



2009 Legislative Update

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Nebraska Legislature

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State Aid – LB 545

Senators will begin debate on state aid to education on Monday, April 20. LB545 would amend the state aid formula and provide for the distribution of \$234 million in additional state aid over the next two school years 2009-10, and 2010-11.

NSEA President Jess Wolf recently appeared at a news conference in support of Senator Adams and Governor Heinemann's plan to spend the entire \$234 million in federal stabilization money for education through the state aid formula (TEEOSA). Prior to Nebraska receiving the federal stimulus money, the Governor and the Appropriations Committee had recommended a \$100 million increase in state aid.

The NSEA is grateful to U.S. Senator Ben Nelson and President Barack Obama for prioritizing state education funding in the recently passed stimulus package. Sen. Nelson played a crucial role in insuring that school districts would receive massive increases in Title I, Special Education and Early Childhood Education funding. Additionally, Sen. Nelson worked to insure that the state stabilization money for education from the federal government would flow directly to school districts.

We also applaud State Sen. Greg Adams, Sen. Lavon Heideman, Gov. Heinemann, and the Legislature's Education and Appropriations Committees for strongly supporting the distribution of the \$234 million in federal stabilization funds through the state aid formula. Additionally, Appropriations Committee Senators Nantkes, Nordquist and Mello have led the charge to insure significant education funding over the biennium.

The NSEA is in support of the aggregate funding level contained in LB 545 because it insures that school districts will receive \$234 million in additional state funding over the next two years and allows for a spending lid exemption for school districts to pay for an anticipated additional retirement contribution.

THE SO-CALLED 'CLIFF EFFECT'

Some administrators and school board members are telling local associations that the \$234 million two-year increase in state aid cannot be used for teacher salaries or ongoing projects because there will not be additional state aid to sustain such appropriations in year 3 (FY2010-11).

The fact is that this argument is purely posturing by districts. It also flies in the face of Congress and President Obama's call to spend these federal stimulus dollars to stimulate the economy! That means spending dollars on what research tells us will most impact the education of a child –recruiting and retaining quality teachers, and reducing class size.

Indeed, spending these stimulus dollars to recruit and retain quality education employees means these dollars will be spent on Main Street, Nebraska, and that will stimulate local economies and the state economy – exactly what the stimulus dollars are meant to do. ***Secretary Arne Duncan and the U.S. Dept. of Education list as the #1 principle regarding the stimulus, "Spend funds quickly to save and create jobs. The intent in particular is to avoid layoffs of school personnel."***

Here is why the 'Cliff Effect' argument is false:

1. ***Districts never know how much state aid will be appropriated in future years.*** The Legislature and the Governor can always vote to change projections in state aid or property taxes could increase, meaning there is less of a need for state aid. So the argument that, "*We don't know what we'll get in year 3 so we can't give you any money in years 1 and 2,*" is not based on fact or new information or a change in the way the state funds education.
2. ***Senator Adams and the Education Committee are committed to making the \$234 million increase in state aid***



the base from which state aid for year 3 is determined.

Early projections from the Education Committee show state aid rising significantly from year 2 to year 3. This might change, but the intent of Senator Adams and the Education Committee is clear - state aid to schools will increase in year 3.

3. ***President Barack Obama's budget contains a long term and significant commitment to maintaining the education funding.*** While the federal stimulus money may indeed be one-time money, the budget currently before Congress contains significant, long-term investments in these programs. There will continue to be major increases and support for federal education programs like Special Education, Title I, IDEA and Early Childhood Education.