will increase approximately \$4.50 in 2014 and another \$4.80 in 2015.

Other changes to the rate schedule are being implemented as well to make the City's electric rates consistent with typical industry practices. These changes should have negligible impact on most customers. These changes are:

1. Non-residential customers with a peak demand of less than 75 kW will be re-classified as General Service customers, eliminating the demand component of the rate. This will simplify billing for these customers.
2. The rate schedule now classifies Residential Service as single family residences, individually metered apartments, and churches for all domestic purposes supplied through a single meter. All other services will be classified as General Services or Demand if the peak demand is over 75kW or greater.

If you have any questions about the rate change, please contact the City Office at (308) 425-6295. A copy of the Ordinance is also available for you to review at City Hall.

Sincerely,  
Mayor & Council  
City of Franklin

# Nebraska Council of School Administrators

## **NCSA Legislative Bill Summaries**

(Legislation introduced through January 10, 2014)

*Prepared by Dr. Michael Dulaney*

*NCSA Executive Director*

*January 11, 2014*

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**LB 670** McCoy *Change property tax valuations of agricultural land and horticultural land*

LB 670 lowers the property tax valuations of ag land and greenland (special valuation) from the current 75% of its actual value to:

- For tax year 2015, 72% of its actual value;
- For tax year 2016, 69% of its actual value; and
- For tax year 2017 and each tax year thereafter, 65% of its actual value.

The bill also amends the state aid formula (TEEOSA) relating to state aid value. Currently, state aid value for ag land and greenland is 72% of actual value. LB 670 would change state aid value for ag land and greenland as follows:

- For tax year 2015, 69% of actual value;
- For tax year 2016, 66% of actual value; and
- For tax year 2017 and each tax year thereafter, 62% of actual value.

The bill does not change state aid value for residential land or personal property.

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**LB 682** Scheer *Provide for formation of allied school systems as prescribed*

682 would require any school district with fewer than 650 students enrolled in grades K-12 for at least two consecutive school years to form an “allied system” with at least three other school districts with fewer than 650 students enrolled in grades K-12 for at least two consecutive school years so that the minimum number of students in the allied system is 1,300 students.

If a school district required to form an allied system has not done so by July 1, 2015, the Commissioner of Education would be required to form an allied system that includes the district.

The bill requires member school districts of an allied system to participate in an interlocal agreement, which must include, at a minimum, the following terms:

1. The superintendent of each school district in the allied system is deemed the representative of his/her district to the allied system;
2. Each district in the allied system must have the same yearly calendar and daily schedule, except for extracurricular activities;
3. All employees of each school district would remain employees of the district and their contracts would be negotiated through such district; and
4. No district in an allied system may move into another allied system if the change would reduce the student population in its original allied system below 1,300 students in grades K-12.

Within one year after July 1, 2015, the representatives of the school districts in an allied system must meet and create a common calendar and schedule that would be implemented beginning with school year 2016.

The bill does not require the school districts in an allied system to combine or coordinate revenue, spending, taxation, state aid, or any other elements relating to finances.

Senator Scheer states that LB 682 is NOT a consolidation or merger bill. “It will not force districts to collaborate beyond creating similar time schedules.” He states that the intent and hope is that districts will, through the creation of uniform schedules, cooperate to expand learning opportunities for students. For instance, a school in the Panhandle can align with a school in Northeast Nebraska to expand class offering to include an AP calculus or French class. This class could use modern technology and digital learning to stream instruction across the state. The bill targets smaller districts because those students are not always afforded the same options as students in larger districts in terms of class offerings.

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**LB 694** Seiler *Change provisions relating to unlawful possession of a firearm at a school*

The current Nebraska Criminal Code provides that any person who possesses a firearm in a school, on school grounds, in a school-owned vehicle, or at a school-sponsored activity or athletic event is guilty of the offense of unlawful possession of a firearm at a school. Unlawful possession of a firearm at a school is a Class IV felony.

There are a number of exceptions to this law. LB 694 would add another exception relating to firearms that may lawfully be possessed by a person for the purpose of using them, with the approval of the school, in an historical reenactment.

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**LB 724** Lautenbaugh *Change provisions relating to unlawful possession of a firearm at a school*

The current Nebraska Criminal Code provides that any person who possesses a firearm in a school, on school grounds, in a school-owned vehicle, or at a school-sponsored activity or athletic event is guilty of the offense of unlawful possession of a firearm at a school. Unlawful possession of a firearm at a school is a Class IV felony.

There are a number of exceptions to this law and one of these relates to peace officers or other duly authorized law enforcement officers when on duty or training. The problem addressed by this legislation is that there are some law enforcement officers who are required to carry a firearm with them even when not on duty.

LB 724 provides a new exception for actively employed and certified, full or part-time, federal, state, or local law enforcement officers. The new exception does not specify that the law enforcement officer must be on active duty in order for the exception to apply.

**LB 725** Sullivan *Change provisions relating to local effort rate yield under the Tax Equity and Educational Opportunities Support Act*

LB 725 lowers the Local Effort Rate (LER) from the current \$1.03 (as per LB 407, 2013) to \$1.00. Theoretically, an increase or decrease in the local effort rate changes the amount of state aid provided to school districts because the formula “assumes” a district has increased or decreased resources. However, there are many variables within the formula that may impact the act of lowering the LER.

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**LB 726** Scheer *Provide for changing the number of school board members in Class II and Class III school districts*

LB 726 permits the school board of a Class II or Class III school district to have no fewer than five members and no more than nine members.

The members of the school board would determine how many members the school board will have and would continue in office until the first regular meeting of the board in January following the next statewide general election.

Currently, Class II and Class III school boards are typically comprised of six members. However, a Class III school board does currently have the authority to form a nine member governing body.

Under LB 726, if the school board of a Class II or III school district may, by resolution, change the number of members of the board to a minimum of five members and a maximum of nine members to be effective at the beginning of the term of office for school board members elected at the next statewide general election. The school board must include in the resolution a statement of the change in number of members along with a statement as to whether or not the members would be elected by district or ward.

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**LB 729** Kolowski *Create the Task Force on Expanded Learning Opportunities for School-Age Youth*

LB 729 creates a 23-member Task Force on Expanded Learning Opportunities for School-Age Youth.

The Task Force would review existing state and local programs and policies on expanded learning opportunities and make recommendations to the Legislature and NDE on model approaches, including:

- Methods of improving program quality and impact from national and local program evaluations and best practices;
- Available public and private funding sources for expanded learning opportunities;

- The alignment of efforts between NDE, the nonprofit sector, and the private sector on expanded learning opportunities;
- Opportunities for coordination and collaboration, including data-sharing, between school districts and community-based expanded learning opportunity programs;
- Methods of improving quality and retention in the expanded learning opportunity workforce, including enhancing opportunities for professional development and technical assistance;
- Methods to increase access for all children and families to high-quality expanded learning opportunities; and
- Public and private support to build a sustainable infrastructure for expanded learning opportunities.

The task force must consult with and solicit input from individuals and entities, including the:

- Nebraska Elementary and Secondary School Finance Authority,
- Nebraska Association of School Boards,
- Nebraska Council of School Administrators,
- Nebraska State Education Association,
- Nebraska Association for the Education of Young Children,
- Nebraska Children and Families Foundation,
- League of Nebraska Municipalities,
- Nebraska Rural Community Schools Association,
- University Extension Division relating to 4-H, and
- National Center for Research on Rural Education.

The Task Force must annually prepare a progress report concerning the task force's activities, with recommendations concerning expanded learning opportunities, and file the report with the Governor and electronically with the Clerk of the Legislature no later than December 1 of each year that the task force exists. The Task Force would terminate on June 30, 2016, unless extended by the Legislature.

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**LB 730**      Kolowski      *Change reporting provisions under the Child Protection Act*

LB 730 amends the Child Protection Act. Under current law (§ 28-711), when a physician, medical institution, nurse, school employee, social worker, the Inspector General, or any other person has reasonable cause to believe that a child has been subjected to child abuse or neglect or observes such child being subjected to conditions or circumstances which reasonably would result in child abuse or neglect, he/she has a duty to report the incident or cause a report of child abuse or neglect to be made to:

1. the proper law enforcement agency, or
2. the toll-free number established by HHS.

LB 730 specifies that such report may also be made to a school administrator or to the chief administrative officer of a school.

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**LB 741** Murante *Require schools to have a policy relating to tornado drills as prescribed*

LB 741 requires each school district in the state to develop a policy relating to tornado drills in schools of the district. The policies must include at a minimum:

1. At least three tornado drills per year;
  2. A plan dictating exactly what to do when a tornado alarm sounds;
  3. Posting of a tornado shelter route diagram. All school personnel must be familiar with established tornado drill procedures and review them periodically;
  4. Provisions for safe and orderly movement of students and staff to the shelter area, including procedures to assist students with disabilities in getting to the shelter area;
  5. Provisions for assigning staff responsible for removing students from playgrounds, outdoor athletic event venues, portable or temporary classrooms, or other outdoor areas during a tornado drill and directing them to the designated shelter area; and
  6. Provisions relating to the operation and evacuation of student transportation vehicles during a tornado drill.
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**LB 754** Smith *Provide funds for career education programs*

LB 754 provides \$1 million for each 2014-15 and 2015-16 from the Education Innovation Fund (lottery) to be allocated to local systems as grants awarded by NDE to assist schools in evaluating and improving career education programs to align such programs with the state's economic and workforce needs.

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**LB 765** Conrad *Change the Nebraska Wage Payment and Collection Act*

LB 765 amends several sections of law within the Nebraska Wage Payment and Collection Act, which applies to political subdivisions.

The bill provides that when an employer elects to pay wages with a payroll debit card, the employer must comply with the requirements prescribed in the federal Electronic Fund Transfer Act. Additionally, the employer must allow an employee at least one means of fund access withdrawal per pay period at no cost to the employee for an amount up to and including the total amount of the employee's net wages, as stated on the employee's earnings statement. An employer may not require an employee to pay any fees or costs incurred by the employer in connection with paying wages with a payroll debit card.

Payroll debit card is defined as a stored-value card issued by or on behalf of a federally insured financial institution that provides an employee with immediate access for

withdrawal or transfer of his/her wages through a network of automatic teller machines. Payroll debit card includes payroll debit cards, payroll cards, and paycards.

The bill has an operative date of January 1, 2015.

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**LB 782** Lathrop *Establish a return-to-learn protocol for students who have sustained a concussion*

In 2011 the Legislature passed LB 260, introduced by Senator Lathrop, to create the Concussion Awareness Act. The Legislature found that concussions are one of the most commonly reported injuries in children and adolescents who participate in sports and recreational activities and that the risk of injury or death is significant when a concussion or brain injury is not properly evaluated and managed.

LB 260 (2011) required all public and private schools to undertake various safeguards and procedures, which included:

- a. Making available training approved by the chief medical officer on how to recognize the symptoms of a concussion or brain injury and how to seek proper medical treatment for a concussion or brain injury to all coaches of school athletic teams; and
- b. Requiring that concussion and brain injury information be provided on an annual basis to students and the students' parents or guardians prior to such students initiating practice or competition.

LB 782, also introduced by Senator Lathrop, amends the Concussion Awareness Act by establishing a “return to learn protocol” for students that have sustained a concussion. The protocol must recognize that students who have sustained a concussion and returned to school may need informal or formal accommodations, modifications of curriculum, and monitoring by medical or academic staff until the student is fully recovered.

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**LB 787** Schumacher *Provide an income tax deduction for loan principal payments for graduate degrees*

LB 787 creates an income tax deduction under the Nebraska Revenue Act. Under the legislation, an individual’s Federal adjusted gross income would be reduced by an amount equal to the principal paid by the taxpayer during the taxable year on any qualified education loan. The bill defines “qualified education loan” as any indebtedness owed to a nonrelated entity that is incurred by the taxpayer solely to pay for the costs necessary to obtain a graduate degree from an institution of higher education.

The reduction allowed under this measure would be available for the first ten taxable years after the taxpayer culminates a course of study resulting in his/her graduate degree.

The bill contains an operative date for all taxable years beginning on January 1, 2015.

**LB 789** Bolz *Provide for a survey relating to paraeducators*

In 1991, the UNL College of Education and Human Sciences Project PARA collaborated with NDE to release a guide for school administrators to facilitate the use of paraeducators in public schools which:

- a. provides information on training, supervising, and evaluating paraeducators in the classroom,
- b. outlines the appropriate roles of paraeducators in the classroom, and
- c. details the ethical and legal issues that can arise under the requirements for a paraeducator established by the United States and NDE.

Project PARA and NDE developed the guide after research in the 1980s based primarily on a survey conducted in 1980 and 1981 that provided a census of paraeducators and their roles in Nebraska schools. The data is now more than 30 years old, and the subsequent guidelines in use are more than 20 years old.

The intent behind LB 789 is to update the guidelines that address the growing utilization of paraeducators in schools and for thorough data collection to ensure that future policy decisions are based on accurate information.

Senator Bolz believes it is important to collect and analyze statewide data on the distribution of paraeducator positions from grades K-8, the number of paraeducators in the fields of English as a second language and special needs, salaries, supervision of paraeducators, and the average time of completion of paraeducator training requirements.

LB 789 requires that the UNL College of Education and Human Sciences Project PARA create a systematic picture of the current number and roles of paraeducators in Nebraska's schools. Project PARA must:

1. Design and implement a survey of paraeducators similar to the survey conducted in 1980;
2. Conduct the survey;
3. Evaluate the survey data and generate a report; and
4. Develop a new set of guidelines for school administrators, in cooperation with NDE, focusing on: (a) Methods for ensuring successful completion of the paraeducator training requirements established by NDE; and (b) a framework for supervision of paraeducators by school district personnel.

Project PARA and NDE must then utilize the data collected under the survey to conduct relevant research which may include assessment of future coursework needs of paraeducators and accelerated teacher certification for paraeducators.

LB 789 allocates \$132,800 for FY2014-15 and \$103,700 for FY2015-16 from the Education Innovation Fund to NDE to provide a grant to Project PARA for survey development and implementation, computer hardware and software, travel expenses related to the survey, and salaries for graduate assistants conducting the survey.

**LB 790** Howard *Require training for case managers as prescribed*

To facilitate consistency in training all case managers, LB 790 requires that the same program for initial training of case managers would be utilized for all case managers, whether they are employed by HHS or by an organization under contract with the department.

The initial training of all case managers must be provided by the same entity, whether it is HHS or an organization under contract with the department. If a contractor is utilized for initial training of case managers, HHS must create a formal system for measuring and evaluating the quality of the training.

All case managers must complete a formal assessment process after initial training to demonstrate competency prior to assuming responsibilities as a case manager. The training curriculum for case managers must include, at a minimum:

- a. An understanding of the benefits of utilizing evidence-based and promising casework practices;
- b. the importance of guaranteeing service providers' fidelity to evidence-based and promising casework practices; and
- c. a commitment to evidence-based and promising family-centered casework practices that utilize a least restrictive approach for children and families.

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**LB 793** Wallman *Change workers' compensation death benefit provisions*

LB 793 amends the Nebraska Workers' Compensation Act to provide death benefits for the dependents of a retired worker who died as a result of an occupational disease or latent and progressive injury or disease under the contract of hiring in force when the retired worker was last employed by the employer found liable for the occupational disease or latent and progressive injury or disease.

The bill provides that, with respect to a retired worker who died as a result of an occupational disease or latent and progressive injury or disease, there is a conclusive presumption that he/she suffered a loss of access to the labor market and suffered a diminution of employability or impairment of earning capacity.

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**LB 807** Harms *Change provisions relating to provisional operator's permits, interactive wireless communication devices, and occupant protection systems and update references to certain federal provisions*

Introduced by Senator Harms and 16 co-sponsors (including six members of the Education Committee), LB 807 makes it a primary offense for any holder of a learner or school permit to use any type of interactive wireless communication device while

operating a motor vehicle on the highways of this state. Current law provides for enforcement as a secondary action when the holder of the learner or school permit has been cited or charged with a violation of some other law.

The bill makes it a primary offense for those holding a regular driver's license to use a handheld wireless communication device to read a written communication, manually type a written communication, or send a written communication while operating a motor vehicle which is in motion. The exceptions to this law remain: (a) A person performing his/her official duties as a law enforcement officer, a firefighter, an ambulance driver, or an emergency medical technician; or (b) A person operating a motor vehicle in an emergency situation.

Under current law, it is a primary offense for failure by any person in Nebraska who drives any motor vehicle that has or is required to have an occupant protection system to ensure that children up to six years of age use a child passenger restraint system. However, it is only a secondary offense if a person in Nebraska who drives any motor vehicle which has or is required to have an occupant protection system fails to ensure that all children six years of age and less than 18 years of age use an occupant protection system. LB 807 makes all such incidents a primary offense.

Under current law, no driver may operate a motor vehicle upon a highway or street in this state unless the driver and front-seat occupant in the motor vehicle are wearing occupant protection systems and all occupant protection systems worn are properly adjusted and fastened. LB 807 requires all occupants in the motor vehicle to wear an occupant protection system.

Lastly, the bill provides that the operator of a school bus, including any school bus which transports pupils by direct contract with the pupils or their parents and not owned by or under contract with a school district or nonpublic school, may not, whenever the vehicle is in motion, use any type of interactive wireless communication device. However, this provision would not apply to any dispatch communication device.

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**LB 813**     Hansen     *Change valuation of agricultural land and horticultural land for property tax purposes*

LB 813 lowers the property tax valuations of ag land and greenland (special valuation) from the current 75% of its actual value to:

- For tax year 2015, 70% of its actual value;
- For tax year 2016 and each tax year thereafter, 65% of its actual value.

The bill also amends the state aid formula (TEEOSA) relating to state aid value. Currently, state aid value for ag land and greenland is 72% of actual value. LB 813 would change state aid value for ag land and greenland as follows:

- For tax year 2015, 67% of actual value;
- For tax year 2016 and each tax year thereafter, 62% of actual value.

The bill does not change state aid value for residential land or personal property.

## **Legislation Addresses Low Performing Schools**

### *Carryover bill awaits first-round debate*

During the 2013 Session, a bill was introduced to designate priority schools based on school performance scores and district performance scores. Intervention teams would be dispatched to low performing schools to assist as necessary.

**LB 438**, introduced by Speaker Adams, was advanced from the Education Committee by a unanimous vote and with committee amendments attached. The bill remained on General File during the 2013 Session and carried over to the 2014 Session.

At the start of the 2014 Session, Senator Sullivan filed an amendment to **LB 438 (AM1580)** that, if adopted, would become the new version of the legislation.

*Levels of Performance:* AM1580 requires the State Board of Education to establish levels of performance based upon school performance scores and district performance scores in order to classify the performance of public schools and school districts beginning with the reporting of data from school year 2014-15. The accountability system is supposed to include various indicators, including graduation rates, student growth, and student improvement on the assessment instruments.

*Priority Schools:* The State Board is required to designate priority schools based on this classification. Schools designated as priority schools would be those at the lowest performance level at the time of the initial priority school designation. These schools would remain designated as priority schools until the designation is removed by the State Board.

No more than three schools may have a priority school designation

at one time. Progress plans for the initial schools designated as priority schools must be approved by the State Board no later than August 1, 2016.

*Intervention Team:* For each school designated as a priority school, the Commissioner of Education would appoint an intervention team. The intervention team would assist the school district with:

1. diagnosing issues that negatively affect student achievement in the priority school,
2. designing and implementing strategies to address such issues through the progress plan, and
3. developing measurable indicators of progress.

The intervention team would be composed of up to five people with the education and experience to carry out the responsibilities of the team. Members of the intervention team may receive pay for work performed in conjunction with his/her duties as a member of such team. Pay would be determined and provided:

1. by NDE for any member of the intervention team who is not an employee of the school district containing the priority school for which such intervention team is appointed; or
2. by the school district containing the priority school for which the intervention team is appointed for any member of the intervention team who is an employee of such school district.

Reimbursement of actual and necessary expenses for any member of the intervention team who is an employee of the school district containing the priority school would be provided in accordance with the policies and procedures of the school district.

*Progress Plan:* The intervention team, in collaboration with the priority school staff and the administration and school board of the school district with control of the priority school, must develop a progress plan for approval by the State Board. A progress plan must include specific actions required by the school and the district in order to remove its classification as a priority school, including

any required level of progress as indicated by the measurable indicators.

*Review:* Compliance with progress plans would be a requirement to maintain accreditation for any school district that contains a priority school. The State Board must annually review any progress plans and determine whether modifications are needed. If a school has been designated as a priority school for the fifth consecutive school year, the State Board must reevaluate the progress plan to determine if significant revisions or an entirely new progress plan is warranted.

*Accessibility:* The school board of a school district containing a priority school must provide the intervention team with full access to the priority school, priority school staff, the school district, school district staff, academic information, financial information, and any other requested information.

*Report:* The Commissioner of Education must annually report on all schools designated as priority schools. The report must include the name of the school, the grades included in the priority school designation, the name of the school district, the years for which the school was designated a priority school, a summary of the progress plan, and the level of progress as indicated by the measurable indicators.

Note: AM1580 does not contain any provisions relating to creation of community schools through the formation of an operating council as provided in the original version of LB 438 as introduced in 2013.

## BEEF: IT'S WHAT'S FOR DINNER, NOT BOARD MEETINGS!



by Steve Williams, Esq.  
and Bobby Truhe, Esq.

Recently, the Nebraska State Auditor, Mike Foley (the "Auditor" or "Mr. Foley"), has issued several audit letters regarding miscellaneous expenditures by school districts for things like board meeting meals, meals for students at extracurricular events, and donuts for teacher meetings. Most districts are addressing these concerns. The purpose of this article is to provide the background regarding the Auditor's position and provide guidance on addressing the issues raised by the recent audit letters to Nebraska school districts.

School boards are "creatures of statute" and may do only those things which are permitted by statute. School boards' powers are limited, and they can spend money only within the limits fixed by the Legislature; beyond that, their acts are void. Any action taken by a school board must be through either express or implied power conferred by legislative grant. Therefore, unless the school board is given the direct or implied authority to make expenditures, their expenditures are impermissible. That serves as the basis of the Auditor's position.

The Local Government Miscellaneous Expenditure Act (NEB. REV. STAT. §§ 13-2201 through 13-2204) ("Act"), approves miscellaneous expenditures by school boards. The Act lists very specific instances, outside of those already defined in other statutes, where school boards can make expenditures. The legal maxim that narrows the board's powers is "*expressio unius est exclusio alterius*," meaning "the expression of one thing is the exclusion of another." Because the Act specifies which miscellaneous expenditures are permissible, it excludes all other expenditures that it does not expressly mention. *Galstan v. School Dist. of Omaha*, 177 Neb. 319, 128 N.W.2d 790 (1964); *Starmen v. Shirley*, 162 Neb. 613, 76 N.W.2d 749 (1956) *Harrington v. Grieser*, 154 Neb. 685, 48 N.W.2d 753 (1951). For example, if a statute authorizes a board to spend money on A, B, and C, it cannot spend money on D unless it is authorized in another statute.

## EXPENDITURES FOR THE BOARD, DISTRICT EMPLOYEES, AND EMPLOYEE SPOUSES

Auditor Mike Foley objects to several types of expenditures that many school boards make regularly. In two recent letters to boards, he opined that schools are not authorized to purchase food except as expressly permitted by the Act. The Act permits very limited expenditures for food. Section 13-2203 authorizes boards to expend public funds for the following:

- Payment or reimbursement of expenses for meals at educational workshops, conferences, training programs, official functions, hearings or meetings.
  - Payment or reimbursement may only be made to elected and appointed officials, employees, or volunteers.
  - The expenses must be actual and necessary; and
  - The payment is at a rate not exceeding the applicable federal rate unless (1) a fully itemized claims is submitted substantiating the costs actually incurred that are in excess of the applicable federal rate and (2) the additional expenses are expressly approved by the board; and
  - The board approved the expenditure prior to participation or attendance by either adoption of a uniform policy or by a vote of the board.
- Meals provided to:
  - Individuals while performing or immediately after performing relief, assistance, or support activities in emergency situations, including, but not limited to, tornado, severe storm, fire, or accident;
  - Volunteers during or immediately following their participation in any activity approved by the board, including, but not limited to, mowing parks, picking up litter, removing graffiti, or snow removal; or
- One recognition dinner per year for elected and appointed officials, employees, or volunteers.
  - The maximum cost per person must (1) be established by formal action of the board and (2) not exceed \$25.
  - An annual recognition dinner may be held separately for employees of each department

*continued on page 10*

or separately for volunteers, or any of them in combination, if authorized by the board.

It is a long-running practice for some school districts to provide meals for board members at school board meetings or snacks to board members and meeting attendees. It is difficult, if not impossible, to justify such expenses as "actual and necessary" as required by the Act unless the meeting is expected to last for an extended period of time. For example, personnel hearings for a tenured teacher have been known to last more than 24 hours. Absent such extraordinary circumstances, however, it is inappropriate to purchase food or snacks for board members or others at regular board meetings.

A district can likely satisfy the requirements of the Act when it sends staff members to training and conferences, especially those outside of the district, however is unlikely that the Act would permit a district to provide donuts for staff meetings or lunch for in-service days. These meals would not be "actual and necessary," because sufficient break periods could be provided to allow staff members to procure their own meals. Even when meals are provided by the district for employees traveling to conferences, they should be provided on a reimbursement basis, not by giving cash ahead of time.

In addition to food, the Act specifically addresses expenditures on beverages. The Act does **not** allow public funds to be used to buy alcohol under any circumstances. The Act does authorize purchases of nonalcoholic beverages provided to:

- Individuals attending the school board's meetings;
- Individuals while performing or immediately after performing relief, assistance, or support activities in emergency situations, including, but not limited to, tornado, severe storm, fire, or accident;
- Volunteers during or immediately following their participation in any activity approved by the board, including, but not limited to, mowing parks, picking up litter, removing graffiti, or snow removal; or
- Provided at the recognition dinner under the same terms discussed above.

The Act does not authorize boards to use public funds to pay for the expenses of board members'

spouses unless the spouse is also a member of the board. Section 13-2204 states in pertinent part:

Nothing in the Local Government Miscellaneous Expenditure Act shall authorize the expenditure of public funds to pay for any expenses incurred by a spouse of an elected or appointed official, employee or volunteer unless the spouse is also an elected or appointed official, employee, or volunteer of the local government.

Outside of these limited circumstances, all other expenditures for food and beverages are not authorized by the Act. Unless they are authorized by another statute, they are impermissible.

## EXPENDITURES ON STUDENTS

The Act does not authorize the expenditure of public funds for food for students under any circumstances, unless the student would qualify like any other "volunteer" as discussed above. There are state statutes that authorize schools to offer and participate in breakfast and lunch programs and summer food service programs. See NEB. REV. STAT. § 79-10,137 through 79-10,142. The Public and Elementary Student Fee Authorization Act also authorizes the school to operate a school store from which **students** may purchase food. See NEB. REV. STAT. § 79-2,132. There used to be some state statutes that authorized certain student organizations, such as FFA, FHA, FBLA, DECA, and HOSA (but not extracurricular teams or activities) to spend their funds on food, but those statutes were repealed by LB 410 (Laws 2013) effective May 29, 2013.

There is a common misunderstanding that purchases of food or beverages are permitted when the purchase is made with funds maintained in a school's activity fund. However, the Auditor takes the position that once money reaches *any* district account, it is considered public funds subject to the legal restrictions discussed above. So, for example, if your district's basketball teams raise money to attend a holiday tournament and deposit that money into the district's activity account, *it is subject to the Act*. These funds cannot be spent on items or purposes that are not authorized by law. As unfortunate and backwards as it may seem, this prohibition includes payment for food for the very students who raised these funds for the basketball team to attend the tournament.

Section 79-526 authorizes school boards to provide “the necessary supplies and equipment” for its schools. However, no court has ever construed this provision to include food, and it is unlikely that this statute would be read so broadly. State statutes do not otherwise authorize the school district to expend public funds for food for students. Additionally, providing transportation and hotel accommodations for teams traveling to state events and other extracurricular expenses (outside of necessary equipment, which districts can purchase) falls into a gray area. There is no statute specifically authorizing districts to provide hotel rooms for participants. It seems ridiculous to expect parents and students to provide all food and lodging expenses to state participants. The Auditor has not yet addressed this subject. However, the Nebraska State Activities Association reimburses districts for many of these expenses, so we will await further guidance on this issue. In the meantime, your board should discuss its preference with respect to expenditures on extracurricular activities and other expenditures for students, such as food and beverages.

### COMMON QUESTIONS

Below is a list of the most common questions we have received from districts across the state since this issue arose. We have addressed them as we believe the Auditor would address them:

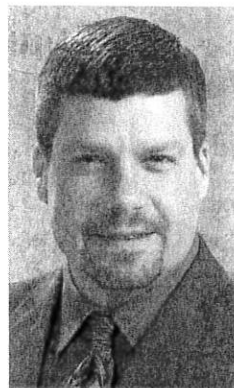
- Dinner and/or snacks for board members at regular board meetings: NOT PERMISSIBLE.
- Donuts or meals for district staff meetings and in-services when additional travel (as opposed to a long commute) is not required: NOT PERMISSIBLE.
- Staff holiday party meals: PERMISSIBLE once per year, up to \$25 per staff member, if pre-approved by the board.
- Meals for spouses at the staff holiday party: IMPERMISSIBLE unless the spouse is also a district staff member.
- Sub sandwiches for basketball teams after an away game: IMPERMISSIBLE.
- Nonalcoholic beverages to board meeting attendees: PERMISSIBLE.
- Reimburse teachers for meals at a statewide conference away from the district: PERMISSIBLE.

- Superintendent buys beer for administrators attending statewide administrator conference: IMPERMISSIBLE.

### LEGISLATIVE ACTION AND RECOMMENDATIONS

It seems very likely that there will be legislation introduced in the upcoming legislative session which will address some of the issues discussed in this article. However, until any proposed legislation would go into effect, districts should understand that they must operate within the restrictions discussed above.

It is our recommendation that each board of education carefully considers its practices and develops clear policies on which miscellaneous expenditures are permissible. At this point, the Auditor has only issued negative findings against a handful of schools. Neither the Department of Education nor the Attorney General has imposed any additional consequences on school districts, even if their expenditures have violated the Auditor's interpretation of the law. This is an area where the board should discuss its preference with respect to district policy on miscellaneous expenditures. If the Auditor does audit your district and issues a negative finding, it should not come as a surprise.



Steve Williams, Esq.



Bobby Truhe, Esq.

*This article was submitted by Steve Williams and Bobby Truhe of Harding & Shultz, P.C., L.L.O., Lincoln, Nebraska, members of the Nebraska Council of School Attorneys.*