

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 967

Introduced by Education Committee: Sullivan, 41, Chairperson; Avery, 28; Cook, 13; Davis, 43; Haar, 21; Kolowski, 31; Scheer, 19; Seiler, 33.

Read first time January 16, 2014

Committee: Education

A BILL

1 FOR AN ACT relating to schools; to amend section 79-1101, Reissue
2 Revised Statutes of Nebraska, sections 79-1011 and
3 79-1012, Revised Statutes Cumulative Supplement, 2012,
4 and sections 9-812, 79-1003, 79-1007.11, 79-1007.23,
5 79-1007.25, 79-1017.01, 79-1028.01, and 79-2306, Revised
6 Statutes Supplement, 2013; to change allocations from the
7 Education Innovation Fund; to change provisions relating
8 to certain allowances pursuant to the Tax Equity and
9 Educational Opportunities Support Act; to provide for
10 support payments relating to consolidations; to change
11 provisions relating to local system formula resources and
12 intent relating to early childhood education programs; to
13 harmonize provisions; to repeal the original sections;
14 and to declare an emergency.

15 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 9-812, Revised Statutes Supplement,
2 2013, is amended to read:

3 9-812 (1) All money received from the operation of
4 lottery games conducted pursuant to the State Lottery Act in Nebraska
5 shall be credited to the State Lottery Operation Trust Fund, which
6 fund is hereby created. All payments of the costs of establishing and
7 maintaining the lottery games shall be made from the State Lottery
8 Operation Cash Fund. In accordance with legislative appropriations,
9 money for payments for expenses of the division shall be transferred
10 from the State Lottery Operation Trust Fund to the State Lottery
11 Operation Cash Fund, which fund is hereby created. All money
12 necessary for the payment of lottery prizes shall be transferred from
13 the State Lottery Operation Trust Fund to the State Lottery Prize
14 Trust Fund, which fund is hereby created. The amount used for the
15 payment of lottery prizes shall not be less than forty percent of the
16 dollar amount of the lottery tickets which have been sold.

17 (2) A portion of the dollar amount of the lottery tickets
18 which have been sold on an annualized basis shall be transferred from
19 the State Lottery Operation Trust Fund to the Education Innovation
20 Fund, the Nebraska Opportunity Grant Fund, the Nebraska Education
21 Improvement Fund, the Nebraska Environmental Trust Fund, the Nebraska
22 State Fair Board, and the Compulsive Gamblers Assistance Fund as
23 provided in subsection (3) of this section. The dollar amount
24 transferred pursuant to this subsection shall equal the greater of
25 (a) the dollar amount transferred to the funds in fiscal year 2002-03

1 or (b) any amount which constitutes at least twenty-two percent and
2 no more than twenty-five percent of the dollar amount of the lottery
3 tickets which have been sold on an annualized basis. To the extent
4 that funds are available, the Tax Commissioner and director may
5 authorize a transfer exceeding twenty-five percent of the dollar
6 amount of the lottery tickets sold on an annualized basis.

7 (3) Of the money available to be transferred to the
8 Education Innovation Fund, the Nebraska Opportunity Grant Fund, the
9 Nebraska Education Improvement Fund, the Nebraska Environmental Trust
10 Fund, the Nebraska State Fair Board, and the Compulsive Gamblers
11 Assistance Fund:

12 (a) The first five hundred thousand dollars shall be
13 transferred to the Compulsive Gamblers Assistance Fund to be used as
14 provided in section 9-1006;

15 (b) Beginning July 1, 2016, forty-four and one-half
16 percent of the money remaining after the payment of prizes and
17 operating expenses and the initial transfer to the Compulsive
18 Gamblers Assistance Fund shall be transferred to the Nebraska
19 Education Improvement Fund;

20 (c) Through June 30, 2016, nineteen and three-fourths
21 percent of the money remaining after the payment of prizes and
22 operating expenses and the initial transfer to the Compulsive
23 Gamblers Assistance Fund shall be transferred to the Education
24 Innovation Fund;

25 (d) Through June 30, 2016, twenty-four and three-fourths

1 percent of the money remaining after the payment of prizes and
2 operating expenses and the initial transfer to the Compulsive
3 Gamblers Assistance Fund shall be transferred to the Nebraska
4 Opportunity Grant Fund;

5 (e) Forty-four and one-half percent of the money
6 remaining after the payment of prizes and operating expenses and the
7 initial transfer to the Compulsive Gamblers Assistance Fund shall be
8 transferred to the Nebraska Environmental Trust Fund to be used as
9 provided in the Nebraska Environmental Trust Act;

10 (f) Ten percent of the money remaining after the payment
11 of prizes and operating expenses and the initial transfer to the
12 Compulsive Gamblers Assistance Fund shall be transferred to the
13 Nebraska State Fair Board if the most populous city within the county
14 in which the fair is located provides matching funds equivalent to
15 ten percent of the funds available for transfer. Such matching funds
16 may be obtained from the city and any other private or public entity,
17 except that no portion of such matching funds shall be provided by
18 the state. If the Nebraska State Fair ceases operations, ten percent
19 of the money remaining after the payment of prizes and operating
20 expenses and the initial transfer to the Compulsive Gamblers
21 Assistance Fund shall be transferred to the General Fund; and

22 (g) One percent of the money remaining after the payment
23 of prizes and operating expenses and the initial transfer to the
24 Compulsive Gamblers Assistance Fund shall be transferred to the
25 Compulsive Gamblers Assistance Fund to be used as provided in section

1 9-1006.

2 (4)(a) The Education Innovation Fund is created. At least
3 seventy-five percent of the lottery proceeds allocated to the
4 Education Innovation Fund shall be available for disbursement.

5 ~~(b) For fiscal year 2012-13, the Education Innovation~~
6 ~~Fund shall be allocated as follows: (i) The first forty five thousand~~
7 ~~dollars shall be transferred to the Excellence in Teaching Cash Fund~~
8 ~~to fund the Attracting Excellence to Teaching Program; (ii) the next~~
9 ~~three million three hundred sixty five thousand nine hundred sixty-~~
10 ~~two dollars shall be distributed to school districts as grants~~
11 ~~pursuant to the Early Childhood Education Grant Program; (iii) the~~
12 ~~next two million one hundred seventy five thousand six hundred~~
13 ~~seventy three dollars shall be distributed to local systems as grants~~
14 ~~for approved accelerated or differentiated curriculum programs for~~
15 ~~students identified as learners with high ability pursuant to section~~
16 ~~79-1108.02; (iv) the next one hundred eight thousand one hundred~~
17 ~~thirty six dollars shall be used by the State Department of Education~~
18 ~~for the development of an integrated early childhood, elementary,~~
19 ~~secondary, and postsecondary student information system; (v) the next~~
20 ~~four hundred fifty thousand dollars shall fund the Center for Student~~
21 ~~Leadership and Extended Learning Act; (vi) the next one hundred~~
22 ~~fourteen thousand six hundred twenty nine dollars shall be used by~~
23 ~~the department to fund the multicultural education program created~~
24 ~~under section 79-720; (vii) the next one hundred twenty three~~
25 ~~thousand four hundred sixty eight dollars shall be used by the~~

1 ~~department to employ persons to investigate and prosecute alleged~~
2 ~~violations as provided in section 79-868; (viii) up to the next one~~
3 ~~hundred sixty thousand dollars shall be used by the department to~~
4 ~~implement section 79-759; (ix) the next twenty seven thousand two~~
5 ~~hundred dollars shall be used to fund the Interstate Compact on~~
6 ~~Educational Opportunity for Military Children; (x) the next two~~
7 ~~hundred thousand dollars shall be used to provide grants to establish~~
8 ~~bridge programs pursuant to sections 79-1189 to 79-1195; and (xi) the~~
9 ~~amount remaining shall be allocated, after administrative expenses,~~
10 ~~for distance education equipment and incentives pursuant to sections~~
11 ~~79-1336 and 79-1337. No funds received as allocations from the~~
12 ~~Education Innovation Fund pursuant to this subdivision may be~~
13 ~~obligated for payment to be made after June 30, 2016.~~

14 ~~(e)~~ (b) For fiscal year 2013-14, the Education Innovation
15 Fund shall be allocated as follows: (i) The first one million dollars
16 shall be transferred to the Excellence in Teaching Cash Fund to fund
17 the Excellence in Teaching Act; (ii) the next allocation shall be
18 distributed to local systems as grants for approved accelerated or
19 differentiated curriculum programs for students identified as
20 learners with high ability pursuant to section 79-1108.02 in an
21 aggregated amount up to the amount distributed in the prior fiscal
22 year for such purposes increased by the basic allowable growth rate
23 pursuant to section 79-1025; (iii) up to the next one hundred sixty
24 thousand dollars shall be used by the State Department of Education
25 to implement section 79-759; (iv) the next one million seven hundred

1 fifty thousand dollars shall be allocated to early childhood
2 education grants awarded by the department pursuant to section
3 79-1103; (v) the next one million dollars shall be transferred to the
4 Early Childhood Education Endowment Cash Fund for use pursuant to
5 section 79-1104.02; (vi) the next two hundred thousand dollars shall
6 be used to provide grants to establish bridge programs pursuant to
7 sections 79-1189 to 79-1195; (vii) the next ten thousand dollars
8 shall be used to fund the Interstate Compact on Educational
9 Opportunity for Military Children; (viii) the next eighty-five
10 thousand five hundred fifty dollars shall be allocated to the State
11 Department of Education for distribution pursuant to section 79-2306;
12 and (ix) the amount remaining shall be allocated, after
13 administrative expenses, for distance education equipment and
14 incentives pursuant to sections 79-1336 and 79-1337. No funds
15 received as allocations from the Education Innovation Fund pursuant
16 to this subdivision may be obligated for payment to be made after
17 June 30, 2016.

18 ~~(d)~~(c) For fiscal year 2014-15, the Education Innovation
19 Fund shall be allocated as follows: (i) The first one million dollars
20 shall be transferred to the School District Reorganization Fund; (ii)
21 the next one million dollars shall be transferred to the Excellence
22 in Teaching Cash Fund to fund the Excellence in Teaching Act; ~~(ii)~~
23 (iii) the next allocation shall be distributed to local systems as
24 grants for approved accelerated or differentiated curriculum programs
25 for students identified as learners with high ability pursuant to

1 section 79-1108.02 in an aggregated amount up to the amount
2 distributed in the prior fiscal year for such purposes increased by
3 the basic allowable growth rate pursuant to section 79-1025; ~~(iii)~~
4 (iv) the next one million eight hundred fifty thousand dollars shall
5 be allocated to early childhood education grants awarded by the State
6 Department of Education pursuant to section 79-1103; ~~(iv)~~—(v) the
7 next one million dollars shall be transferred to the Early Childhood
8 Education Endowment Cash Fund for use pursuant to section 79-1104.02;
9 ~~(v)~~—(vi) the next two hundred thousand dollars shall be used to
10 provide grants to establish bridge programs pursuant to sections
11 79-1189 to 79-1195; ~~(vi)~~—(vii) the next ten thousand dollars shall be
12 used to fund the Interstate Compact on Educational Opportunity for
13 Military Children; and ~~(vii)~~—(viii) the amount remaining shall be
14 allocated, after administrative expenses, for distance education
15 equipment and incentives pursuant to sections 79-1336 and 79-1337. ~~No~~
16 Except for funds transferred to the School District Reorganization
17 Fund, Early Childhood Education Endowment Cash Fund, or the
18 department for early childhood education grants pursuant to section
19 79-1103, no funds received as allocations from the Education
20 Innovation Fund pursuant to this subdivision may be obligated for
21 payment to be made after June 30, 2016, and such funds received as
22 allocations from the Education Innovation Fund that have not been
23 used for their designated purpose as of such date shall be
24 transferred to the Nebraska Education Improvement Fund on or before
25 August 1, 2016.

1 ~~(e)~~(d) For fiscal year 2015-16, the Education Innovation
2 Fund shall be allocated as follows: (i) The first one million dollars
3 shall be transferred to the School District Reorganization Fund; ~~(ii)~~
4 the next one million dollars shall be transferred to the Excellence
5 in Teaching Cash Fund to fund the Excellence in Teaching Act; ~~(ii)~~
6 (iii) the next allocation shall be distributed to local systems as
7 grants for approved accelerated or differentiated curriculum programs
8 for students identified as learners with high ability pursuant to
9 section 79-1108.02 in an aggregated amount up to the amount
10 distributed in the prior fiscal year for such purposes increased by
11 the basic allowable growth rate pursuant to section 79-1025; ~~(iii)~~
12 (iv) the next one million nine hundred fifty thousand dollars shall
13 be allocated to early childhood education grants awarded by the State
14 Department of Education pursuant to section 79-1103; ~~(iv)~~(v) the
15 next one million dollars shall be transferred to the Early Childhood
16 Education Endowment Cash Fund for use pursuant to section 79-1104.02;
17 ~~(v)~~(vi) the next ten thousand dollars shall be used to fund the
18 Interstate Compact on Educational Opportunity for Military Children;
19 and ~~(vi)~~(vii) the amount remaining shall be allocated, after
20 administrative expenses, for distance education equipment and
21 incentives pursuant to sections 79-1336 and 79-1337. ~~No~~Except for
22 funds transferred to the School District Reorganization Fund, the
23 Early Childhood Education Endowment Cash Fund, or the department for
24 early childhood education grants pursuant to section 79-1103, no
25 funds received as allocations from the Education Innovation Fund

1 pursuant to this subdivision may be obligated for payment to be made
2 after June 30, 2016, and funds received as allocations from the
3 Education Innovation Fund that have not been used for their
4 designated purpose as of such date shall be transferred to the
5 Nebraska Education Improvement Fund on or before August 1, 2016.

6 ~~(f)~~-(e) The Education Innovation Fund terminates on June
7 30, 2016. Any money in the fund on such date shall be transferred to
8 the Nebraska Education Improvement Fund on such date.

9 (5) The Nebraska Education Improvement Fund is created.
10 The fund shall consist of money transferred pursuant to subsections
11 (3) and (4) of this section, money transferred pursuant to section
12 85-1920, and any other funds appropriated by the Legislature. Any
13 money in the fund available for investment shall be invested by the
14 state investment officer pursuant to the Nebraska Capital Expansion
15 Act and the Nebraska State Funds Investment Act.

16 (6) Any money in the State Lottery Operation Trust Fund,
17 the State Lottery Operation Cash Fund, the State Lottery Prize Trust
18 Fund, or the Education Innovation Fund available for investment shall
19 be invested by the state investment officer pursuant to the Nebraska
20 Capital Expansion Act and the Nebraska State Funds Investment Act.

21 (7) Unclaimed prize money on a winning lottery ticket
22 shall be retained for a period of time prescribed by rules and
23 regulations. If no claim is made within such period, the prize money
24 shall be used at the discretion of the Tax Commissioner for any of
25 the purposes prescribed in this section.

1 (8) It is the intent of the Legislature to replace
2 funding from the Education Innovation Fund with General Fund
3 appropriations to the State Department of Education beginning with
4 FY2013-14 for (a) the integrated early childhood, elementary,
5 secondary, and postsecondary student information system, (b) the
6 Center for Student Leadership and Extended Learning Act, (c) the
7 multicultural education program created under section 79-720, and (d)
8 the employment of persons to investigate and prosecute alleged
9 violations as provided in section 79-868.

10 Sec. 2. Section 79-1003, Revised Statutes Supplement,
11 2013, is amended to read:

12 79-1003 For purposes of the Tax Equity and Educational
13 Opportunities Support Act:

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

1 ~~fiscal year thereafter, (a) for school fiscal years 2013-14 through~~
2 ~~2015-16, the difference of the general fund operating expenditures as~~
3 ~~calculated pursuant to subdivision (22) of this section increased by~~
4 ~~the cost growth factor calculated pursuant to section 79-1007.10,~~
5 ~~minus the transportation allowance, special receipts allowance,~~
6 ~~poverty allowance, limited English proficiency allowance, distance~~
7 ~~education and telecommunications allowance, elementary site~~
8 ~~allowance, summer school allowance, instructional time allowance,~~
9 ~~teacher education allowance, and focus school and program allowance,~~
10 ~~and (b) for school fiscal year 2016-17 and each school fiscal year~~
11 ~~thereafter, the difference of the general fund operating expenditures~~
12 ~~as calculated pursuant to subdivision (22) of this section increased~~
13 ~~by the cost growth factor calculated pursuant to section 79-1007.10,~~
14 ~~minus the transportation allowance, special receipts allowance,~~
15 ~~poverty allowance, limited English proficiency allowance, distance~~
16 ~~education and telecommunications allowance, elementary site~~
17 ~~allowance, summer school allowance, and focus school and program~~
18 ~~allowance;~~

19 (2) Adjusted valuation means the assessed valuation of
20 taxable property of each local system in the state, adjusted pursuant
21 to the adjustment factors described in section 79-1016. Adjusted
22 valuation means the adjusted valuation for the property tax year
23 ending during the school fiscal year immediately preceding the school
24 fiscal year in which the aid based upon that value is to be paid. For
25 purposes of determining the local effort rate yield pursuant to

1 section 79-1015.01, adjusted valuation does not include the value of
2 any property which a court, by a final judgment from which no appeal
3 is taken, has declared to be nontaxable or exempt from taxation;

4 (3) Allocated income tax funds means the amount of
5 assistance paid to a local system pursuant to section 79-1005.01 as
6 adjusted by the minimum levy adjustment pursuant to section
7 79-1008.02;

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

13 (5) Base fiscal year means the first school fiscal year
14 following the school fiscal year in which the reorganization or
15 unification occurred;

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

17 (7) Categorical funds means funds limited to a specific
18 purpose by federal or state law, including, but not limited to, Title
19 I funds, Title VI funds, federal vocational education funds, federal
20 school lunch funds, Indian education funds, Head Start funds, and
21 funds from the Education Innovation Fund. Categorical funds does not
22 include funds received pursuant to section 79-1028.02 or 79-1028.04;

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

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

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

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

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

21 (13) Ensuing school fiscal year means the school fiscal
22 year following the current school fiscal year;

23 (14) Equalization aid means the amount of assistance
24 calculated to be paid to a local system pursuant to sections
25 79-1007.11 to 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022,

1 79-1022.02, 79-1028.02, and 79-1028.04;

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

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

8 (17) Formula students means:

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

21 (b) For the final calculation of state aid pursuant to
22 section 79-1065, the sum of average daily membership plus sixty
23 percent of the qualified early childhood education average daily
24 membership plus tuitioned students minus the product of the number of
25 students enrolled in kindergarten that is not full-day kindergarten

1 from the average daily membership multiplied by 0.5 from the school
2 fiscal year immediately preceding the school fiscal year in which aid
3 was paid;

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

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

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

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

20 (22) General fund operating expenditures means for state
21 aid calculated for school fiscal years 2012-13 and each school fiscal
22 year thereafter, as reported on the annual financial report for the
23 second school fiscal year immediately preceding the school fiscal
24 year in which aid is to be paid, the total general fund expenditures
25 minus (a) the amount of all receipts to the general fund, to the

1 extent that such receipts are not included in local system formula
2 resources, from early childhood education tuition, summer school
3 tuition, educational entities as defined in section 79-1201.01 for
4 providing distance education courses through the Educational Service
5 Unit Coordinating Council to such educational entities, private
6 foundations, individuals, associations, charitable organizations, the
7 textbook loan program authorized by section 79-734, federal impact
8 aid, and levy override elections pursuant to section 77-3444, (b) the
9 amount of expenditures for categorical funds, tuition paid,
10 transportation fees paid to other districts, adult education,
11 community services, redemption of the principal portion of general
12 fund debt service, retirement incentive plans authorized by section
13 79-855, and staff development assistance authorized by section
14 79-856, (c) the amount of any transfers from the general fund to any
15 bond fund and transfers from other funds into the general fund, (d)
16 any legal expenses in excess of fifteen-hundredths of one percent of
17 the formula need for the school fiscal year in which the expenses
18 occurred, (e) expenditures to pay for sums agreed to be paid by a
19 school district to certificated employees in exchange for a voluntary
20 termination occurring prior to July 1, 2009, occurring on or after
21 the last day of the 2010-11 school year and prior to the first day of
22 the 2013-14 school year, or, to the extent that a district has
23 demonstrated to the State Board of Education pursuant to section
24 79-1028.01 that the agreement will result in a net savings in salary
25 and benefit costs to the school district over a five-year period,

1 occurring on or after the first day of the 2013-14 school year, (f)
2 (i) expenditures to pay for employer contributions pursuant to
3 subsection (2) of section 79-958 to the School Employees Retirement
4 System of the State of Nebraska to the extent that such expenditures
5 exceed the employer contributions under such subsection that would
6 have been made at a contribution rate of seven and thirty-five
7 hundredths percent or (ii) expenditures to pay for school district
8 contributions pursuant to subdivision (1)(c)(i) of section 79-9,113
9 to the retirement system established pursuant to the Class V School
10 Employees Retirement Act to the extent that such expenditures exceed
11 the school district contributions under such subdivision that would
12 have been made at a contribution rate of seven and thirty-seven
13 hundredths percent, and (g) any amounts paid by the district for
14 lobbyist fees and expenses reported to the Clerk of the Legislature
15 pursuant to section 49-1483.

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

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

25 (24) Income tax liability means the amount of the

1 reported income tax liability for resident individuals pursuant to
2 the Nebraska Revenue Act of 1967 less all nonrefundable credits
3 earned and refunds made;

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

7 (26) Limited English proficiency students means the
8 number of students with limited English proficiency in a district
9 from the most recent data available on November 1 of the school
10 fiscal year preceding the school fiscal year in which aid is to be
11 paid plus the difference of such students with limited English
12 proficiency minus the average number of limited English proficiency
13 students for such district, prior to such addition, for the three
14 immediately preceding school fiscal years if such difference is
15 greater than zero;

16 (27) Local system means a learning community for purposes
17 of calculation of state aid for the second full school fiscal year
18 after becoming a learning community and each school fiscal year
19 thereafter, a unified system, a Class VI district and the associated
20 Class I districts, or a Class II, III, IV, or V district and any
21 affiliated Class I districts or portions of Class I districts. The
22 membership, expenditures, and resources of Class I districts that are
23 affiliated with multiple high school districts will be attributed to
24 local systems based on the percent of the Class I valuation that is
25 affiliated with each high school district;

1 (28) Low-income child means a child under nineteen years
2 of age living in a household having an annual adjusted gross income
3 for the second calendar year preceding the beginning of the school
4 fiscal year for which aid is being calculated equal to or less than
5 the maximum household income that would allow a student from a family
6 of four people to be a free lunch and free milk student during the
7 school fiscal year immediately preceding the school fiscal year for
8 which aid is being calculated;

9 (29) Low-income students means the number of low-income
10 children within the district multiplied by the ratio of the formula
11 students in the district divided by the total children under nineteen
12 years of age residing in the district as derived from income tax
13 information;

14 (30) Most recently available complete data year means the
15 most recent single school fiscal year for which the annual financial
16 report, fall school district membership report, annual statistical
17 summary, Nebraska income tax liability by school district for the
18 calendar year in which the majority of the school fiscal year falls,
19 and adjusted valuation data are available;

20 (31) Poverty students means the number of low-income
21 students or the number of students who are free lunch and free milk
22 students in a district plus the difference of the number of low-
23 income students or the number of students who are free lunch and free
24 milk students in a district, whichever is greater, minus the average
25 number of poverty students for such district, prior to such addition,

1 for the three immediately preceding school fiscal years if such
2 difference is greater than zero;

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

18 (33) Qualified early childhood education fall membership
19 means the product of membership on the last Friday in September 2006
20 and each year thereafter of students who will be eligible to attend
21 kindergarten the following school year and are enrolled in an early
22 childhood education program approved by the department pursuant to
23 section 79-1103 for such school district for such school year
24 multiplied by the ratio of the planned instructional hours of the
25 program divided by one thousand thirty-two if: (a) The program is

1 receiving a grant pursuant to such section for the third year; (b)
2 the program has already received grants pursuant to such section for
3 three years; or (c) the program has been approved pursuant to
4 subsection (5) of section 79-1103 for such school year and the two
5 preceding school years, including any such students in portions of
6 any of such programs receiving an expansion grant;

7 (34) Regular route transportation means the
8 transportation of students on regularly scheduled daily routes to and
9 from the attendance center;

10 (35) Reorganized district means any district involved in
11 a consolidation and currently educating students following
12 consolidation;

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

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

17 (a)(i) Less than two students per square mile in the
18 county in which each high school is located, based on the school
19 district census, (ii) less than one formula student per square mile
20 in the local system, and (iii) more than ten miles between each high
21 school attendance center and the next closest high school attendance
22 center on paved roads;

23 (b)(i) Less than one and one-half formula students per
24 square mile in the local system and (ii) more than fifteen miles
25 between each high school attendance center and the next closest high

1 school attendance center on paved roads;

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

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

10 (38) Special education means specially designed
11 kindergarten through grade twelve instruction pursuant to section
12 79-1125, and includes special education transportation;

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

21 (40) State aid means the amount of assistance paid to a
22 district pursuant to the Tax Equity and Educational Opportunities
23 Support Act;

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

25 (42) State support means all funds provided to districts

1 by the State of Nebraska for the general fund support of elementary
2 and secondary education;

3 (43) Statewide average basic funding per formula student
4 means the statewide total basic funding for all districts divided by
5 the statewide total formula students for all districts;

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

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

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

23 (47) Tuition receipts from converted contracts means
24 tuition receipts received by a district from another district in the
25 most recently available complete data year pursuant to a converted

1 contract prior to the expiration of the contract;

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

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

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

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

18 Sec. 3. Section 79-1007.11, Revised Statutes Supplement,
19 2013, is amended to read:

20 79-1007.11 ~~(1) Except as otherwise provided in this~~
21 ~~section, for school fiscal years 2011-12 and 2012-13, each school~~
22 ~~district's formula need shall equal the difference of the sum of the~~
23 ~~school district's basic funding, poverty allowance, limited English~~
24 ~~proficiency allowance, elementary class size allowance, focus school~~
25 ~~and program allowance, summer school allowance, special receipts~~

1 allowance, ~~transportation allowance, elementary site allowance,~~
2 ~~instructional time allowance, teacher education allowance, distance~~
3 ~~education and telecommunications allowance, averaging adjustment, new~~
4 ~~learning community transportation adjustment, student growth~~
5 ~~adjustment, any positive student growth adjustment correction, and~~
6 ~~new school adjustment, minus the sum of the limited English~~
7 ~~proficiency allowance correction, poverty allowance correction, any~~
8 ~~negative student growth adjustment correction, and local choice~~
9 ~~adjustment.~~

10 ~~(2)-(1)~~ Except as otherwise provided in this section, for
11 school fiscal year ~~2013-14~~ and each school fiscal year thereafter,
12 years 2013-14 through 2015-16, each school district's formula need
13 shall equal the difference of the sum of the school district's basic
14 funding, poverty allowance, limited English proficiency allowance,
15 focus school and program allowance, summer school allowance, special
16 receipts allowance, transportation allowance, elementary site
17 allowance, instructional time allowance, teacher education allowance,
18 distance education and telecommunications allowance, averaging
19 adjustment, new learning community transportation adjustment, student
20 growth adjustment, any positive student growth adjustment correction,
21 and new school adjustment, minus the sum of the limited English
22 proficiency allowance correction, poverty allowance correction, and
23 any negative student growth adjustment correction.

24 (2) Except as otherwise provided in this section, for
25 school fiscal year 2016-17 and each school fiscal year thereafter,

1 each school district's formula need shall equal the difference of the
2 sum of the school district's basic funding, poverty allowance,
3 limited English proficiency allowance, focus school and program
4 allowance, summer school allowance, special receipts allowance,
5 transportation allowance, elementary site allowance, distance
6 education and telecommunications allowance, averaging adjustment, new
7 learning community transportation adjustment, student growth
8 adjustment, any positive student growth adjustment correction, and
9 new school adjustment, minus the sum of the limited English
10 proficiency allowance correction, poverty allowance correction, and
11 any negative student growth adjustment correction.

12 (3) If the formula need calculated for a school district
13 pursuant to subsections (1) and (2) of this section is less than one
14 hundred percent of the formula need for such district for the school
15 fiscal year immediately preceding the school fiscal year for which
16 aid is being calculated, the formula need for such district shall
17 equal one hundred percent of the formula need for such district for
18 the school fiscal year immediately preceding the school fiscal year
19 for which aid is being calculated.

20 (4) Except as provided in subsection (6) of this section,
21 if the formula need calculated for a school district pursuant to
22 subsections (1) and (2) of this section is more than one hundred
23 twelve percent of the formula need for such district for the school
24 fiscal year immediately preceding the school fiscal year for which
25 aid is being calculated, the formula need for such district shall

1 equal one hundred twelve percent of the formula need for such
2 district for the school fiscal year immediately preceding the school
3 fiscal year for which aid is being calculated, except that the
4 formula need shall not be reduced pursuant to this subsection for any
5 district receiving a student growth adjustment for the school fiscal
6 year for which aid is being calculated.

7 (5) For purposes of subsections (3) and (4) of this
8 section, the formula need for the school fiscal year immediately
9 preceding the school fiscal year for which aid is being calculated
10 shall be the formula need used in the final calculation of aid
11 pursuant to section 79-1065 and for districts that were affected by a
12 reorganization with an effective date in the calendar year preceding
13 the calendar year in which aid is certified for the school fiscal
14 year for which aid is being calculated, the formula need for the
15 school fiscal year immediately preceding the school fiscal year for
16 which aid is being calculated shall be attributed to the affected
17 school districts based on information provided to the department by
18 the school districts or proportionally based on the adjusted
19 valuation transferred if sufficient information has not been provided
20 to the department.

21 (6) For state aid calculated for the first full school
22 fiscal year of a new learning community, if the formula need
23 calculated for a member school district pursuant to subsections (1)
24 through (3) of this section is less than the sum of the school
25 district's state aid certified for the school fiscal year immediately

1 preceding the first full school fiscal year of the learning community
2 plus the school district's other actual receipts included in local
3 system formula resources pursuant to section 79-1018.01 for such
4 school fiscal year plus the product of the school district's general
5 fund levy for such school fiscal year up to one dollar and five cents
6 multiplied by the school district's assessed valuation for such
7 school fiscal year, the formula need for such school district for the
8 school fiscal year for which aid is being calculated shall equal such
9 sum.

10 Sec. 4. Section 79-1007.23, Revised Statutes Supplement,
11 2013, is amended to read:

12 79-1007.23 (1)(a) For state aid calculated for school
13 fiscal years through school fiscal year 2012-13, the department shall
14 calculate an instructional time allowance for each district which
15 submits the information required for the calculation on a form
16 prescribed by the department on or before October 15 of the school
17 fiscal year preceding the school fiscal year for which aid is being
18 calculated. The instructional time allowance shall be equal to the
19 product of the formula students of such district multiplied by the
20 instructional time factor for such district multiplied by eighty-five
21 percent of the statewide average general fund operating expenditures
22 per formula student.

23 (b) The instructional time factor shall equal the
24 difference of the ratio of the district's average hours of
25 instruction for each full-time student during the regular school year

1 for the most recently available complete data year divided by the
2 statewide average hours of instruction for each full-time student
3 during the regular school year for the most recently available
4 complete data year minus one, except that if the result is less than
5 zero, the instructional time factor shall equal zero.

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

14 (2)(a) For state aid calculated for school fiscal year
15 ~~2013-14 and each school fiscal year thereafter, years 2013-14 through~~
16 2015-16, the department shall calculate an instructional time
17 allowance for a school district if the average days in session for
18 such school district exceeds one hundred seventy-five days for the
19 most recently available complete data year.

20 (b) For purposes of this subsection:

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

25 (ii) The average days in session for each school district

1 shall equal a weighted average of the days in session for all schools
2 in the school district as defined by the department; and

3 (iii) The statewide allowance student days shall equal
4 the sum of the allowance student days for all qualifying school
5 districts.

6 (c) ~~The~~ For school fiscal years 2013-14 and 2014-15, the
7 instructional time allowance for each qualifying school district
8 shall equal the product of twenty million dollars multiplied by the
9 ratio of the allowance student days for such school district divided
10 by the statewide allowance student days.

11 (d) For school fiscal year 2015-16, the instructional
12 time allowance for each qualifying school district shall equal the
13 product of ten million dollars multiplied by the ratio of the
14 allowance student days for such school district divided by the
15 statewide allowance student days.

16 ~~(d)~~ (e) Fifty percent of the instructional time allowance
17 calculated pursuant to this subsection for each qualifying school
18 district shall be paid to such school district as instructional time
19 aid for the school fiscal year for which aid is being calculated.

20 Sec. 5. Section 79-1007.25, Revised Statutes Supplement,
21 2013, is amended to read:

22 79-1007.25 ~~The~~ For school fiscal years 2013-14 through
23 2015-16, the department shall calculate a teacher education allowance
24 for each district as follows:

25 (1) Teacher education points shall be calculated for each

1 district by the department based upon data from the fall personnel
2 report required pursuant to section 79-804 for the school fiscal year
3 immediately preceding the school fiscal year in which aid is to be
4 paid. Each full-time equivalent teacher shall (a) be under contract
5 with a school district as required pursuant to section 79-818 and (b)
6 only be counted one time in awarding any points pursuant to this
7 section. Each district shall receive one point for each full-time
8 equivalent teacher who has earned and been awarded a master's degree
9 or an education specialist's degree and two points for each full-time
10 equivalent teacher who has earned and been awarded a doctoral degree;

11 ~~(2) For school fiscal years prior to school fiscal year~~
12 ~~2013-14, a teacher education index shall be calculated for each~~
13 ~~district by dividing the ratio of teacher education points for the~~
14 ~~district divided by the number of full-time equivalent teachers in~~
15 ~~the district by the ratio of teacher education points for all~~
16 ~~districts divided by the number of full-time equivalent teachers in~~
17 ~~all districts;~~

18 ~~(3) For school fiscal years prior to school fiscal year~~
19 ~~2013-14, the teacher education allowance for each district shall~~
20 ~~equal eight and one half percent of the statewide average general~~
21 ~~fund operating expenditures per formula student multiplied by the~~
22 ~~district's formula students and multiplied by the difference of the~~
23 ~~product of the district's teacher education index minus one, except~~
24 ~~that if the result is less than zero, the teacher education allowance~~
25 ~~shall equal zero; and~~

1 ~~(4)~~(2) For school fiscal year ~~2013-14~~ and each school
2 ~~fiscal year thereafter, years 2013-14 and 2014-15,~~ the teacher
3 education allowance for each district shall equal the product of
4 thirty million dollars multiplied by the ratio of teacher education
5 points calculated for the district divided by the aggregate teacher
6 education points calculated for all districts. Fifty percent of the
7 teacher education allowance calculated pursuant to this subdivision
8 for each school district shall be paid to such school district as
9 teacher education aid for the school fiscal year for which aid is
10 being calculated; and -

11 (3) For school fiscal year 2015-16, the teacher education
12 allowance for each district shall equal the product of fifteen
13 million dollars multiplied by the ratio of teacher education points
14 calculated for the district divided by the aggregate teacher
15 education points calculated for all districts. Fifty percent of the
16 teacher education allowance calculated pursuant to this subdivision
17 for each school district shall be paid to such school district as
18 teacher education aid for the school fiscal year for which aid is
19 being calculated.

20 Sec. 6. Section 79-1011, Revised Statutes Cumulative
21 Supplement, 2012, is amended to read:

22 79-1011 (1) ~~To encourage consolidation of Class II and~~
23 ~~III school districts with less than three hundred ninety students,~~
24 ~~incentives shall be paid to reorganized Class II, III, IV, or V~~
25 support school districts which consolidate, support grants shall be

1 paid to reorganized Class III school districts resulting from
2 consolidations which meet the requirements of this section. This
3 section shall only apply to consolidations with an effective date
4 after ~~May 31, 2009, and before June 1, 2011.~~ the effective date of
5 this act.

6 (2) To qualify for ~~incentive payments~~ support grants
7 under this section, the consolidation must be approved for ~~incentive~~
8 ~~payments~~ support grants by the State Committee for the Reorganization
9 of School Districts. Consolidating school districts shall file an
10 application with the state committee on or before June 15, ~~2009,~~
11 2014, or within thirty days following the issuance of the boundary
12 change order pursuant to subsection (1) of section 79-479, whichever
13 is later. The state committee shall approve or disapprove ~~incentive~~
14 ~~payments~~ support grants within thirty days after receipt of the
15 application.

16 (3) For ~~incentive payments~~ support grants to be approved
17 by the state committee, a reorganization study, including efficiency,
18 demographic, curriculum, facility, financial, and community
19 components, must be completed prior to the reorganization. If a study
20 containing such elements has been completed and the study indicates
21 that the reorganization will most likely result in more efficiency in
22 the delivery of educational services or greater educational
23 opportunities, the state committee may approve ~~incentive payments.~~
24 support grants.

25 (4) ~~Incentive payments shall be based on the number of~~

1 ~~students moving from Class II or III school districts with less than~~
2 ~~three hundred ninety students into a reorganized Class II, III, IV,~~
3 ~~or V school district with at least three hundred ninety students~~
4 ~~based on the average daily membership in each affected district in~~
5 ~~the school fiscal year immediately preceding the first school fiscal~~
6 ~~year the boundary change will be in effect and the average daily~~
7 ~~membership the consolidated district would have had following the~~
8 ~~boundary change if it had occurred in the school fiscal year~~
9 ~~immediately preceding the first school fiscal year the boundary~~
10 ~~change will be in effect. The incentive amount for each district~~
11 ~~involved in the reorganization having an average daily membership of~~
12 ~~less than three hundred ninety students~~ The amount of the support
13 grant for each qualifying consolidation shall equal one hundred
14 twenty-five thousand dollars plus the product of five hundred dollars
15 per student multiplied by the difference of three hundred ninety
16 students minus the average daily membership in such district.
17 multiplied by the number of school districts that are consolidating
18 into the new reorganized Class III school district.

19 (5) Except as otherwise provided in this subsection, ~~base~~
20 ~~fiscal year incentive payments shall equal fifty percent of the~~
21 ~~amount calculated pursuant to subsection (4) of this section. Base~~
22 ~~fiscal year incentive payments~~ support grants shall be calculated as
23 of August 2 immediately preceding the ~~base fiscal year~~ first full
24 school fiscal year the consolidation will be in effect and shall be
25 paid directly to the reorganized Class III district from the School

1 District Reorganization Fund, pursuant to subsection (6) of this
2 section. The payments shall be made in ten as nearly as possible
3 equal payments on the last business day of each month, beginning in
4 September and ending the following June, for the base fiscal year.
5 If the total amount of base fiscal year incentive payments support
6 grants for that school fiscal year exceeds the amount in the School
7 District Reorganization Fund, the base fiscal year incentive payments
8 support grants shall be reduced proportionately so that the total
9 amount of base fiscal year incentive payments support grants equals
10 the amount of funds so appropriated. The base fiscal year incentive
11 payments For support grants approved for school fiscal year 2014-15,
12 an amount equal to any reduction in such support grants for such
13 school fiscal year shall be paid from the amount available in the
14 School District Reorganization Fund for school fiscal year 2015-16
15 prior to the payment of any support grants approved for school fiscal
16 year 2015-16 and shall not be reduced unless the total for support
17 grants approved for school fiscal year 2014-15 exceeds the total
18 amount available in the School District Reorganization Fund for the
19 combination of school fiscal years 2014-15 and 2015-16. The support
20 grants shall not be included in local system formula resources as
21 calculated under section 79-1018.01.

22 (6) The amount calculated pursuant to subsection (4) of
23 this section minus the amount of base fiscal year incentive payments
24 pursuant to subsection (5) of this section shall be paid out of any
25 remaining funds in the School District Reorganization Fund after base

1 ~~fiscal year incentive payments. If the total amount of second year~~
2 ~~incentive payments exceeds the remaining funds, the second year~~
3 ~~incentive payments shall be reduced proportionately so that the total~~
4 ~~amount of second year incentive payments equals the amount in the~~
5 ~~fund. Second year incentive payments shall not be included in local~~
6 ~~system formula resources as calculated pursuant to section~~
7 ~~79-1018.01.~~

8 Sec. 7. Section 79-1012, Revised Statutes Cumulative
9 Supplement, 2012, is amended to read:

10 79-1012 The School District Reorganization Fund is
11 created. The fund shall be administered by the department. The fund
12 shall consist of money transferred from the Education Innovation Fund
13 and shall be used to provide ~~payments~~ support grants to reorganized
14 school districts pursuant to section 79-1011. ~~Any unencumbered money~~
15 ~~remaining in the School District Reorganization Fund on July 1, 2011,~~
16 ~~shall be transferred to the Education Innovation Fund on such date.~~
17 ~~Any money remaining in the School District Reorganization Fund on~~
18 ~~July 1, 2013, shall be transferred to the Education Innovation Fund~~
19 ~~on such date.~~ Any money in the School District Reorganization Fund
20 available for investment shall be invested by the state investment
21 officer pursuant to the Nebraska Capital Expansion Act and the
22 Nebraska State Funds Investment Act.

23 Sec. 8. Section 79-1017.01, Revised Statutes Supplement,
24 2013, is amended to read:

25 79-1017.01 (1) ~~For state aid calculated for school fiscal~~

1 ~~years prior to school fiscal year 2012-13, local system formula~~
2 ~~resources includes retirement aid determined under section~~
3 ~~79-1028.03, allocated income tax funds determined for each such~~
4 ~~district pursuant to the provisions of section 79-1005.01, and~~
5 ~~adjustments pursuant to section 79-1008.02.~~

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

14 ~~(3)-(1)~~ For state aid calculated for school fiscal year
15 2013-14, local system formula resources includes retirement aid
16 determined under section 79-1028.03, teacher education aid determined
17 for each district pursuant to subdivision ~~(4)-(2)~~ of section
18 79-1007.25, instructional time aid determined pursuant to subsection
19 (2) of section 79-1007.23, allocated income tax funds determined for
20 each district pursuant to section 79-1005.01, and adjustments
21 pursuant to section 79-1008.02 and is reduced by amounts paid by the
22 district in the most recently available complete data year as
23 property tax refunds pursuant to or in the manner prescribed by
24 section 77-1736.06.

25 ~~(4)-(2)~~ For state aid calculated for school fiscal year

1 ~~2014-15 and each school fiscal year thereafter, years 2014-15 and~~
2 2015-16, local system formula resources includes teacher education
3 aid determined for each district pursuant to subdivision (4) of
4 section 79-1007.25, instructional time aid determined pursuant to
5 subsection (2) of section 79-1007.23, allocated income tax funds
6 determined for each district pursuant to section 79-1005.01, and
7 adjustments pursuant to section 79-1008.02 and is reduced by amounts
8 paid by the district in the most recently available complete data
9 year as property tax refunds pursuant to or in the manner prescribed
10 by section 77-1736.06.

11 (3) For state aid calculated for school fiscal year
12 2016-17 and each school fiscal year thereafter, local system formula
13 resources includes allocated income tax funds determined for each
14 district pursuant to section 79-1005.01 and adjustments pursuant to
15 section 79-1008.02 and is reduced by amounts paid by the district in
16 the most recently available complete data year as property tax
17 refunds pursuant to or in the manner prescribed by section
18 77-1736.06.

19 Sec. 9. Section 79-1028.01, Revised Statutes Supplement,
20 2013, is amended to read:

21 79-1028.01 (1) For each school fiscal year, a school
22 district may exceed its budget authority for the general fund budget
23 of expenditures as calculated pursuant to section 79-1023 for such
24 school fiscal year by a specific dollar amount for the following
25 exclusions:

1 (a) Expenditures for repairs to infrastructure damaged by
2 a natural disaster which is declared a disaster emergency pursuant to
3 the Emergency Management Act;

4 (b) Expenditures for judgments, except judgments or
5 orders from the Commission of Industrial Relations, obtained against
6 a school district which require or obligate a school district to pay
7 such judgment, to the extent such judgment is not paid by liability
8 insurance coverage of a school district;

9 (c) Expenditures pursuant to the Retirement Incentive
10 Plan authorized in section 79-855 or the Staff Development Assistance
11 authorized in section 79-856;

12 (d) Expenditures of amounts received from educational
13 entities as defined in section 79-1201.01 for providing distance
14 education courses through the Educational Service Unit Coordinating
15 Council to such educational entities;

16 (e) Expenditures to pay for employer contributions
17 pursuant to subsection (2) of section 79-958 to the School Employees
18 Retirement System of the State of Nebraska to the extent that such
19 expenditures exceed the employer contributions under such subsection
20 that would have been made at a contribution rate of seven and thirty-
21 five hundredths percent;

22 (f) Expenditures to pay for school district contributions
23 pursuant to subdivision (1)(c)(i) of section 79-9,113 to the
24 retirement system established pursuant to the Class V School
25 Employees Retirement Act to the extent that such expenditures exceed

1 the school district contributions under such subdivision that would
2 have been made at a contribution rate of seven and thirty-seven
3 hundredths percent;

4 (g) Expenditures for sums agreed to be paid by a school
5 district to certificated employees in exchange for a voluntary
6 termination occurring prior to July 1, 2009, occurring on or after
7 the last day of the 2010-11 school year and prior to the first day of
8 the 2013-14 school year, or, to the extent that a district
9 demonstrates to the State Board of Education pursuant to subsection
10 (3) of this section that the agreement will result in a net savings
11 in salary and benefit costs to the school district over a five-year
12 period, occurring on or after the first day of the 2013-14 school
13 year;

14 (h) Any expenditures in school fiscal years 2016-17 and
15 2017-18 of amounts specified in the notice provided by the
16 Commissioner of Education pursuant to section 79-309.01 for teacher
17 performance pay;

18 (i) The special education budget of expenditures; and

19 (j) Expenditures of special grant funds.

20 (2) For each school fiscal year, a school district may
21 exceed its budget authority for the general fund budget of
22 expenditures as calculated pursuant to section 79-1023 for such
23 school fiscal year by a specific dollar amount and include such
24 dollar amount in the budget of expenditures used to calculate budget
25 authority for the general fund budget of expenditures pursuant to

1 section 79-1023 for future years for the following exclusions:

2 (a) Expenditures of ~~incentive payments or base fiscal~~
3 ~~year incentive payments~~ support grants to be received in such school
4 fiscal year pursuant to section 79-1011;

5 (b) The first school fiscal year the district will be
6 participating in Network Nebraska for the full school fiscal year,
7 for the difference of the estimated expenditures for such school
8 fiscal year for telecommunications services, access to data
9 transmission networks that transmit data to and from the school
10 district, and the transmission of data on such networks as such
11 expenditures are defined by the department for purposes of the
12 distance education and telecommunications allowance minus the dollar
13 amount of such expenditures for the second school fiscal year
14 preceding the first full school fiscal year the district participates
15 in Network Nebraska;

16 (c) Expenditures for new elementary attendance sites in
17 the first year of operation or the first year of operation after
18 being closed for at least one school year if such elementary
19 attendance site will most likely qualify for the elementary site
20 allowance in the immediately following school fiscal year as
21 determined by the state board;

22 (d) For the first school fiscal year for which early
23 childhood education membership is included in formula students for
24 the calculation of state aid, expenditures for early childhood
25 education equal to the amount the school district received in early

1 childhood education grants pursuant to section 79-1103 for the prior
2 school fiscal year, increased by the basic allowable growth rate; and

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

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

10 Sec. 10. Section 79-1101, Reissue Revised Statutes of
11 Nebraska, is amended to read:

12 79-1101 (1) The Legislature finds and declares that: (a)
13 Early childhood education programs can assist children in achieving
14 their potential as citizens, workers, and human beings and can
15 strengthen families; (b) early childhood education has been proven to
16 be a sound public investment of funds not only in assuring
17 productive, taxpaying workers in the economy but also in avoidance of
18 increasingly expensive social costs for those who drop out as
19 productive members of society; (c) the key ingredient in an effective
20 early childhood education program is a strong family development and
21 support component because the role of the parent is of critical
22 importance; (d) while all children can benefit from quality,
23 developmentally appropriate early childhood education experiences,
24 such experiences are especially important for at-risk infants and
25 children; (e) current early childhood education programs serve only a

1 fraction of Nebraska's children and the quality of current programs
2 varies widely; (f) well-designed early childhood education programs
3 increase the likelihood that children who participate will enter
4 school prepared to achieve high standards; (g) effective early
5 childhood education programs require staff with knowledge about child
6 growth, development, and learning and family systems; and (h) both
7 public and nonpublic programs which meet recognized standards of
8 quality can address the growth, development, and learning needs of
9 young children.

10 (2) It is the intent of the Legislature and the public
11 policy of this state to encourage schools and community-based
12 organizations to work together to provide high-quality early
13 childhood education programs for infants and young children which
14 include family involvement, with the goal of assuring that every
15 family in Nebraska has access to such programs for, at the minimum,
16 the school year prior to the school year for which the child will be
17 eligible to attend kindergarten. The purposes of sections 79-1101 to
18 79-1104.05 are to provide state assistance to selected school
19 districts, cooperatives of school districts, and educational service
20 units for early childhood education, to encourage coordination
21 between public and private service providers of early childhood
22 education and child care programs, and to provide state support for
23 efforts to improve training opportunities for staff in such programs.

24 (3) For purposes of sections 79-1101 to 79-1104.05:

25 (a) Board of trustees means the Early Childhood Education

1 Endowment Board of Trustees;

2 (b) Early childhood education program means any
3 prekindergarten part-day or full-day program or in-home family
4 support program with a stated purpose of promoting social, emotional,
5 intellectual, language, physical, and aesthetic development and
6 learning for children from birth to kindergarten-entrance age and
7 family development and support;

8 (c) Endowment agreement means an agreement between the
9 State Department of Education and an endowment provider entered into
10 pursuant to section 79-1104.01; and

11 (d) Endowment provider means an endowment that has met
12 the criteria described in section 79-1104.01 and that has entered
13 into an endowment agreement.

14 Sec. 11. Section 79-2306, Revised Statutes Supplement,
15 2013, is amended to read:

16 79-2306 Using the funds allocated from the Education
17 Innovation Fund pursuant to subdivision ~~(4)(e)(viii)~~ (4)(b)(viii) of
18 section 9-812, the State Department of Education shall provide each
19 institution offering a high school equivalency program a one-time
20 payment for the acquisition and upgrade of equipment and software
21 necessary to administer examinations for diplomas of high school
22 equivalency.

23 Sec. 12. Original section 79-1101, Reissue Revised
24 Statutes of Nebraska, sections 79-1011 and 79-1012, Revised Statutes
25 Cumulative Supplement, 2012, and sections 9-812, 79-1003, 79-1007.11,

1 79-1007.23, 79-1007.25, 79-1017.01, 79-1028.01, and 79-2306, Revised
2 Statutes Supplement, 2013, are repealed.

3 Sec. 13. Since an emergency exists, this act takes effect
4 when passed and approved according to law.