

AMENDMENTS TO LB 407

Introduced by Sullivan

1 1. Strike the original sections and all amendments
2 thereto and insert the following new sections:

3 Section 1. Section 77-3446, Revised Statutes Cumulative
4 Supplement, 2012, is amended to read:

5 77-3446 Base limitation means the budget limitation rate
6 applicable to school districts and the limitation on growth of
7 restricted funds applicable to other political subdivisions prior
8 to any increases in the rate as a result of special actions
9 taken by a supermajority of any governing board or of any
10 exception allowed by law. The base limitation is two and one-half
11 percent until adjusted, except that the base limitation for school
12 districts for school fiscal year 2010-11 is ~~twenty-five hundredths~~
13 ~~of one percent,~~ the base limitation for school districts for
14 school fiscal year 2011-12 is zero percent, and the base limitation
15 for school districts for school fiscal year 2012-13 is one-half
16 of one percent and the base limitation for school districts for
17 school fiscal year 2013-14 is one and one-half percent. The base
18 limitation may be adjusted annually by the Legislature to reflect
19 changes in the prices of services and products used by school
20 districts and political subdivisions.

21 Sec. 2. Section 79-1003, Revised Statutes Cumulative
22 Supplement, 2012, is amended to read:

23 79-1003 For purposes of the Tax Equity and Educational

1 Opportunities Support Act:

2 (1) Adjusted general fund operating expenditures
3 means (a) for school fiscal years 2010-11 through 2012-13,
4 the difference of the general fund operating expenditures as
5 calculated pursuant to subdivision (22) of this section increased
6 by, or for aid calculated for school fiscal year 2010-11
7 multiplied by, the cost growth factor calculated pursuant to
8 section 79-1007.10, minus the transportation allowance, special
9 receipts allowance, poverty allowance, limited English proficiency
10 allowance, distance education and telecommunications allowance,
11 elementary site allowance, elementary class size allowance,
12 summer school allowance, instructional time allowance, teacher
13 education allowance, and focus school and program allowance,
14 and (b) for school fiscal year 2013-14 and each school fiscal
15 year thereafter, the difference of the general fund operating
16 expenditures as calculated pursuant to subdivision (22) of this
17 section increased by the cost growth factor calculated pursuant
18 to section 79-1007.10, minus the transportation allowance, special
19 receipts allowance, poverty allowance, limited English proficiency
20 allowance, distance education and telecommunications allowance,
21 elementary site allowance, summer school allowance, instructional
22 time allowance, teacher education allowance, and focus school and
23 program allowance;

24 (2) Adjusted valuation means the assessed valuation of
25 taxable property of each local system in the state, adjusted
26 pursuant to the adjustment factors described in section 79-1016.
27 Adjusted valuation means the adjusted valuation for the property

1 tax year ending during the school fiscal year immediately preceding
2 the school fiscal year in which the aid based upon that value is
3 to be paid. For purposes of determining the local effort rate yield
4 pursuant to section 79-1015.01, adjusted valuation does not include
5 the value of any property which a court, by a final judgment from
6 which no appeal is taken, has declared to be nontaxable or exempt
7 from taxation;

8 (3) Allocated income tax funds means the amount of
9 assistance paid to a local system pursuant to section 79-1005.01
10 as adjusted by the minimum levy adjustment pursuant to section
11 79-1008.02;

12 (4) Average daily membership means the average daily
13 membership for grades kindergarten through twelve attributable to
14 the local system, as provided in each district's annual statistical
15 summary, and includes the proportionate share of students enrolled
16 in a public school instructional program on less than a full-time
17 basis;

18 (5) Base fiscal year means the first school fiscal year
19 following the school fiscal year in which the reorganization or
20 unification occurred;

21 (6) Board means the school board of each school district;

22 (7) Categorical funds means funds limited to a specific
23 purpose by federal or state law, including, but not limited
24 to, Title I funds, Title VI funds, federal vocational education
25 funds, federal school lunch funds, Indian education funds, Head
26 Start funds, and funds from the Education Innovation Fund.
27 Categorical funds does not include funds received pursuant to

1 section 79-1028.02 or 79-1028.04;

2 (8) Consolidate means to voluntarily reduce the number of
3 school districts providing education to a grade group and does not
4 include dissolution pursuant to section 79-498;

5 (9) Converted contract means an expired contract that was
6 in effect for at least fifteen school years beginning prior to
7 school year 2012-13 for the education of students in a nonresident
8 district in exchange for tuition from the resident district when
9 the expiration of such contract results in the nonresident district
10 educating students, who would have been covered by the contract if
11 the contract were still in effect, as option students pursuant to
12 the enrollment option program established in section 79-234;

13 (10) Converted contract option student means a student
14 who will be an option student pursuant to the enrollment option
15 program established in section 79-234 for the school fiscal year
16 for which aid is being calculated and who would have been covered
17 by a converted contract if the contract were still in effect and
18 such school fiscal year is the first school fiscal year for which
19 such contract is not in effect;

20 (11) Department means the State Department of Education;

21 (12) District means any Class I, II, III, IV, V, or
22 VI school district and, beginning with the calculation of state
23 aid for school fiscal year 2011-12 and each school fiscal year
24 thereafter, a unified system as defined in section 79-4,108;

25 (13) Ensuing school fiscal year means the school fiscal
26 year following the current school fiscal year;

27 (14) Equalization aid means the amount of assistance

1 calculated to be paid to a local system pursuant to sections
2 79-1007.11 to 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022,
3 79-1022.02, 79-1028.02, and 79-1028.04;

4 (15) Fall membership means the total membership in
5 kindergarten through grade twelve attributable to the local system
6 as reported on the fall school district membership reports for each
7 district pursuant to section 79-528;

8 (16) Fiscal year means the state fiscal year which is the
9 period from July 1 to the following June 30;

10 (17) Formula students means:

11 (a) For state aid certified pursuant to section 79-1022,
12 the sum of the product of fall membership from the school fiscal
13 year immediately preceding the school fiscal year in which the
14 aid is to be paid multiplied by the average ratio of average
15 daily membership to fall membership for the second school fiscal
16 year immediately preceding the school fiscal year in which the aid
17 is to be paid and the prior two school fiscal years plus sixty
18 percent of the qualified early childhood education fall membership
19 plus tuitioned students from the school fiscal year immediately
20 preceding the school fiscal year in which aid is to be paid minus
21 the product of the number of students enrolled in kindergarten that
22 is not full-day kindergarten from the fall membership multiplied by
23 0.5; and

24 (b) For the final calculation of state aid pursuant
25 to section 79-1065, the sum of average daily membership plus
26 sixty percent of the qualified early childhood education average
27 daily membership plus tuitioned students minus the product of the

1 number of students enrolled in kindergarten that is not full-day
2 kindergarten from the average daily membership multiplied by 0.5
3 from the school fiscal year immediately preceding the school fiscal
4 year in which aid was paid;

5 (18) Free lunch and free milk student means a student
6 who qualified for free lunches or free milk from the most recent
7 data available on November 1 of the school fiscal year immediately
8 preceding the school fiscal year in which aid is to be paid;

9 (19) Full-day kindergarten means kindergarten offered by
10 a district for at least one thousand thirty-two instructional
11 hours;

12 (20) General fund budget of expenditures means the total
13 budget of disbursements and transfers for general fund purposes as
14 certified in the budget statement adopted pursuant to the Nebraska
15 Budget Act, except that for purposes of the limitation imposed in
16 section 79-1023 and the calculation pursuant to subdivision (2) of
17 section 79-1027.01, the general fund budget of expenditures does
18 not include any special grant funds, exclusive of local matching
19 funds, received by a district;

20 (21) General fund expenditures means all expenditures
21 from the general fund;

22 (22) General fund operating expenditures means ~~+(a) For~~
23 ~~state aid calculated for school fiscal years 2010-11 and 2011-12,~~
24 ~~as reported on the annual financial report for the second school~~
25 ~~fiscal year immediately preceding the school fiscal year in which~~
26 ~~aid is to be paid, the total general fund expenditures minus (i)~~
27 ~~the amount of all receipts to the general fund, to the extent that~~

1 such receipts are not included in local system formula resources,
2 from early childhood education tuition, summer school tuition,
3 educational entities as defined in section 79-1201.01 for providing
4 distance education courses through the Educational Service
5 Unit Coordinating Council to such educational entities, private
6 foundations, individuals, associations, charitable organizations,
7 the textbook loan program authorized by section 79-734, federal
8 impact aid, and levy override elections pursuant to section
9 77-3444, (ii) the amount of expenditures for categorical funds,
10 tuition paid, transportation fees paid to other districts, adult
11 education, community services, redemption of the principal portion
12 of general fund debt service, retirement incentive plans authorized
13 by section 79-855, and staff development assistance authorized
14 by section 79-856, (iii) the amount of any transfers from the
15 general fund to any bond fund and transfers from other funds
16 into the general fund, (iv) any legal expenses in excess of
17 fifteen-hundredths of one percent of the formula need for the
18 school fiscal year in which the expenses occurred, (v) expenditures
19 to pay for sums agreed to be paid by a school district to
20 certificated employees in exchange for a voluntary termination
21 occurring prior to July 1, 2009, and (vi)(A) expenditures in
22 school fiscal years 2009-10 through 2013-14 to pay for employer
23 contributions pursuant to subsection (2) of section 79-958 to the
24 School Retirement System of the State of Nebraska to the extent
25 that such expenditures exceed the employer contributions under
26 such subsection that would have been made at a contribution rate
27 of seven and thirty-five hundredths percent or (B) expenditures

1 in school fiscal years 2009-10 through 2013-14 to pay for school
2 district contributions pursuant to subdivision ~~(1)(c)(i)~~ of section
3 79-9,113 to the retirement system established pursuant to the
4 Class V School Employees Retirement Act to the extent that such
5 expenditures exceed the school district contributions under such
6 subdivision that would have been made at a contribution rate of
7 ~~seven and thirty-seven hundredths percent;~~ and ~~(b)~~ For for state
8 aid calculated for school fiscal years 2012-13 and each school
9 fiscal year thereafter, as reported on the annual financial
10 report for the second school fiscal year immediately preceding
11 the school fiscal year in which aid is to be paid, the total
12 general fund expenditures minus ~~(i)~~ (a) the amount of all receipts
13 to the general fund, to the extent that such receipts are not
14 included in local system formula resources, from early childhood
15 education tuition, summer school tuition, educational entities as
16 defined in section 79-1201.01 for providing distance education
17 courses through the Educational Service Unit Coordinating Council
18 to such educational entities, private foundations, individuals,
19 associations, charitable organizations, the textbook loan program
20 authorized by section 79-734, federal impact aid, and levy override
21 elections pursuant to section 77-3444, ~~(ii)~~ (b) the amount of
22 expenditures for categorical funds, tuition paid, transportation
23 fees paid to other districts, adult education, community services,
24 redemption of the principal portion of general fund debt service,
25 retirement incentive plans authorized by section 79-855, and staff
26 development assistance authorized by section 79-856, ~~(iii)~~ (c) the
27 amount of any transfers from the general fund to any bond fund

1 and transfers from other funds into the general fund, ~~(iv)~~ (d)
2 any legal expenses in excess of fifteen-hundredths of one percent
3 of the formula need for the school fiscal year in which the
4 expenses occurred, ~~(v)~~ (e) expenditures to pay for sums agreed to
5 be paid by a school district to certificated employees in exchange
6 for a voluntary termination occurring prior to July 1, 2009, ~~or~~
7 occurring on or after the last day of the 2010-11 school year and
8 prior to the first day of the 2013-14 school year, ~~(vi)(A)~~ or,
9 to the extent that a district has demonstrated to the State Board
10 of Education pursuant to section 79-1028.01 that the agreement
11 will result in a net savings in salary and benefit costs to the
12 school district over a five-year period, occurring on or after
13 the first day of the 2013-14 school year, (f)(i) expenditures in
14 school fiscal years 2009-10 through 2016-17 to pay for employer
15 contributions pursuant to subsection (2) of section 79-958 to the
16 School Employees Retirement System of the State of Nebraska to the
17 extent that such expenditures exceed the employer contributions
18 under such subsection that would have been made at a contribution
19 rate of seven and thirty-five hundredths percent or ~~(B)~~ (ii)
20 expenditures in school fiscal years 2009-10 through 2016-17 to pay
21 for school district contributions pursuant to subdivision (1)(c)(i)
22 of section 79-9,113 to the retirement system established pursuant
23 to the Class V School Employees Retirement Act to the extent
24 that such expenditures exceed the school district contributions
25 under such subdivision that would have been made at a contribution
26 rate of seven and thirty-seven hundredths percent, and ~~(vii)~~ (g)
27 any amounts paid by the district for lobbyist fees and expenses

1 reported to the Clerk of the Legislature pursuant to section
2 49-1483.

3 For purposes of this subdivision (22) of this section,
4 receipts from levy override elections shall equal ninety-nine
5 percent of the difference of the total general fund levy minus
6 a levy of one dollar and five cents per one hundred dollars of
7 taxable valuation multiplied by the assessed valuation for school
8 districts that have voted pursuant to section 77-3444 to override
9 the maximum levy provided pursuant to section 77-3442;

10 (23) High school district means a school district
11 providing instruction in at least grades nine through twelve;

12 (24) Income tax liability means the amount of the
13 reported income tax liability for resident individuals pursuant
14 to the Nebraska Revenue Act of 1967 less all nonrefundable credits
15 earned and refunds made;

16 (25) Income tax receipts means the amount of income tax
17 collected pursuant to the Nebraska Revenue Act of 1967 less all
18 nonrefundable credits earned and refunds made;

19 (26) Limited English proficiency students means the
20 number of students with limited English proficiency in a district
21 from the most recent data available on November 1 of the school
22 fiscal year preceding the school fiscal year in which aid is to
23 be paid plus the difference of such students with limited English
24 proficiency minus the average number of limited English proficiency
25 students for such district, prior to such addition, for the three
26 immediately preceding school fiscal years if such difference is
27 greater than zero;

1 (27) Local system means a learning community for purposes
2 of calculation of state aid for the second full school fiscal
3 year after becoming a learning community and each school fiscal
4 year thereafter, a unified system, a Class VI district and the
5 associated Class I districts, or a Class II, III, IV, or V
6 district and any affiliated Class I districts or portions of
7 Class I districts. The membership, expenditures, and resources of
8 Class I districts that are affiliated with multiple high school
9 districts will be attributed to local systems based on the percent
10 of the Class I valuation that is affiliated with each high school
11 district;

12 (28) Low-income child means a child under nineteen years
13 of age living in a household having an annual adjusted gross income
14 for the second calendar year preceding the beginning of the school
15 fiscal year for which aid is being calculated equal to or less
16 than the maximum household income that would allow a student from
17 a family of four people to be a free lunch and free milk student
18 during the school fiscal year immediately preceding the school
19 fiscal year for which aid is being calculated;

20 (29) Low-income students means the number of low-income
21 children within the district multiplied by the ratio of the formula
22 students in the district divided by the total children under
23 nineteen years of age residing in the district as derived from
24 income tax information;

25 (30) Most recently available complete data year means
26 the most recent single school fiscal year for which the annual
27 financial report, fall school district membership report, annual

1 statistical summary, Nebraska income tax liability by school
2 district for the calendar year in which the majority of the school
3 fiscal year falls, and adjusted valuation data are available;

4 (31) Poverty students means the number of low-income
5 students or the number of students who are free lunch and free
6 milk students in a district plus the difference of the number of
7 low-income students or the number of students who are free lunch
8 and free milk students in a district, whichever is greater, minus
9 the average number of poverty students for such district, prior to
10 such addition, for the three immediately preceding school fiscal
11 years if such difference is greater than zero;

12 (32) Qualified early childhood education average daily
13 membership means the product of the average daily membership for
14 school fiscal year 2006-07 and each school fiscal year thereafter
15 of students who will be eligible to attend kindergarten the
16 following school year and are enrolled in an early childhood
17 education program approved by the department pursuant to section
18 79-1103 for such school district for such school year multiplied by
19 the ratio of the actual instructional hours of the program divided
20 by one thousand thirty-two if: (a) The program is receiving a grant
21 pursuant to such section for the third year; (b) the program has
22 already received grants pursuant to such section for three years;
23 or (c) the program has been approved pursuant to subsection (5) of
24 section 79-1103 for such school year and the two preceding school
25 years, including any such students in portions of any of such
26 programs receiving an expansion grant;

27 (33) Qualified early childhood education fall membership

1 means the product of membership on the last Friday in September
2 2006 and each year thereafter of students who will be eligible
3 to attend kindergarten the following school year and are enrolled
4 in an early childhood education program approved by the department
5 pursuant to section 79-1103 for such school district for such
6 school year multiplied by the ratio of the planned instructional
7 hours of the program divided by one thousand thirty-two if: (a)
8 The program is receiving a grant pursuant to such section for the
9 third year; (b) the program has already received grants pursuant to
10 such section for three years; or (c) the program has been approved
11 pursuant to subsection (5) of section 79-1103 for such school year
12 and the two preceding school years, including any such students in
13 portions of any of such programs receiving an expansion grant;

14 (34) Regular route transportation means the
15 transportation of students on regularly scheduled daily routes to
16 and from the attendance center;

17 (35) Reorganized district means any district involved
18 in a consolidation and currently educating students following
19 consolidation;

20 (36) School year or school fiscal year means the fiscal
21 year of a school district as defined in section 79-1091;

22 (37) Sparse local system means a local system that is not
23 a very sparse local system but which meets the following criteria:

24 (a) (i) Less than two students per square mile in the
25 county in which each high school is located, based on the school
26 district census, (ii) less than one formula student per square
27 mile in the local system, and (iii) more than ten miles between

1 each high school attendance center and the next closest high school
2 attendance center on paved roads;

3 (b) (i) Less than one and one-half formula students per
4 square mile in the local system and (ii) more than fifteen miles
5 between each high school attendance center and the next closest
6 high school attendance center on paved roads;

7 (c) (i) Less than one and one-half formula students per
8 square mile in the local system and (ii) more than two hundred
9 seventy-five square miles in the local system; or

10 (d) (i) Less than two formula students per square mile in
11 the local system and (ii) the local system includes an area equal
12 to ninety-five percent or more of the square miles in the largest
13 county in which a high school attendance center is located in the
14 local system;

15 (38) Special education means specially designed
16 kindergarten through grade twelve instruction pursuant to section
17 79-1125, and includes special education transportation;

18 (39) Special grant funds means the budgeted receipts
19 for grants, including, but not limited to, categorical funds,
20 reimbursements for wards of the court, short-term borrowings
21 including, but not limited to, registered warrants and tax
22 anticipation notes, interfund loans, insurance settlements, and
23 reimbursements to county government for previous overpayment. The
24 state board shall approve a listing of grants that qualify as
25 special grant funds;

26 (40) State aid means the amount of assistance paid to a
27 district pursuant to the Tax Equity and Educational Opportunities

1 Support Act;

2 (41) State board means the State Board of Education;

3 (42) State support means all funds provided to districts
4 by the State of Nebraska for the general fund support of elementary
5 and secondary education;

6 (43) Statewide average basic funding per formula student
7 means the statewide total basic funding for all districts divided
8 by the statewide total formula students for all districts;

9 (44) Statewide average general fund operating
10 expenditures per formula student means the statewide total
11 general fund operating expenditures for all districts divided by
12 the statewide total formula students for all districts;

13 (45) Teacher has the definition found in section 79-101;

14 (46) Temporary aid adjustment factor means (a) for school
15 fiscal years before school fiscal year 2007-08, one and one-fourth
16 percent of the sum of the local system's transportation allowance,
17 the local system's special receipts allowance, and the product
18 of the local system's adjusted formula students multiplied by
19 the average formula cost per student in the local system's
20 cost grouping and (b) for school fiscal year 2007-08, one and
21 one-fourth percent of the sum of the local system's transportation
22 allowance, special receipts allowance, and distance education and
23 telecommunications allowance and the product of the local system's
24 adjusted formula students multiplied by the average formula cost
25 per student in the local system's cost grouping;

26 (47) Tuition receipts from converted contracts means
27 tuition receipts received by a district from another district

1 in the most recently available complete data year pursuant to a
2 converted contract prior to the expiration of the contract;

3 (48) Tuitioned students means students in kindergarten
4 through grade twelve of the district whose tuition is paid by the
5 district to some other district or education agency; and

6 (49) Very sparse local system means a local system that
7 has:

8 (a) (i) Less than one-half student per square mile in
9 each county in which each high school attendance center is located
10 based on the school district census, (ii) less than one formula
11 student per square mile in the local system, and (iii) more than
12 fifteen miles between the high school attendance center and the
13 next closest high school attendance center on paved roads; or

14 (b) (i) More than four hundred fifty square miles in the
15 local system, (ii) less than one-half student per square mile in
16 the local system, and (iii) more than fifteen miles between each
17 high school attendance center and the next closest high school
18 attendance center on paved roads.

19 Sec. 3. Section 79-1003.01, Revised Statutes Cumulative
20 Supplement, 2012, is amended to read:

21 79-1003.01 (1) The department shall calculate a summer
22 school allowance for each district which submits the information
23 required for the calculation on a form prescribed by the department
24 on or before October 15 of the school fiscal year preceding
25 the school fiscal year for which aid is being calculated. A
26 For aid calculated for school fiscal years through school fiscal
27 year 2013-14, the summer school allowance shall be equal to

1 two and one-half percent of the summer school student units for
2 such district multiplied by eighty-five percent of the statewide
3 average general fund operating expenditures per formula student.
4 For aid calculated for school fiscal year 2014-15 and each school
5 fiscal year thereafter, the summer school allowance shall be
6 equal to the lesser of two and one-half percent of the product
7 of the summer school student units for such district multiplied
8 by eighty-five percent of the statewide average general fund
9 operating expenditures per formula student or the summer school and
10 early childhood summer school expenditures that are paid for with
11 noncategorical funds generated by state or local taxes as reported
12 on the annual financial report for the most recently available data
13 year and that are not included in other allowances.

14 (2) Summer school student units shall be calculated for
15 each student enrolled in summer school as defined in section 79-536
16 in a school district who attends such summer school for at least
17 twelve days in the most recently available complete data year,
18 whether or not the student is in the membership of the school
19 district. The initial number of units for each such student shall
20 equal the sum of the ratios, each rounded down to the nearest whole
21 number, of the number of days for which the student attended summer
22 school classes in such district for at least three hours and less
23 than six hours per day divided by twelve days and of two times the
24 number of days for which the student attended summer school classes
25 in such district for six or more hours per day divided by twelve
26 days.

27 (3) Each school district shall receive an additional

1 summer school student unit for each summer school student unit
2 attributed to remedial math or reading programs. Each school
3 district shall also receive an additional summer school student
4 unit for each summer school student unit attributed to a free lunch
5 and free milk student.

6 (4) Beginning with state aid calculated for school fiscal
7 year 2012-13, summer school student units shall be calculated for
8 each student who was both enrolled in the most recently available
9 complete data year in a summer session of an early childhood
10 education program for which a qualified early childhood education
11 fall membership greater than zero has been calculated for the
12 school fiscal year for which aid is being calculated and eligible
13 to attend kindergarten in the fall immediately following such
14 summer session. The initial number of units for each such early
15 childhood education student shall equal the sum of the ratios,
16 each rounded down to the nearest whole number, of the number of
17 days for which the student attended the summer session in such
18 district for at least three hours and less than six hours per
19 day divided by twelve days and of two times the number of days
20 for which the student attended the summer session in such district
21 for six or more hours per day divided by twelve days. The initial
22 summer school student units for early childhood education students
23 shall be multiplied by six-tenths. Instructional hours included in
24 the calculation of the qualified early childhood education fall
25 membership or the qualified early childhood education average daily
26 membership shall not be included in the calculation of the summer
27 school allowance.

1 (5) Each school district shall receive an additional
2 six-tenths of a summer school student unit for each early childhood
3 education student unit attributed to a free lunch and free milk
4 early childhood education student.

5 (6) This section does not prevent school districts from
6 requiring and collecting fees for summer school or summer sessions
7 of early childhood education programs, except that summer school
8 student units shall not be calculated for school districts which
9 collect fees for summer school from students who qualify for
10 free or reduced-price lunches under United States Department of
11 Agriculture child nutrition programs.

12 Sec. 4. Section 79-1007.07, Revised Statutes Cumulative
13 Supplement, 2012, is amended to read:

14 79-1007.07 (1)(a) The annual financial report required
15 pursuant to section 79-528 shall include:

16 (i) The amount of the poverty allowance used in the
17 certification of state aid pursuant to section 79-1022 for such
18 school fiscal year;

19 (ii) The amount of federal funds received based on
20 poverty as defined by the federal program providing the funds;

21 (iii) The expenditures and sources of funding for each
22 program related to poverty with a narrative description of the
23 program, the method used to allocate money to the program and
24 within the program, and the program's relationship to the poverty
25 plan submitted pursuant to section 79-1013 for such school fiscal
26 year;

27 (iv) The expenditures and sources of funding for support

1 costs directly attributable to implementing the district's poverty
2 plan; and

3 (v) An explanation of how any required elements of the
4 poverty plan for such school fiscal year were met.

5 (b) The department shall set up accounting codes for the
6 receipts and expenditures required to be reported on the annual
7 financial report pursuant to this subsection.

8 (2) The department shall determine the poverty allowance
9 expenditures using the reported expenditures on the annual
10 financial report for the most recently available complete data
11 year that would include in the poverty allowance expenditures only
12 those expenditures that are not included in other allowances,
13 that were used to specifically address issues related to the
14 education of students living in poverty or to the implementation
15 of the poverty plan, that do not replace expenditures that would
16 have occurred if the students involved in the program did not
17 live in poverty, ~~that are not included in other allowances,~~ and
18 that are paid for with noncategorical funds generated by state
19 or local taxes or funds distributed through the Tax Equity and
20 Educational Opportunities Support Act pursuant to the federal
21 American Recovery and Reinvestment Act of 2009 or the federal
22 Education Jobs Fund created pursuant to Public Law 111-226. The
23 department shall establish a procedure to allow school districts to
24 receive preapproval for categories of expenditures that could be
25 included in poverty allowance expenditures.

26 (3) If the poverty allowance expenditures do not equal
27 117.65 percent or more of the poverty allowance for the most

1 recently available complete data year, the department shall
2 calculate a poverty allowance correction. The poverty allowance
3 correction shall equal the poverty allowance minus eighty-five
4 percent of the poverty allowance expenditures. If the poverty
5 allowance expenditures do not equal fifty percent or more of the
6 allowance for such school fiscal year, the school district shall
7 also be disqualified from receiving a poverty allowance for the
8 school fiscal year for which aid is being calculated.

9 (4) If the department determines that the school district
10 did not meet the required elements of the poverty plan for the
11 most recently available complete data year, the department shall
12 calculate a poverty allowance correction equal to fifty percent
13 of the poverty allowance for such school fiscal year and the
14 school district shall also be disqualified from receiving a poverty
15 allowance for the school fiscal year for which aid is being
16 calculated. Any poverty allowance correction calculated pursuant to
17 this subsection shall be added to any poverty allowance correction
18 calculated pursuant to subsection (3) of this section to arrive at
19 the total poverty allowance correction.

20 (5) The department may request additional information
21 from any school district to assist with calculations and
22 determinations pursuant to this section. If the school district
23 does not provide information upon the request of the department
24 pursuant to this section, the school district shall be disqualified
25 from receiving a poverty allowance for the school fiscal year for
26 which aid is being calculated.

27 (6) The department shall provide electronically an annual

1 report to the Legislature containing a general description of the
2 expenditures and funding sources for programs related to poverty
3 statewide and specific descriptions of the expenditures and funding
4 sources for programs related to poverty for each school district.

5 (7) The state board shall establish a procedure for
6 appeal of decisions of the department to the state board for a
7 final determination.

8 Sec. 5. Section 79-1007.09, Revised Statutes Cumulative
9 Supplement, 2012, is amended to read:

10 79-1007.09 (1)(a) The annual financial report required
11 pursuant to section 79-528 shall include:

12 (i) The amount of the limited English proficiency
13 allowance used in the certification of state aid pursuant to
14 section 79-1022 for such school fiscal year;

15 (ii) The amount of federal funds received based on
16 students who are limited English proficient as defined by the
17 federal program providing the funds;

18 (iii) The expenditures and sources of funding for each
19 program related to limited English proficiency with a narrative
20 description of the program, the method used to allocate money to
21 the program and within the program, and the program's relationship
22 to the limited English proficiency plan submitted pursuant to
23 section 79-1014 for such school fiscal year;

24 (iv) The expenditures and sources of funding for support
25 costs directly attributable to implementing the district's limited
26 English proficiency plan; and

27 (v) An explanation of how any required elements of the

1 limited English proficiency plan for such school fiscal year were
2 met.

3 (b) The department shall set up accounting codes for the
4 receipts and expenditures required to be reported on the annual
5 financial report pursuant to this subsection.

6 (2) The department shall determine the limited English
7 proficiency allowance expenditures using the reported expenditures
8 on the annual financial report for the most recently available
9 complete data year that would only include in the limited English
10 proficiency allowance expenditures those expenditures that are
11 not included in other allowances, that were used to specifically
12 address issues related to the education of students with limited
13 English proficiency or to the implementation of the limited
14 English proficiency plan, that do not replace expenditures that
15 would have occurred if the students involved in the program did
16 not have limited English proficiency, ~~that are not included in~~
17 ~~other allowances,~~ and that are paid for with noncategorical funds
18 generated by state or local taxes or funds distributed through
19 the Tax Equity and Educational Opportunities Support Act pursuant
20 to the federal American Recovery and Reinvestment Act of 2009 or
21 the federal Education Jobs Fund created pursuant to Public Law
22 111-226. The department shall establish a procedure to allow school
23 districts to receive preapproval for categories of expenditures
24 that could be included in limited English proficiency allowance
25 expenditures.

26 (3) If the limited English proficiency allowance
27 expenditures do not equal 117.65 percent or more of the limited

1 English proficiency allowance for the most recently available
2 complete data year, the department shall calculate a limited
3 English proficiency allowance correction. The limited English
4 proficiency allowance correction shall equal the limited English
5 proficiency allowance minus eighty-five percent of the limited
6 English proficiency allowance expenditures. If the limited English
7 proficiency allowance expenditures do not equal fifty percent or
8 more of the allowance for such school fiscal year, the school
9 district shall also be disqualified from receiving a limited
10 English proficiency allowance for the school fiscal year for which
11 aid is being calculated.

12 (4) If the department determines that the school district
13 did not meet the required elements of the limited English
14 proficiency plan for the most recently available complete data
15 year, the department shall calculate a limited English proficiency
16 allowance correction equal to fifty percent of the limited English
17 proficiency allowance for such school fiscal year and the school
18 district shall also be disqualified from receiving a limited
19 English proficiency allowance for the school fiscal year for which
20 aid is being calculated. Any limited English proficiency allowance
21 correction calculated pursuant to this subsection shall be added
22 to any limited English proficiency allowance correction calculated
23 pursuant to subsection (3) of this section to arrive at the total
24 limited English proficiency allowance correction.

25 (5) The department may request additional information
26 from any school district to assist with calculations and
27 determinations pursuant to this section. If the school district

1 does not provide information upon the request of the department
2 pursuant to this section, the school district shall be disqualified
3 from receiving a limited English proficiency allowance for the
4 school fiscal year for which aid is being calculated.

5 (6) The department shall annually provide the Legislature
6 with a report containing a general description of the expenditures
7 and funding sources for programs related to limited English
8 proficiency statewide and specific descriptions of the expenditures
9 and funding sources for programs related to limited English
10 proficiency for each school district.

11 (7) The state board shall establish a procedure for
12 appeal of decisions of the department to the state board for a
13 final determination.

14 Sec. 6. Section 79-1007.11, Revised Statutes Cumulative
15 Supplement, 2012, is amended to read:

16 79-1007.11 ~~(1)~~ Except as otherwise provided in this
17 section, for school fiscal year 2010-11, each school district's
18 formula need shall equal the difference of the sum of the
19 school district's basic funding, poverty allowance, limited
20 English proficiency allowance, elementary class size allowance,
21 focus school and program allowance, summer school allowance,
22 special receipts allowance, transportation allowance, elementary
23 site allowance, instructional time allowance, teacher education
24 allowance, distance education and telecommunications allowance,
25 averaging adjustment, new learning community transportation
26 adjustment, student growth adjustment, and new school adjustment,
27 minus the sum of the limited English proficiency allowance

1 ~~correction, poverty allowance correction, and local choice~~
2 ~~adjustment.~~

3 ~~(2)~~ (1) Except as otherwise provided in this section, for
4 school fiscal years 2011-12 and 2012-13, each school district's
5 formula need shall equal the difference of the sum of the
6 school district's basic funding, poverty allowance, limited
7 English proficiency allowance, elementary class size allowance,
8 focus school and program allowance, summer school allowance,
9 special receipts allowance, transportation allowance, elementary
10 site allowance, instructional time allowance, teacher education
11 allowance, distance education and telecommunications allowance,
12 averaging adjustment, new learning community transportation
13 adjustment, student growth adjustment, any positive student growth
14 adjustment correction, and new school adjustment, minus the sum
15 of the limited English proficiency allowance correction, poverty
16 allowance correction, any negative student growth adjustment
17 correction, and local choice adjustment.

18 ~~(3)~~ (2) Except as otherwise provided in this section, for
19 school fiscal year 2013-14 and each school fiscal year thereafter,
20 each school district's formula need shall equal the difference
21 of the sum of the school district's basic funding, poverty
22 allowance, limited English proficiency allowance, focus school
23 and program allowance, summer school allowance, special receipts
24 allowance, transportation allowance, elementary site allowance,
25 instructional time allowance, teacher education allowance, distance
26 education and telecommunications allowance, averaging adjustment,
27 new learning community transportation adjustment, student growth

1 adjustment, any positive student growth adjustment correction,
2 and new school adjustment, minus the sum of the limited English
3 proficiency allowance correction, poverty allowance correction, and
4 any negative student growth adjustment correction. 7 ~~and local~~
5 ~~choice adjustment.~~

6 ~~(4) For state aid calculated for all school fiscal~~
7 ~~years except school fiscal year 2011-12, if (3) If the formula~~
8 need calculated for a school district pursuant to subsections (1)
9 ~~through (3) and (2) of this section is less than one hundred~~
10 percent of the formula need for such district for the school fiscal
11 year immediately preceding the school fiscal year for which aid is
12 being calculated, the formula need for such district shall equal
13 one hundred percent of the formula need for such district for the
14 school fiscal year immediately preceding the school fiscal year
15 for which aid is being calculated. ~~For state aid calculated for~~
16 ~~school fiscal year 2011-12, if the formula need calculated for a~~
17 ~~school district pursuant to subsection (2) of this section is less~~
18 ~~than ninety-five percent of the formula need for such district~~
19 ~~for the school fiscal year immediately preceding the school fiscal~~
20 ~~year for which aid is being calculated, the formula need for such~~
21 ~~district shall equal ninety-five percent of the formula need for~~
22 ~~such district for the school fiscal year immediately preceding the~~
23 ~~school fiscal year for which aid is being calculated.~~

24 ~~(5) For state aid calculated for school fiscal years~~
25 ~~except school fiscal year 2011-12, except (4) Except as provided in~~
26 subsection ~~(7) (6)~~ of this section, if the formula need calculated
27 for a school district pursuant to subsections (1) ~~through (3) and~~

1 (2) of this section is more than one hundred twelve percent of
2 the formula need for such district for the school fiscal year
3 immediately preceding the school fiscal year for which aid is being
4 calculated, the formula need for such district shall equal one
5 hundred twelve percent of the formula need for such district for
6 the school fiscal year immediately preceding the school fiscal year
7 for which aid is being calculated, except that the formula need
8 shall not be reduced pursuant to this subsection for any district
9 receiving a student growth adjustment for the school fiscal year
10 for which aid is being calculated. ~~For state aid calculated for~~
11 ~~school fiscal year 2011-12,~~ except as provided in subsection ~~(7)~~ of
12 ~~this section,~~ if the formula need calculated for a school district
13 pursuant to subsection ~~(2)~~ of this section is more than one
14 hundred seven percent of the formula need for such district for the
15 school fiscal year immediately preceding the school fiscal year for
16 which aid is being calculated, the formula need for such district
17 shall equal one hundred seven percent of the formula need for
18 such district for the school fiscal year immediately preceding the
19 school fiscal year for which aid is being calculated, except that
20 the formula need shall not be reduced pursuant to this subsection
21 for any district receiving a student growth adjustment for the
22 school fiscal year for which aid is being calculated.

23 ~~(6)~~ (5) For purposes of subsections (3) and (4) and
24 ~~(5)~~ of this section, the formula need for the school fiscal year
25 immediately preceding the school fiscal year for which aid is being
26 calculated shall be the formula need used in the final calculation
27 of aid pursuant to section 79-1065 and for districts that were

1 affected by a reorganization with an effective date in the calendar
2 year preceding the calendar year in which aid is certified for the
3 school fiscal year for which aid is being calculated, the formula
4 need for the school fiscal year immediately preceding the school
5 fiscal year for which aid is being calculated shall be attributed
6 to the affected school districts based on information provided to
7 the department by the school districts or proportionally based on
8 the adjusted valuation transferred if sufficient information has
9 not been provided to the department.

10 ~~(7)~~ (6) For state aid calculated for the first full
11 school fiscal year of a new learning community, if the formula need
12 calculated for a member school district pursuant to subsections
13 (1) through ~~(4)~~ (3) of this section is less than the sum of the
14 school district's state aid certified for the school fiscal year
15 immediately preceding the first full school fiscal year of the
16 learning community plus the school district's other actual receipts
17 included in local system formula resources pursuant to section
18 79-1018.01 for such school fiscal year plus the product of the
19 school district's general fund levy for such school fiscal year up
20 to one dollar and five cents multiplied by the school district's
21 assessed valuation for such school fiscal year, the formula need
22 for such school district for the school fiscal year for which aid
23 is being calculated shall equal such sum.

24 Sec. 7 Section 79-1007.17, Reissue Revised Statutes of
25 Nebraska, is amended to read:

26 79-1007.17 For school fiscal year ~~2008-09~~ and each school
27 ~~fiscal year thereafter,~~ years through 2012-13, the department shall

- 1 calculate a local choice adjustment for each district that:
- 2 (1) Has fewer than three hundred ninety formula students;
- 3 (2) Is not in a sparse local system or a very sparse
- 4 local system; and
- 5 (3) Did not receive federal funds in excess of
- 6 twenty-five percent of its general fund budget of expenditures in
- 7 the most recently available complete data year or in either of
- 8 the two school fiscal years preceding the most recently available
- 9 complete data year.

10 The local choice adjustment for each such district shall

11 equal fifty percent of the difference between the basic funding

12 per formula student for the district for which the local choice

13 adjustment is being calculated and the basic funding per formula

14 student for the district that has the closest to three hundred

15 ninety formula students multiplied by the formula students for the

16 district for which the local choice adjustment is being calculated,

17 except that the local choice adjustment shall equal zero if the

18 basic funding per formula student for the district for which the

19 local choice adjustment is being calculated is less than the basic

20 funding per formula student for the district that has the closest

21 to three hundred ninety formula students. If more than one district

22 has the closest to three hundred ninety formula students, the

23 basic funding representing the district that has the closest to

24 three hundred ninety formula students shall equal the average of

25 the basic funding per formula student for each such district. The

26 closest to three hundred ninety formula students shall be measured

27 using the absolute value of the difference of three hundred ninety

1 students minus the district formula students with the difference
2 rounded to the nearest whole number.

3 Sec. 8 Section 79-1007.18, Revised Statutes Cumulative
4 Supplement, 2012, is amended to read:

5 79-1007.18 (1) The department shall calculate an
6 averaging adjustment for districts if the basic funding per formula
7 student is less than the averaging adjustment threshold and the
8 general fund levy for the school fiscal year immediately preceding
9 the school fiscal year for which aid is being calculated was at
10 least one dollar per one hundred dollars of taxable valuation.
11 For school districts that are members of a learning community,
12 the general fund levy for purposes of this section includes both
13 the common general fund levy and the school district general
14 fund levy authorized pursuant to subdivisions (2)(b) and (2)(c)
15 of section 77-3442. The averaging adjustment shall equal the
16 district's formula students multiplied by the percentage specified
17 in this section for such district of the difference between the
18 averaging adjustment threshold minus such district's basic funding
19 per formula student.

20 ~~(2)(a) For school fiscal year 2010-11, the averaging~~
21 ~~adjustment threshold shall equal the lesser of (i) the averaging~~
22 ~~adjustment threshold for the school fiscal year immediately~~
23 ~~preceding the school fiscal year for which aid is being calculated~~
24 ~~increased by the sum of the basic allowable growth rate plus~~
25 ~~five-tenths of one percent or (ii) the statewide average basic~~
26 ~~funding per formula student for the school fiscal year for which~~
27 ~~aid is being calculated.~~

1 ~~(b) For school fiscal year 2011-12, the averaging~~
2 ~~adjustment threshold shall equal ninety-five percent of the lesser~~
3 ~~of (i) the averaging adjustment threshold for school fiscal year~~
4 ~~2010-11 increased by the basic allowable growth rate or (ii) the~~
5 ~~statewide average basic funding per formula student for school~~
6 ~~fiscal year 2011-12.~~

7 ~~(c) (2)(a) For school fiscal year years 2012-13 and~~
8 ~~2013-14, and each school fiscal year thereafter, the averaging~~
9 ~~adjustment threshold shall equal the lesser of (i) the averaging~~
10 ~~adjustment threshold for the school fiscal year immediately~~
11 ~~preceding the school fiscal year for which aid is being calculated~~
12 ~~increased by the basic allowable growth rate or (ii) the statewide~~
13 ~~average basic funding per formula student for the school fiscal~~
14 ~~year for which aid is being calculated.~~

15 (b) For school fiscal year 2014-15 and each school fiscal
16 year thereafter, the averaging adjustment threshold shall equal the
17 aggregate basic funding for all districts with nine hundred or more
18 formula students divided by the aggregate formula students for all
19 districts with nine hundred or more formula students for the school
20 fiscal year for which aid is being calculated.

21 (3) The percentage to be used in the calculation of an
22 averaging adjustment shall be based on the general fund levy for
23 the school fiscal year immediately preceding the school fiscal year
24 for which aid is being calculated.

25 (4) The percentages to be used in the calculation of
26 averaging adjustments shall be as follows:

27 (a) If such levy was at least one dollar per one hundred

1 dollars of taxable valuation but less than one dollar and one cent
2 per one hundred dollars of taxable valuation, the percentage shall
3 be fifty percent;

4 (b) If such levy was at least one dollar and one cent per
5 one hundred dollars of taxable valuation but less than one dollar
6 and two cents per one hundred dollars of taxable valuation, the
7 percentage shall be sixty percent;

8 (c) If such levy was at least one dollar and two
9 cents per one hundred dollars of taxable valuation but less than
10 one dollar and three cents per one hundred dollars of taxable
11 valuation, the percentage shall be seventy percent;

12 (d) If such levy was at least one dollar and three cents
13 per one hundred dollars of taxable valuation but less than one
14 dollar and four cents per one hundred dollars of taxable valuation,
15 the percentage shall be eighty percent; and

16 (e) If such levy was at least one dollar and four cents
17 per one hundred dollars of taxable valuation, the percentage shall
18 be ninety percent.

19 Sec. 9. Section 79-1007.23, Revised Statutes Cumulative
20 Supplement, 2012, is amended to read:

21 79-1007.23 (1)(a) For state aid calculated for school
22 fiscal year 2009-10 and each school fiscal year thereafter:
23 years through 2012-13, the ~~(1)~~ The department shall calculate
24 an instructional time allowance for each district which submits
25 the information required for the calculation on a form prescribed
26 by the department on or before October 15 of the school fiscal
27 year preceding the school fiscal year for which aid is being

1 calculated. The instructional time allowance shall be equal to
2 the product of the formula students of such district multiplied
3 by the instructional time factor for such district multiplied by
4 eighty-five percent of the statewide average general fund operating
5 expenditures per formula student;

6 ~~(2)~~ (b) The instructional time factor shall equal the
7 difference of the ratio of the district's average hours of
8 instruction for each full-time student during the regular school
9 year for the most recently available complete data year divided by+
10 ~~(a)~~ For state aid calculated for school fiscal year 2009-10, the
11 comparison group average hours of instruction for each full-time
12 student during the regular school year for the most recently
13 available complete data year minus one; or ~~(b)~~ for state aid
14 calculated for school fiscal year 2010-11 and each school fiscal
15 year thereafter, the statewide average hours of instruction for
16 each full-time student during the regular school year for the most
17 recently available complete data year minus one, except that if the
18 result is less than zero, the instructional time factor shall equal
19 zero; and

20 ~~(3)~~ For school fiscal years 2009-10 and 2010-11, the
21 comparison group average hours of instruction for each full-time
22 student shall be an average of the averages for all school
23 districts in the comparison group. The average hours of instruction
24 shall be defined by the department and shall not include
25 extracurricular activities outside of the regular school day or
26 time designated for students to eat lunch. The statewide average
27 hours of instruction for each full-time student shall be an average

1 of the averages for all school districts, and

2 ~~(4) For school fiscal year 2011-12 and each school fiscal~~
3 ~~year thereafter, the (c) The~~ average hours of instruction shall be
4 defined by the department and shall be based on scheduled time for
5 courses and the number of students participating in such courses as
6 reported to the department for the most recently available complete
7 data year. Hours of instruction shall not include extracurricular
8 activities outside of the regular school day or time designated for
9 students to eat lunch. The statewide average hours of instruction
10 for each student shall be an average of the averages for all school
11 districts.

12 (2) (a) For state aid calculated for school fiscal year
13 2013-14 and each school fiscal year thereafter, the department
14 shall calculate an instructional time allowance for districts if
15 the average days in session for such school district exceeds one
16 hundred seventy-five days for the most recently available complete
17 data year;

18 (b) For purposes of this subsection:

19 (i) The allowance student days for each qualifying school
20 district shall equal the formula students for such district
21 multiplied by the difference of the average days in session
22 for such school district minus one hundred seventy-five days;

23 (ii) The average days in session for each school district
24 shall equal a weighted average of the days in session for all
25 schools in the school district as defined by the department; and

26 (iii) The statewide allowance student days shall equal
27 the sum of the allowance student days for all qualifying school

1 districts;

2 (c) The instructional time allowance shall equal the
3 product of twenty million dollars multiplied by the ratio of the
4 allowance student days for such school district divided by the
5 statewide allowance student days; and

6 (d) Fifty percent of the instructional time allowance
7 calculated pursuant to this subsection for each qualifying school
8 district shall be paid to such school district as instructional
9 time aid for the school fiscal year for which aid is being
10 calculated.

11 Sec. 10. Section 79-1007.25, Revised Statutes Cumulative
12 Supplement, 2012, is amended to read:

13 79-1007.25 ~~For school fiscal year 2010-11 and each school~~
14 ~~fiscal year thereafter,~~ The department shall calculate a
15 teacher education allowance for each district as follows:

16 (1) Teacher education points shall be calculated for each
17 district by the department based upon data from the fall personnel
18 report required pursuant to section 79-804 for the school fiscal
19 year immediately preceding the school fiscal year in which aid is
20 to be paid. Each full-time equivalent teacher shall (a) be under
21 contract with a school district as required pursuant to section
22 79-818 and (b) only be counted one time in awarding any points
23 pursuant to this section. Each district shall receive one point for
24 each full-time equivalent teacher who has earned and been awarded a
25 master's degree or an education specialist's degree and two points
26 for each full-time equivalent teacher who has earned and been
27 awarded a doctoral degree;

1 (2) A For school fiscal years prior to 2013-14, a teacher
2 education index shall be calculated for each district by dividing
3 the ratio of teacher education points for the district divided by
4 the number of full-time equivalent teachers in the district by the
5 ratio of teacher education points for all districts divided by the
6 number of full-time equivalent teachers in all districts; ~~and~~

7 (3) The For school fiscal years prior to 2013-14, the
8 teacher education allowance for each district shall equal eight and
9 one-half percent of the statewide average general fund operating
10 expenditures per formula student multiplied by the district's
11 formula students and multiplied by the difference of the product of
12 the district's teacher education index minus one, except that if
13 the result is less than zero, the teacher education allowance shall
14 equal zero; ~~and-~~

15 (4) For school fiscal year 2013-14 and each school fiscal
16 year thereafter, the teacher education allowance for each district
17 shall equal the product of thirty million dollars multiplied by
18 the ratio of teacher education points calculated for the district
19 divided by the aggregate teacher education points calculated for
20 all districts. Fifty percent of the teacher education allowance
21 calculated pursuant to this subsection for each school district
22 shall be paid to such school district as teacher education aid for
23 the school fiscal year for which aid is being calculated.

24 Sec. 11. Section 79-1015.01, Revised Statutes Cumulative
25 Supplement, 2012, is amended to read:

26 79-1015.01 (1) Local system formula resources shall
27 include local effort rate yield which shall be computed as

1 prescribed in this section.

2 (2) For each school fiscal year except school fiscal
3 years 2011-12 ~~and 2012-13~~ through 2014-15: (a) For state aid
4 certified pursuant to section 79-1022, the local effort rate shall
5 be the maximum levy, for the school fiscal year for which aid
6 is being certified, authorized pursuant to subdivision (2)(a) of
7 section 77-3442 less five cents; (b) for the final calculation of
8 state aid pursuant to section 79-1065, the local effort rate shall
9 be the rate which, when multiplied by the total adjusted valuation
10 of all taxable property in local systems receiving equalization
11 aid pursuant to the Tax Equity and Educational Opportunities
12 Support Act, will produce the amount needed to support the total
13 formula need of such local systems when added to state aid
14 appropriated by the Legislature and other actual receipts of local
15 systems described in section 79-1018.01; and (c) the local effort
16 rate yield for such school fiscal years shall be determined by
17 multiplying each local system's total adjusted valuation by the
18 local effort rate.

19 (3) For school fiscal years 2011-12 and 2012-13: (a) For
20 state aid certified pursuant to section 79-1022, the local effort
21 rate shall be the maximum levy, for the school fiscal year for
22 which aid is being certified, authorized pursuant to subdivision
23 (2)(a) of section 77-3442 less one and five-hundredths of one cent;
24 (b) for the final calculation of state aid pursuant to section
25 79-1065, the local effort rate shall be the rate which, when
26 multiplied by the total adjusted valuation of all taxable property
27 in local systems receiving equalization aid pursuant to the Tax

1 Equity and Educational Opportunities Support Act, will produce the
2 amount needed to support the total formula need of such local
3 systems when added to state aid appropriated by the Legislature
4 and other actual receipts of local systems described in section
5 79-1018.01; and (c) the local effort rate yield for such school
6 fiscal years shall be determined by multiplying each local system's
7 total adjusted valuation by the local effort rate.

8 (4) For school fiscal years 2013-14 and 2014-15: (a)
9 For state aid certified pursuant to section 79-1022, the local
10 effort rate shall be the maximum levy, for the school fiscal
11 year for which aid is being certified, authorized pursuant to
12 subdivision (2)(a) of section 77-3442 less two cents; (b) for
13 the final calculation of state aid pursuant to section 79-1065,
14 the local effort rate shall be the rate which, when multiplied
15 by the total adjusted valuation of all taxable property in local
16 systems receiving equalization aid pursuant to the Tax Equity and
17 Educational Opportunities Support Act, will produce the amount
18 needed to support the total formula need of such local systems when
19 added to state aid appropriated by the Legislature and other actual
20 receipts of local systems described in section 79-1018.01; and (c)
21 the local effort rate yield for such school fiscal years shall
22 be determined by multiplying each local system's total adjusted
23 valuation by the local effort rate.

24 Sec. 12. Section 79-1017.01, Revised Statutes Cumulative
25 Supplement, 2012, is amended to read:

26 79-1017.01 (1) For state aid calculated for school
27 fiscal years prior to school fiscal year 2012-13, local system

1 formula resources includes retirement aid determined under section
2 79-1028.03, allocated income tax funds determined for each such
3 district pursuant to the provisions of section 79-1005.01, and
4 adjustments pursuant to section 79-1008.02.

5 (2) For state aid calculated for school fiscal years
6 2012-13 and 2013-14, year 2012-13, local system formula resources
7 includes retirement aid determined under section 79-1028.03,
8 allocated income tax funds determined for each district pursuant to
9 section 79-1005.01, and adjustments pursuant to section 79-1008.02,
10 and is reduced by amounts paid by the district in the most recently
11 available complete data year as property tax refunds pursuant to or
12 in the manner prescribed by section 77-1736.06.

13 (3) For state aid calculated for school fiscal year
14 2013-14, local system formula resources includes retirement
15 aid determined under section 79-1028.03, teacher education aid
16 determined for each district pursuant to subdivision (4) of
17 section 79-1007.25, instructional time aid determined pursuant
18 to subsection (2) of section 79-1007.23, allocated income tax
19 funds determined for each district pursuant to section 79-1005.01,
20 and adjustments pursuant to section 79-1008.02 and is reduced
21 by amounts paid by the district in the most recently available
22 complete data year as property tax refunds pursuant to or in the
23 manner prescribed by section 77-1736.06.

24 (4) For state aid calculated for school fiscal year
25 2014-15 and each school fiscal year thereafter, local system
26 formula resources includes teacher education aid determined for
27 each district pursuant to subdivision (4) of section 79-1007.25,

1 instructional time aid determined pursuant to subsection (2) of
2 section 79-1007.23, allocated income tax funds determined for each
3 district pursuant to section 79-1005.01 and adjustments pursuant to
4 section 79-1008.02 and is reduced by amounts paid by the district
5 in the most recently available complete data year as property
6 tax refunds pursuant to or in the manner prescribed by section
7 77-1736.06.

8 Sec. 13. Section 79-1028.01, Revised Statutes Cumulative
9 Supplement, 2012, is amended to read:

10 79-1028.01 (1) For each school fiscal year, a school
11 district may exceed its budget authority for the general fund
12 budget of expenditures as calculated pursuant to section 79-1023
13 for such school fiscal year by a specific dollar amount for the
14 following exclusions:

15 (a) Expenditures for repairs to infrastructure damaged by
16 a natural disaster which is declared a disaster emergency pursuant
17 to the Emergency Management Act;

18 (b) Expenditures for judgments, except judgments or
19 orders from the Commission of Industrial Relations, obtained
20 against a school district which require or obligate a school
21 district to pay such judgment, to the extent such judgment is not
22 paid by liability insurance coverage of a school district;

23 (c) Expenditures pursuant to the Retirement Incentive
24 Plan authorized in section 79-855 or the Staff Development
25 Assistance authorized in section 79-856;

26 (d) Expenditures of amounts received from educational
27 entities as defined in section 79-1201.01 for providing distance

1 education courses through the Educational Service Unit Coordinating
2 Council to such educational entities;

3 (e) Expenditures to pay another school district for the
4 transfer of land from such other school district;

5 (f) Expenditures in school fiscal years 2009-10 through
6 2016-17 to pay for employer contributions pursuant to subsection
7 (2) of section 79-958 to the School Employees Retirement System
8 of the State of Nebraska to the extent that such expenditures
9 exceed the employer contributions under such subsection that would
10 have been made at a contribution rate of seven and thirty-five
11 hundredths percent;

12 (g) Expenditures in school fiscal years 2009-10 through
13 2016-17 to pay for school district contributions pursuant to
14 subdivision (1)(c)(i) of section 79-9,113 to the retirement system
15 established pursuant to the Class V School Employees Retirement Act
16 to the extent that such expenditures exceed the school district
17 contributions under such subdivision that would have been made at a
18 contribution rate of seven and thirty-seven hundredths percent;

19 (h) Expenditures for sums agreed to be paid by a school
20 district to certificated employees in exchange for a voluntary
21 termination occurring prior to July 1, 2009, ~~or~~ occurring on or
22 after the last day of the 2010-11 school year and prior to the
23 first day of the 2013-14 school year, or, to the extent that a
24 district demonstrates to the State Board of Education pursuant to
25 subsection (3) of this section that the agreement will result in
26 a net savings in salary and benefit costs to the school district
27 over a five-year period, occurring on or after the first day of the

1 2013-14 school year;

2 (i) Any expenditures in school fiscal years 2016-17
3 and 2017-18 of amounts specified in the notice provided by the
4 Commissioner of Education pursuant to section 79-309.01 for teacher
5 performance pay;

6 (j) The special education budget of expenditures; and

7 (k) Expenditures of special grant funds.

8 (2) For each school fiscal year, a school district
9 may exceed its budget authority for the general fund budget of
10 expenditures as calculated pursuant to section 79-1023 for such
11 school fiscal year by a specific dollar amount and include such
12 dollar amount in the budget of expenditures used to calculate
13 budget authority for the general fund budget of expenditures
14 pursuant to section 79-1023 for future years for the following
15 exclusions:

16 (a) Expenditures of incentive payments or base fiscal
17 year incentive payments to be received in such school fiscal year
18 pursuant to section 79-1011;

19 (b) The first school fiscal year the district will
20 be participating in Network Nebraska for the full school fiscal
21 year, for the difference of the estimated expenditures for such
22 school fiscal year for telecommunications services, access to
23 data transmission networks that transmit data to and from the
24 school district, and the transmission of data on such networks as
25 such expenditures are defined by the department for purposes of
26 the distance education and telecommunications allowance minus the
27 dollar amount of such expenditures for the second school fiscal

1 year preceding the first full school fiscal year the district
2 participates in Network Nebraska; and

3 (c) Expenditures for new elementary attendance sites in
4 the first year of operation or the first year of operation after
5 being closed for at least one school year if such elementary
6 attendance site will most likely qualify for the elementary site
7 allowance in the immediately following school fiscal year as
8 determined by the state board;

9 (d) For the first school fiscal year for which early
10 childhood education membership is included in formula students for
11 the calculation of state aid, expenditures for early childhood
12 education equal to the amount the school district received in early
13 childhood education grants pursuant to section 79-1103 for the
14 prior school fiscal year, increased by the basic allowable growth
15 rate; and

16 ~~(3)~~ (e) For school fiscal year 2013-14, an amount not to
17 exceed two percent over the previous school year if such increase
18 is approved by a seventy-five percent majority vote of the school
19 board of such district.

20 (3) The state board shall approve, deny, or modify the
21 amount allowed for any exclusions to the budget authority for the
22 general fund budget of expenditures pursuant to this section.

23 Sec. 14. Original section 79-1007.17, Reissue Revised
24 Statutes of Nebraska, and sections 77-3446, 79-1003, 79-1003.01,
25 79-1007.07, 79-1007.09, 79-1007.11, 79-1007.18, 79-1007.23,
26 79-1007.25, 79-1015.01, 79-1017.01, and 79-1028.01, Revised
27 Statutes Cumulative Supplement, 2012, are repealed.

1 Sec. 15. Since an emergency exists, this act takes effect
2 when passed and approved according to law.