

AMENDMENTS TO LB548

Introduced by Kolterman, 24.

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

3 Section 1. Section 79-978, Revised Statutes Supplement, 2017, is
4 amended to read:

5 79-978 For purposes of the Class V School Employees Retirement Act,
6 unless the context otherwise requires:

7 (1) Accumulated contributions means the sum of amounts contributed
8 by a member of the system together with regular interest credited
9 thereon;

10 (2) Actuarial equivalent means the equality in value of the
11 retirement allowance for early retirement or the retirement allowance for
12 an optional form of annuity, or both, with the normal form of the annuity
13 to be paid, as determined by the application of the appropriate actuarial
14 table, except that use of such actuarial tables shall not effect a
15 reduction in benefits accrued prior to September 1, 1985, as determined
16 by the actuarial tables in use prior to such date;

17 (3) Actuarial tables means:

18 (a) For determining the actuarial equivalent of any annuities other
19 than joint and survivorship annuities: τ

20 (i) For members hired before July 1, 2018, a unisex mortality table
21 using twenty-five percent of the male mortality and seventy-five percent
22 of the female mortality from the 1994 Group Annuity Mortality Table with
23 a One Year Setback and using an interest rate of eight percent compounded
24 annually; and

25 (ii) For members hired on or after July 1, 2018, or rehired on or
26 after July 1, 2018, after termination of employment and being paid a
27 retirement benefit, the determinations shall be based on a unisex

1 mortality table and an interest rate specified by the board of trustees.
2 Both the mortality table and the interest rate shall be recommended by
3 the actuary retained by the board of trustees and approved by the board
4 of trustees following an actuarial experience study, a benefit adequacy
5 study, or a plan valuation. The mortality table, interest rate, and
6 actuarial factors in effect on the member's retirement date shall be used
7 to calculate the actuarial equivalency of any retirement benefit. Such
8 interest rate may be, but is not required to be, equal to the assumed
9 rate; and

10 (b) For joint and survivorship annuities: 7

11 (i) For members hired before July 1, 2018, a unisex retiree
12 mortality table using sixty-five percent of the male mortality and
13 thirty-five percent of the female mortality from the 1994 Group Annuity
14 Mortality Table with a One Year Setback and using an interest rate of
15 eight percent compounded annually and a unisex joint annuitant mortality
16 table using thirty-five percent of the male mortality and sixty-five
17 percent of the female mortality from the 1994 Group Annuity Mortality
18 Table with a One Year Setback and using an interest rate of eight percent
19 compounded annually; and

20 (ii) For members hired on or after July 1, 2018, or rehired on or
21 after July 1, 2018, after termination of employment and being paid a
22 retirement benefit, the determinations shall be based on a unisex
23 mortality table and an interest rate specified by the board of trustees.
24 Both the mortality table and the interest rate shall be recommended by
25 the actuary retained by the board of trustees and approved by the board
26 of trustees following an actuarial experience study, a benefit adequacy
27 study, or a plan valuation. The mortality table, interest rate, and
28 actuarial factors in effect on the member's retirement date shall be used
29 to calculate the actuarial equivalency of any retirement benefit. Such
30 interest rate may be, but is not required to be, equal to the assumed
31 rate.

1 (4) Annuitant means any member receiving an allowance;

2 (5) Annuity means annual payments, for both prior service and
3 membership service, for life as provided in the Class V School Employees
4 Retirement Act;

5 (6) Audit year means the period beginning January 1 in any year and
6 ending on December 31 of that same year except for the initial audit year
7 which will begin September 1, 2016, and end on December 31, 2016.
8 Beginning September 1, 2016, the audit year will be the period of time
9 used in the preparation of the annual actuarial analysis and valuation
10 and a financial audit of the investments of the retirement system;

11 (7) Beneficiary means any person entitled to receive or receiving a
12 benefit by reason of the death of a member;

13 (8) Board of education means the board of education of the school
14 district;

15 (9)(a) Compensation means gross wages or salaries payable to the
16 member during a fiscal year and includes (i) overtime pay, (ii) member
17 contributions to the retirement system that are picked up under section
18 414(h) of the Internal Revenue Code, as defined in section 49-801.01,
19 (iii) retroactive salary payments paid pursuant to court order,
20 arbitration, or litigation and grievance settlements, and (iv) amounts
21 contributed by the member to plans under sections 125, 403(b), and 457 of
22 the Internal Revenue Code, as defined in section 49-801.01, or any other
23 section of the code which defers or excludes such amounts from income.

24 (b) Compensation does not include (i) fraudulently obtained amounts
25 as determined by the board, (ii) amounts for accrued unused sick leave or
26 accrued unused vacation leave converted to cash payments, (iii) insurance
27 premiums converted into cash payments, (iv) reimbursement for expenses
28 incurred, (v) fringe benefits, (vi) per diems paid as expenses, (vii)
29 bonuses for services not actually rendered, (viii) early retirement
30 inducements, (ix) cash awards, (x) severance pay, or (xi) employer
31 contributions made for the purposes of separation payments made at

1 retirement and early retirement inducements.

2 (c) Compensation in excess of the limitations set forth in section
3 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,
4 shall be disregarded;

5 (10) Council means the Nebraska Investment Council created and
6 acting pursuant to section 72-1237;

7 (11) Creditable service means the sum of the membership service and
8 the prior service, measured in one-tenth-year increments;

9 (12) Early retirement date means, for members hired prior to July 1,
10 2016, who have attained age fifty-five, that month and year selected by a
11 member having at least ten years of creditable service which includes a
12 minimum of five years of membership service. Early retirement date means,
13 for members hired on or after July 1, 2016, that month and year selected
14 by a member having at least five years of creditable service and who has
15 attained age sixty;

16 (13) Early retirement inducement means, but is not limited to:

17 (a) A benefit, bonus, or payment to a member in exchange for an
18 agreement by the member to retire with a reduced retirement benefit;

19 (b) A benefit, bonus, or payment paid to a member in addition to the
20 member's retirement benefit;

21 (c) Lump-sum or installment cash payments, except payments for
22 accrued unused leave converted to cash payments;

23 (d) An additional salary or wage component of any kind that is being
24 paid as an incentive to leave employment and not for personal services
25 performed for which creditable service is granted;

26 (e) Partial or full employer payment of a member's health, dental,
27 life, or long-term disability insurance benefits or cash in lieu of such
28 insurance benefits that extend beyond the member's termination of
29 employment and contract of employment dates. This subdivision does not
30 apply to any period during which the member is contributing to the
31 retirement system and being awarded creditable service; and

1 (f) Any other form of separation payments made by an employer to a
2 member at termination, including, but not limited to, purchasing
3 retirement contracts for the member pursuant to section 79-514, or
4 depositing money for the member in an account established under section
5 403(b) of the Internal Revenue Code except for payments for accrued
6 unused leave;

7 (14) Employee means the following enumerated persons receiving
8 compensation from the school district: (a) Regular teachers and
9 administrators employed on a written contract basis; and (b) regular
10 employees, not included in subdivision (14)(a) of this section, hired
11 upon a full-time basis, which basis shall contemplate a workweek of not
12 less than thirty hours;

13 (15) Employer means a school district participating in a retirement
14 system established pursuant to the Class V School Employees Retirement
15 Act;

16 (16) Fiscal year means the period beginning September 1 in any year
17 and ending on August 31 of the next succeeding year;

18 (17) Hire date or date of hire means the first day of compensated
19 service subject to retirement contributions;

20 (18) Interest means, for the purchase of service credit, the
21 purchase of prior service credit, restored refunds, and delayed payments,
22 the investment return assumption used in the most recent actuarial
23 valuation;

24 (19) Member means any employee included in the membership of the
25 retirement system or any former employee who has made contributions to
26 the system and has not received a refund;

27 (20) Membership service means service on or after September 1, 1951,
28 as an employee of the school district and a member of the system for
29 which compensation is paid by the school district. Credit for more than
30 one year of membership service shall not be allowed for service rendered
31 in any fiscal year. Beginning September 1, 2005, a member shall be

1 credited with a year of membership service for each fiscal year in which
2 the member performs one thousand or more hours of compensated service as
3 an employee of the school district. For an employee who becomes a member
4 prior to July 1, 2018, an hour of compensated service shall include any
5 hour for which the member is compensated by the school district during
6 periods when no service is performed due to vacation or approved leave.
7 For an employee who becomes a member on or after July 1, 2018, an hour of
8 compensated service shall include any hour for which the member is
9 compensated by the school district during periods when no service is
10 performed due to used accrued sick days, used accrued vacation days,
11 federal and state holidays, and jury duty leave for which the member is
12 paid full compensation by the employer. If a member performs less than
13 one thousand hours of compensated service during a fiscal year, one-tenth
14 of a year of membership service shall be credited for each one hundred
15 hours of compensated service by the member in such fiscal year. In
16 determining a member's total membership service, all periods of
17 membership service, including fractional years of membership service in
18 one-tenth-year increments, shall be aggregated;

19 (21) Military service means service in the uniformed services as
20 defined in 38 U.S.C. 4301 et seq., as such provision existed on March 27,
21 1997;

22 (22) Normal retirement date means the end of the month during which
23 the member attains age sixty-five and has completed at least five years
24 of membership service;

25 (23) Primary beneficiary means the person or persons entitled to
26 receive or receiving a benefit by reason of the death of a member;

27 (24) Prior service means service rendered prior to September 1,
28 1951, for which credit is allowed under section 79-999, service rendered
29 by retired employees receiving benefits under preexisting systems, and
30 service for which credit is allowed under sections 79-990, 79-991,
31 79-994, 79-995, and 79-997;

1 (25) Regular interest means interest (a) on the total contributions
2 of the member prior to the close of the last preceding fiscal year, (b)
3 compounded annually, and (c)(i) beginning September 1, 2016, at a rate
4 equal to the daily treasury yield curve for one-year treasury securities,
5 as published by the Secretary of the Treasury of the United States, that
6 applies on September 1 of each year and (ii) prior to September 1, 2016,
7 at rates to be determined annually by the board, which shall have the
8 sole, absolute, and final discretionary authority to make such
9 determination, except that the rate for any given year in no event shall
10 exceed the actual percentage of net earnings of the system during the
11 last preceding fiscal year;

12 (26) Retirement allowance means the total annual retirement benefit
13 payable to a member for service or disability;

14 (27) Retirement date means the date of retirement of a member for
15 service or disability as fixed by the board of trustees described in
16 section 79-980;

17 (28) Retirement system or system means the School Employees'
18 Retirement System of (corporate name of the school district as described
19 in section 79-405) as provided for by the act;

20 (29) Secondary beneficiary means the person or persons entitled to
21 receive or receiving a benefit by reason of the death of all primary
22 beneficiaries prior to the death of the member. If no primary beneficiary
23 survives the member, secondary beneficiaries shall be treated in the same
24 manner as primary beneficiaries;

25 (30) Solvency means the rate of all contributions required pursuant
26 to the Class V School Employees Retirement Act is equal to or greater
27 than the actuarially required contribution rate as annotated in the most
28 recent valuation report prepared by the actuary retained by the board of
29 trustees as provided in section 79-984;

30 (31) ~~(30)~~ State investment officer means the state investment
31 officer appointed pursuant to section 72-1240 and acting pursuant to the

1 Nebraska State Funds Investment Act;

2 ~~(32)~~ ~~(31)~~ Substitute employee means a person hired by an employer as
3 a temporary employee to assume the duties of an employee due to a
4 temporary absence of any employee. Substitute employee does not mean a
5 person hired as an employee on an ongoing basis to assume the duties of
6 other employees who are temporarily absent;

7 ~~(33)~~ ~~(32)~~ Temporary employee means a person hired by an employer who
8 is not an employee and who is hired to provide service for a limited
9 period of time to accomplish a specific purpose or task. When such
10 specific purpose or task is complete, the employment of such temporary
11 employee shall terminate and in no case shall the temporary employment
12 period exceed one year in duration;

13 ~~(34)~~ ~~(33)~~ Trustee means a trustee provided for in section 79-980;
14 and

15 ~~(35)~~ ~~(34)~~ Voluntary service or volunteer means providing bona fide
16 unpaid service to an employer.

17 Sec. 2. Section 79-978.01, Revised Statutes Supplement, 2017, is
18 amended to read:

19 79-978.01 Sections 79-978 to 79-9,118 and section 6 of this act
20 shall be known and may be cited as the Class V School Employees
21 Retirement Act.

22 Sec. 3. Section 79-982, Revised Statutes Cumulative Supplement,
23 2016, is amended to read:

24 79-982 The board of trustees shall (1) hold regular meetings
25 annually and such special meetings at such times as may be deemed
26 necessary, which meetings shall be open to the public, (2) keep a record
27 of all the proceedings of such meetings, (3) prior to January 1, 2017,
28 and subject to the approval of the board of education, invest all cash
29 income not required for current payments in securities of the type
30 provided in section 79-9,107 and so reinvest the proceeds from the sale
31 or redemption of investments, and (4) supervise the affairs of the

1 retirement system related to the administration of benefits and approve
2 any changes in the administration of the retirement system essential to
3 the actuarial requirements of the retirement system including, but not
4 limited to, the requirements under section 6 of this act.

5 Sec. 4. Section 79-984, Revised Statutes Cumulative Supplement,
6 2016, is amended to read:

7 79-984 The board of trustees shall contract for the services of an
8 actuary who shall be the technical advisor of the board of trustees on
9 matters regarding the operation of the retirement system. The selection
10 of the actuary shall be approved by the board of education. The actuary
11 shall (1) make a general investigation of the operation of the retirement
12 system annually, which investigation shall cover mortality, retirement,
13 disability, employment, turnover, interest, and earnable compensation,
14 ~~and~~ (2) recommend tables to be used for all required actuarial
15 calculations, and (3) recommend any additional amount necessary to
16 maintain solvency of the retirement system after considering (a) expected
17 employee contributions, (b) contributions by the school district required
18 pursuant to subdivisions (1)(d)(i) and (ii) of section 79-9,113, (c) any
19 amounts that will be, or are expected to be, transferred to the system
20 pursuant to subdivision (1)(b) of section 79-966, and (d) any other
21 amounts that will be, or are expected to be, received by the system from
22 any source. The actuary shall perform such other duties as may be
23 assigned by the board of trustees.

24 Sec. 5. Section 79-9,113, Revised Statutes Cumulative Supplement,
25 2016, is amended to read:

26 79-9,113 (1)(a) If, at any future time, a majority of the eligible
27 members of the retirement system votes to be included under an agreement
28 providing old age and survivors insurance under the Social Security Act
29 of the United States, the contributions to be made by the member and the
30 school district for membership service, from and after the effective date
31 of the agreement with respect to services performed subsequent to

1 December 31, 1954, shall each be reduced from five to three percent but
2 not less than three percent of the member's salary per annum, and the
3 credits for membership service under this system, as provided in section
4 79-999, shall thereafter be reduced from one and one-half percent to
5 nine-tenths of one percent and not less than nine-tenths of one percent
6 of salary or wage earned by the member during each fiscal year, and from
7 one and sixty-five hundredths percent to one percent and not less than
8 one percent of salary or wage earned by the member during each fiscal
9 year and from two percent to one and two-tenths percent of salary or wage
10 earned by the member during each fiscal year, and from two and four-
11 tenths percent to one and forty-four hundredths percent of salary or wage
12 earned by the member during each fiscal year, except that after September
13 1, 1963, and prior to September 1, 1969, all employees of the school
14 district shall contribute an amount equal to the membership contribution
15 which shall be two and three-fourths percent of salary covered by old age
16 and survivors insurance, and five percent above that amount. Commencing
17 September 1, 1969, all employees of the school district shall contribute
18 an amount equal to the membership contribution which shall be two and
19 three-fourths percent of the first seven thousand eight hundred dollars
20 of salary or wages earned each fiscal year and five percent of salary or
21 wages earned above that amount in the same fiscal year. Commencing
22 September 1, 1976, all employees of the school district shall contribute
23 an amount equal to the membership contribution which shall be two and
24 nine-tenths percent of the first seven thousand eight hundred dollars of
25 salary or wages earned each fiscal year and five and twenty-five
26 hundredths percent of salary or wages earned above that amount in the
27 same fiscal year. Commencing on September 1, 1982, all employees of the
28 school district shall contribute an amount equal to the membership
29 contribution which shall be four and nine-tenths percent of the
30 compensation earned in each fiscal year. Commencing September 1, 1989,
31 all employees of the school district shall contribute an amount equal to

1 the membership contribution which shall be five and eight-tenths percent
2 of the compensation earned in each fiscal year. Commencing September 1,
3 1995, all employees of the school district shall contribute an amount
4 equal to the membership contribution which shall be six and three-tenths
5 percent of the compensation earned in each fiscal year. Commencing
6 September 1, 2007, all employees of the school district shall contribute
7 an amount equal to the membership contribution which shall be seven and
8 three-tenths percent of the compensation paid in each fiscal year.
9 Commencing September 1, 2009, all employees of the school district shall
10 contribute an amount equal to the membership contribution which shall be
11 eight and three-tenths percent of the compensation paid in each fiscal
12 year. Commencing September 1, 2011, all employees of the school district
13 shall contribute an amount equal to the membership contribution which
14 shall be nine and three-tenths percent of the compensation paid in each
15 fiscal year. Commencing September 1, 2013, all employees of the school
16 district shall contribute an amount equal to the membership contribution
17 which shall be nine and seventy-eight hundredths percent of the
18 compensation paid in each fiscal year.

19 (b) The contributions by the school district in any fiscal year
20 beginning on or after September 1, 1999, shall be the greater of (i) one
21 hundred percent of the contributions by the employees for such fiscal
22 year or (ii) such amount as may be necessary to maintain the solvency of
23 the system, as determined annually by the board of education upon
24 recommendation of the actuary and the board of trustees.

25 (c) The contributions by the school district in any fiscal year
26 beginning on or after September 1, 2007, and prior to September 1, 2018,
27 shall be the greater of (i) one hundred one percent of the contributions
28 by the employees for such fiscal year or (ii) such amount as may be
29 necessary to maintain the solvency of the system, as recommended by the
30 actuary retained by the board of trustees. The determination of the
31 contribution amount required by subdivision (ii) of this subdivision

1 shall be made by the board of education within forty-five days after
2 receipt of written notification by the board of trustees of the amount as
3 may be necessary to maintain the solvency of the system as described in
4 this section. Such amount shall be transmitted by the school district to
5 the account of the retirement system no later than August 31, 2018
6 determined annually by the board of education upon recommendation of the
7 actuary and after considering any amounts that will be, or are expected
8 to be, transferred to the system pursuant to subdivision (1)(b) of
9 section 79-966. For purposes of this section, solvency means the rate of
10 all contributions required pursuant to the Class V School Employees
11 Retirement Act is equal to or greater than the actuarially required
12 contribution rate using a closed thirty-year amortization period
13 beginning on the current valuation date for any unfunded actuarial
14 accrued liability. The school district contributions specified in
15 subdivision (i) of this subdivision (c) shall be made monthly and shall
16 be immediately transmitted to the account of the retirement system.

17 (d) The contributions by the school district in any fiscal year
18 beginning on or after September 1, 2018, shall include (i) one hundred
19 one percent of the contributions by the employees for such fiscal year
20 and (ii) such amount as may be necessary to maintain the solvency of the
21 system as recommended by the actuary retained by the board of trustees.
22 The determination of the contribution amount required by subdivision (ii)
23 of this subdivision shall be made by the board of education within forty-
24 five days after receipt of written notification by the board of trustees
25 of the amount as may be necessary to maintain the solvency of the system
26 as described in this section. Such amount shall be transmitted by the
27 school district to the account of the retirement system no later than
28 August 31, 2019, and each August 31 thereafter. The school district
29 contributions specified in subdivision (i) of this subdivision (d) shall
30 be made monthly and shall be immediately transmitted to the account of
31 the retirement system.

1 (e) Nothing in this section prohibits the school district from
2 making other contributions in addition to the contributions required
3 pursuant to this section.

4 (f) ~~(d)~~ The employee's contribution shall be made in the form of a
5 monthly deduction from compensation as provided in subsection (2) of this
6 section and shall be immediately transmitted to the account of the
7 retirement system. Every employee who is a member of the system shall be
8 deemed to consent and agree to such deductions and shall receipt in full
9 for compensation, and payment to such employee of compensation less such
10 deduction shall constitute a full and complete discharge of all claims
11 and demands whatsoever for services rendered by such employee during the
12 period covered by such payment except as to benefits provided under the
13 Class V School Employees Retirement Act.

14 (g) ~~(e)~~ After September 1, 1963, and prior to September 1, 1969, all
15 employees shall be credited with a membership service annuity which shall
16 be nine-tenths of one percent of salary or wage covered by old age and
17 survivors insurance and one and one-half percent of salary or wages above
18 that amount, except that those employees who retire on or after August
19 31, 1969, shall be credited with a membership service annuity which shall
20 be one percent of salary or wages covered by old age and survivors
21 insurance and one and sixty-five hundredths percent of salary or wages
22 above that amount for service performed after September 1, 1963, and
23 prior to September 1, 1969. Commencing September 1, 1969, all employees
24 shall be credited with a membership service annuity which shall be one
25 percent of the first seven thousand eight hundred dollars of salary or
26 wages earned by the employee during each fiscal year and one and sixty-
27 five hundredths percent of salary or wages earned above that amount in
28 the same fiscal year, except that all employees retiring on or after
29 August 31, 1976, shall be credited with a membership service annuity
30 which shall be one and forty-four hundredths percent of the first seven
31 thousand eight hundred dollars of salary or wages earned by the employee

1 during such fiscal year and two and four-tenths percent of salary or
2 wages earned above that amount in the same fiscal year, and the
3 retirement annuities of employees who have not retired prior to September
4 1, 1963, and who elected under the provisions of section 79-988 as such
5 section existed immediately prior to February 20, 1982, not to become
6 members of the system shall not be less than they would have been had
7 they remained under any preexisting system to date of retirement.

8 (h) ~~(f)~~ Members of this system having the service qualifications of
9 members of the School Employees Retirement System of the State of
10 Nebraska, as provided by section 79-926, who are members of the
11 retirement system established pursuant to the Class V School Employees
12 Retirement Act prior to July 1, 2016, shall receive the state service
13 annuity provided by sections 79-933 to 79-935 and 79-951.

14 (2) The school district shall pick up the employee contributions
15 required by this section for all compensation paid on or after January 1,
16 1985, and the contributions so picked up shall be treated as employer
17 contributions in determining federal tax treatment under the Internal
18 Revenue Code, except that the school district shall continue to withhold
19 federal income taxes based upon these contributions until the Internal
20 Revenue Service or the federal courts rule that, pursuant to section
21 414(h) of the Internal Revenue Code, these contributions shall not be
22 included as gross income of the employee until such time as they are
23 distributed or made available. The school district shall pay these
24 employee contributions from the same source of funds which is used in
25 paying earnings to the employee. The school district shall pick up these
26 contributions by a salary deduction either through a reduction in the
27 cash salary of the employee or a combination of a reduction in salary and
28 offset against a future salary increase. Beginning September 1, 1995, the
29 school district shall also pick up any contributions required by sections
30 79-990, 79-991, and 79-992 which are made under an irrevocable payroll
31 deduction authorization between the member and the school district, and

1 the contributions so picked up shall be treated as employer contributions
2 in determining federal tax treatment under the Internal Revenue Code,
3 except that the school district shall continue to withhold federal and
4 state income taxes based upon these contributions until the Internal
5 Revenue Service rules that, pursuant to section 414(h) of the Internal
6 Revenue Code, these contributions shall not be included as gross income
7 of the employee until such time as they are distributed from the system.
8 Employee contributions picked up shall be treated for all purposes of the
9 Class V School Employees Retirement Act in the same manner and to the
10 extent as employee contributions made prior to the date picked up.

11 Sec. 6. (1) On or before September 1, 2018, and each September 1
12 thereafter, the board of trustees shall notify the State Department of
13 Education whether or not full payment as described in subdivision (1)(c)
14 (ii) or (1)(d)(ii) of section 79-9,113 has been transferred to the
15 account of the retirement system.

16 (2) If full payment as described in subdivision (1)(c)(ii) or (1)(d)
17 (ii) of section 79-9,113 was not transferred by the required date, the
18 board of trustees, when such full payment is transferred, shall certify
19 to the State Department of Education the date on which such transfer
20 occurred. Certification by the board of trustees to the department shall
21 be made within five business days of such transfer.

22 Sec. 7. Section 79-1003, Revised Statutes Supplement, 2017, is
23 amended to read:

24 79-1003 For purposes of the Tax Equity and Educational Opportunities
25 Support Act:

26 (1) Adjusted general fund operating expenditures means (a) for
27 school fiscal years 2013-14 through 2015-16, the difference of the
28 general fund operating expenditures as calculated pursuant to subdivision
29 (23) of this section increased by the cost growth factor calculated
30 pursuant to section 79-1007.10, minus the transportation allowance,
31 special receipts allowance, poverty allowance, limited English

1 proficiency allowance, distance education and telecommunications
2 allowance, elementary site allowance, summer school allowance,
3 instructional time allowance, teacher education allowance, and focus
4 school and program allowance, (b) for school fiscal years 2016-17 through
5 2018-19, the difference of the general fund operating expenditures as
6 calculated pursuant to subdivision (23) of this section increased by the
7 cost growth factor calculated pursuant to section 79-1007.10, minus the
8 transportation allowance, special receipts allowance, poverty allowance,
9 limited English proficiency allowance, distance education and
10 telecommunications allowance, elementary site allowance, summer school
11 allowance, and focus school and program allowance, and (c) for school
12 fiscal year 2019-20 and each school fiscal year thereafter, the
13 difference of the general fund operating expenditures as calculated
14 pursuant to subdivision (23) of this section increased by the cost growth
15 factor calculated pursuant to section 79-1007.10, minus the
16 transportation allowance, special receipts allowance, poverty allowance,
17 limited English proficiency allowance, distance education and
18 telecommunications allowance, elementary site allowance, summer school
19 allowance, community achievement plan allowance, and focus school and
20 program allowance;

21 (2) Adjusted valuation means the assessed valuation of taxable
22 property of each local system in the state, adjusted pursuant to the
23 adjustment factors described in section 79-1016. Adjusted valuation means
24 the adjusted valuation for the property tax year ending during the school
25 fiscal year immediately preceding the school fiscal year in which the aid
26 based upon that value is to be paid. For purposes of determining the
27 local effort rate yield pursuant to section 79-1015.01, adjusted
28 valuation does not include the value of any property which a court, by a
29 final judgment from which no appeal is taken, has declared to be
30 nontaxable or exempt from taxation;

31 (3) Allocated income tax funds means the amount of assistance paid

1 to a local system pursuant to section 79-1005.01 as adjusted, for school
2 fiscal years prior to school fiscal year 2017-18, by the minimum levy
3 adjustment pursuant to section 79-1008.02;

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

9 (5) Base fiscal year means the first school fiscal year following
10 the school fiscal year in which the reorganization or unification
11 occurred;

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

13 (7) Categorical funds means funds limited to a specific purpose by
14 federal or state law, including, but not limited to, Title I funds, Title
15 VI funds, federal vocational education funds, federal school lunch funds,
16 Indian education funds, Head Start funds, and funds from the Education
17 Innovation Fund;

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

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

29 (10) Converted contract option student means a student who will be
30 an option student pursuant to the enrollment option program established
31 in section 79-234 for the school fiscal year for which aid is being

1 calculated and who would have been covered by a converted contract if the
2 contract were still in effect and such school fiscal year is the first
3 school fiscal year for which such contract is not in effect;

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

5 (12) District means any Class I, II, III, IV, V, or VI school
6 district or unified system as defined in section 79-4,108;

7 (13) Ensuing school fiscal year means the school fiscal year
8 following the current school fiscal year;

9 (14) Equalization aid means the amount of assistance calculated to
10 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
11 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

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

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

18 (17) Formula students means:

19 (a) For state aid certified pursuant to section 79-1022, the sum of
20 the product of fall membership from the school fiscal year immediately
21 preceding the school fiscal year in which the aid is to be paid
22 multiplied by the average ratio of average daily membership to fall
23 membership for the second school fiscal year immediately preceding the
24 school fiscal year in which the aid is to be paid and the prior two
25 school fiscal years plus sixty percent of the qualified early childhood
26 education fall membership plus tuitioned students from the school fiscal
27 year immediately preceding the school fiscal year in which aid is to be
28 paid minus the product of the number of students enrolled in kindergarten
29 that is not full-day kindergarten from the fall membership multiplied by
30 0.5; and

31 (b) For the final calculation of state aid pursuant to section

1 79-1065, the sum of average daily membership plus sixty percent of the
2 qualified early childhood education average daily membership plus
3 tuitioned students minus the product of the number of students enrolled
4 in kindergarten that is not full-day kindergarten from the average daily
5 membership multiplied by 0.5 from the school fiscal year immediately
6 preceding the school fiscal year in which aid was paid;

7 (18) Free lunch and free milk calculated students means, using the
8 most recent data available on November 1 of the school fiscal year
9 immediately preceding the school fiscal year in which aid is to be paid,
10 (a) for schools that did not provide free meals to all students pursuant
11 to the community eligibility provision, students who individually
12 qualified for free lunches or free milk pursuant to the federal Richard
13 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
14 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
15 and sections existed on January 1, 2015, and rules and regulations
16 adopted thereunder, plus (b) for schools that provided free meals to all
17 students pursuant to the community eligibility provision, (i) for school
18 fiscal year 2016-17, the product of the students who attended such school
19 multiplied by the identified student percentage calculated pursuant to
20 such federal provision or (ii) for school fiscal year 2017-18 and each
21 school fiscal year thereafter, the greater of the number of students in
22 such school who individually qualified for free lunch or free milk using
23 the most recent school fiscal year for which the school did not provide
24 free meals to all students pursuant to the community eligibility
25 provision or one hundred ten percent of the product of the students who
26 qualified for free meals at such school pursuant to the community
27 eligibility provision multiplied by the identified student percentage
28 calculated pursuant to such federal provision, except that the free lunch
29 and free milk students calculated for any school pursuant to subdivision
30 (18)(b)(ii) of this section shall not exceed one hundred percent of the
31 students qualified for free meals at such school pursuant to the

1 community eligibility provision;

2 (19) Free lunch and free milk student means, for school fiscal years
3 prior to school fiscal year 2016-17, a student who qualified for free
4 lunches or free milk from the most recent data available on November 1 of
5 the school fiscal year immediately preceding the school fiscal year in
6 which aid is to be paid;

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

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

16 (22) General fund expenditures means all expenditures from the
17 general fund;

18 (23) General fund operating expenditures means for state aid
19 calculated for school fiscal years 2012-13 and each school fiscal year
20 thereafter, as reported on the annual financial report for the second
21 school fiscal year immediately preceding the school fiscal year in which
22 aid is to be paid, the total general fund expenditures minus (a) the
23 amount of all receipts to the general fund, to the extent that such
24 receipts are not included in local system formula resources, from early
25 childhood education tuition, summer school tuition, educational entities
26 as defined in section 79-1201.01 for providing distance education courses
27 through the Educational Service Unit Coordinating Council to such
28 educational entities, private foundations, individuals, associations,
29 charitable organizations, the textbook loan program authorized by section
30 79-734, federal impact aid, and levy override elections pursuant to
31 section 77-3444, (b) the amount of expenditures for categorical funds,

1 tuition paid, transportation fees paid to other districts, adult
2 education, community services, redemption of the principal portion of
3 general fund debt service, retirement incentive plans authorized by
4 section 79-855, and staff development assistance authorized by section
5 79-856, (c) the amount of any transfers from the general fund to any bond
6 fund and transfers from other funds into the general fund, (d) any legal
7 expenses in excess of fifteen-hundredths of one percent of the formula
8 need for the school fiscal year in which the expenses occurred, (e)(i)
9 for state aid calculated for school fiscal years prior to school fiscal
10 year 2018-19, expenditures to pay for sums agreed to be paid by a school
11 district to certificated employees in exchange for a voluntary
12 termination occurring prior to July 1, 2009, occurring on or after the
13 last day of the 2010-11 school year and prior to the first day of the
14 2013-14 school year, or, to the extent that a district has demonstrated
15 to the State Board of Education pursuant to section 79-1028.01 that the
16 agreement will result in a net savings in salary and benefit costs to the
17 school district over a five-year period, occurring on or after the first
18 day of the 2013-14 school year or (ii) for state aid calculated for
19 school fiscal year 2018-19 and each school fiscal year thereafter,
20 expenditures to pay for incentives agreed to be paid by a school district
21 to certificated employees in exchange for a voluntary termination of
22 employment for which the State Board of Education approved an exclusion
23 pursuant to subdivision ~~subdivisions~~ (1)(h), (i), (j), or (k) of section
24 79-1028.01, (f)(i) expenditures to pay for employer contributions
25 pursuant to subsection (2) of section 79-958 to the School Employees
26 Retirement System of the State of Nebraska to the extent that such
27 expenditures exceed the employer contributions under such subsection that
28 would have been made at a contribution rate of seven and thirty-five
29 hundredths percent or (ii) expenditures to pay for school district
30 contributions pursuant to subdivision (1)(c)(i) or (1)(d)(i) of section
31 79-9,113 to the retirement system established pursuant to the Class V

1 School Employees Retirement Act to the extent that such expenditures
2 exceed the school district contributions under such subdivision that
3 would have been made at a contribution rate of seven and thirty-seven
4 hundredths percent, and (g) any amounts paid by the district for lobbyist
5 fees and expenses reported to the Clerk of the Legislature pursuant to
6 section 49-1483.

7 For purposes of this subdivision (23) of this section, receipts from
8 levy override elections shall equal ninety-nine percent of the difference
9 of the total general fund levy minus a levy of one dollar and five cents
10 per one hundred dollars of taxable valuation multiplied by the assessed
11 valuation for school districts that have voted pursuant to section
12 77-3444 to override the maximum levy provided pursuant to section
13 77-3442;

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

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

19 (26) Income tax receipts means the amount of income tax collected
20 pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable
21 credits earned and refunds made;

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

30 (28) Local system means a learning community for purposes of
31 calculation of state aid for each school fiscal year prior to school

1 fiscal year 2017-18, a unified system, a Class VI district and the
2 associated Class I districts, or a Class II, III, IV, or V district and
3 any affiliated Class I districts or portions of Class I districts. The
4 membership, expenditures, and resources of Class I districts that are
5 affiliated with multiple high school districts will be attributed to
6 local systems based on the percent of the Class I valuation that is
7 affiliated with each high school district;

8 (29) Low-income child means (a) for school fiscal years prior to
9 2016-17, a child under nineteen years of age living in a household having
10 an annual adjusted gross income for the second calendar year preceding
11 the beginning of the school fiscal year for which aid is being calculated
12 equal to or less than the maximum household income that would allow a
13 student from a family of four people to be a free lunch and free milk
14 student during the school fiscal year immediately preceding the school
15 fiscal year for which aid is being calculated and (b) for school fiscal
16 year 2016-17 and each school fiscal year thereafter, a child under
17 nineteen years of age living in a household having an annual adjusted
18 gross income for the second calendar year preceding the beginning of the
19 school fiscal year for which aid is being calculated equal to or less
20 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
21 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
22 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
23 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
24 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
25 existed on January 1, 2015, for a household of that size that would have
26 allowed the child to meet the income qualifications for free meals during
27 the school fiscal year immediately preceding the school fiscal year for
28 which aid is being calculated;

29 (30) Low-income students means the number of low-income children
30 within the district multiplied by the ratio of the formula students in
31 the district divided by the total children under nineteen years of age

1 residing in the district as derived from income tax information;

2 (31) Most recently available complete data year means the most
3 recent single school fiscal year for which the annual financial report,
4 fall school district membership report, annual statistical summary,
5 Nebraska income tax liability by school district for the calendar year in
6 which the majority of the school fiscal year falls, and adjusted
7 valuation data are available;

8 (32) Poverty students means (a) for school fiscal years prior to
9 2016-17, the number of low-income students or the number of students who
10 are free lunch and free milk students in a district plus the difference
11 of the number of low-income students or the number of students who are
12 free lunch and free milk students in a district, whichever is greater,
13 minus the average number of poverty students for such district, prior to
14 such addition, for the three immediately preceding school fiscal years if
15 such difference is greater than zero and (b) for school fiscal year
16 2016-17 and each school fiscal year thereafter, the unadjusted poverty
17 students plus the difference of such unadjusted poverty students minus
18 the average number of poverty students for such district, prior to such
19 addition, for the three immediately preceding school fiscal years if such
20 difference is greater than zero;

21 (33) Qualified early childhood education average daily membership
22 means the product of the average daily membership for school fiscal year
23 2006-07 and each school fiscal year thereafter of students who will be
24 eligible to attend kindergarten the following school year and are
25 enrolled in an early childhood education program approved by the
26 department pursuant to section 79-1103 for such school district for such
27 school year multiplied by the ratio of the actual instructional hours of
28 the program divided by one thousand thirty-two if: (a) The program is
29 receiving a grant pursuant to such section for the third year; (b) the
30 program has already received grants pursuant to such section for three
31 years; or (c) the program has been approved pursuant to subsection (5) of

1 section 79-1103 for such school year and the two preceding school years,
2 including any such students in portions of any of such programs receiving
3 an expansion grant;

4 (34) Qualified early childhood education fall membership means the
5 product of membership on the last Friday in September 2006 and each year
6 thereafter of students who will be eligible to attend kindergarten the
7 following school year and are enrolled in an early childhood education
8 program 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 planned 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 grants
13 pursuant to such section for three years; or (c) the program has been
14 approved pursuant to subsection (5) of section 79-1103 for such school
15 year and the two preceding school years, including any such students in
16 portions of any of such programs receiving an expansion grant;

17 (35) Regular route transportation means the transportation of
18 students on regularly scheduled daily routes to and from the attendance
19 center;

20 (36) Reorganized district means any district involved in a
21 consolidation and currently educating students following consolidation;

22 (37) School year or school fiscal year means the fiscal year of a
23 school district as defined in section 79-1091;

24 (38) Sparse local system means a local system that is not a very
25 sparse local system but which meets the following criteria:

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

31 (b)(i) Less than one and one-half formula students per square mile

1 in the local system and (ii) more than fifteen miles between each high
2 school attendance center and the next closest high school attendance
3 center on paved roads;

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

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

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

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

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

23 (42) State board means the State Board of Education;

24 (43) State support means all funds provided to districts by the
25 State of Nebraska for the general fund support of elementary and
26 secondary education;

27 (44) Statewide average basic funding per formula student means the
28 statewide total basic funding for all districts divided by the statewide
29 total formula students for all districts;

30 (45) Statewide average general fund operating expenditures per
31 formula student means the statewide total general fund operating

1 expenditures for all districts divided by the statewide total formula
2 students for all districts;

3 (46) Teacher has the definition found in section 79-101;

4 (47) Temporary aid adjustment factor means (a) for school fiscal
5 years before school fiscal year 2007-08, one and one-fourth percent of
6 the sum of the local system's transportation allowance, the local
7 system's special receipts allowance, and the product of the local
8 system's adjusted formula students multiplied by the average formula cost
9 per student in the local system's cost grouping and (b) for school fiscal
10 year 2007-08, one and one-fourth percent of the sum of the local system's
11 transportation allowance, special receipts allowance, and distance
12 education and telecommunications allowance and the product of the local
13 system's adjusted formula students multiplied by the average formula cost
14 per student in the local system's cost grouping;

15 (48) Tuition receipts from converted contracts means tuition
16 receipts received by a district from another district in the most
17 recently available complete data year pursuant to a converted contract
18 prior to the expiration of the contract;

19 (49) Tuitioned students means students in kindergarten through grade
20 twelve of the district whose tuition is paid by the district to some
21 other district or education agency;

22 (50) Unadjusted poverty students means, for school fiscal year
23 2016-17 and each school fiscal year thereafter, the greater of the number
24 of low-income students or the free lunch and free milk calculated
25 students in a district; and

26 (51) Very sparse local system means a local system that has:

27 (a)(i) Less than one-half student per square mile in each county in
28 which each high school attendance center is located based on the school
29 district census, (ii) less than one formula student per square mile in
30 the local system, and (iii) more than fifteen miles between the high
31 school attendance center and the next closest high school attendance

1 center on paved roads; or

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

7 Sec. 8. Section 79-1022, Revised Statutes Supplement, 2017, is
8 amended to read:

9 79-1022 (1) On or before June 1, 2017, and on or before March 1 of
10 each year thereafter, for each ensuing fiscal year, the department shall
11 determine the amounts to be distributed to each local system and each
12 district for the ensuing school fiscal year pursuant to the Tax Equity
13 and Educational Opportunities Support Act and shall certify the amounts
14 to the Director of Administrative Services, the Auditor of Public
15 Accounts, each learning community for school fiscal years prior to school
16 fiscal year 2017-18, and each district. Except as otherwise provided in
17 this section, the amount to be distributed to each district from the
18 amount certified for a local system shall be proportional based on the
19 formula students attributed to each district in the local system. For
20 school fiscal years prior to school fiscal year 2017-18, the amount to be
21 distributed to each district that is a member of a learning community
22 from the amount certified for the local system shall be proportional
23 based on the formula needs calculated for each district in the local
24 system. On or before June 1, 2017, and on or before March 1 of each year
25 thereafter, for each ensuing fiscal year, the department shall report the
26 necessary funding level for the ensuing school fiscal year to the
27 Governor, the Appropriations Committee of the Legislature, and the
28 Education Committee of the Legislature. The report submitted to the
29 committees of the Legislature shall be submitted electronically. Except
30 as otherwise provided in this subsection, certified state aid amounts,
31 including adjustments pursuant to section 79-1065.02, shall be shown as

1 budgeted non-property-tax receipts and deducted prior to calculating the
2 property tax request in the district's general fund budget statement as
3 provided to the Auditor of Public Accounts pursuant to section 79-1024.

4 (2) Except as provided in this subsection, subsection (8) of section
5 79-1016, and sections 79-1005, 79-1033, ~~and~~ 79-1065.02, and subsection
6 (3) of this section, the amounts certified pursuant to subsection (1) of
7 this section shall be distributed in ten as nearly as possible equal
8 payments on the last business day of each month beginning in September of
9 each ensuing school fiscal year and ending in June of the following year,
10 except that when a school district is to receive a monthly payment of
11 less than one thousand dollars, such payment shall be one lump-sum
12 payment on the last business day of December during the ensuing school
13 fiscal year.

14 (3) The Commissioner of Education, after notice to the school
15 district and opportunity for hearing, shall direct that any state aid
16 certified pursuant to subsection (1) of this section for any Class V
17 school district shall be withheld until the department has received
18 certification as described in section 6 of this act that full payment of
19 the amount due prior to the beginning of the school fiscal year for which
20 such state aid was certified, and necessary to maintain the solvency of
21 the retirement system for Class V school districts as provided by the
22 Class V School Employees Retirement Act, has been made by the Class V
23 school district with such obligation. If the department has not received
24 certification as described in section 6 of this act prior to the end of
25 the state's biennium following the biennium which included the fiscal
26 year for which such state aid was certified, the state aid funds for such
27 school district shall revert to the General Fund. The amount of any
28 reverted funds shall be included in data provided to the Governor in
29 accordance with section 79-1031.

30 Sec. 9. Section 79-1028.01, Revised Statutes Supplement, 2017, is
31 amended to read:

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

5 (a) Expenditures for repairs to infrastructure damaged by a natural
6 disaster which is declared a disaster emergency pursuant to the Emergency
7 Management Act;

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

13 (c) Expenditures pursuant to the Retirement Incentive Plan
14 authorized in section 79-855 or the Staff Development Assistance
15 authorized in section 79-856;

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

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

26 (f) Expenditures to pay for school district contributions pursuant
27 to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the
28 retirement system established pursuant to the Class V School Employees
29 Retirement Act to the extent that such expenditures exceed the school
30 district contributions under such subdivision that would have been made
31 at a contribution rate of seven and thirty-seven hundredths percent;

1 (g) Expenditures for incentives agreed to be paid by a school
2 district to certificated employees in exchange for a voluntary
3 termination of employment occurring prior to July 1, 2009, occurring on
4 or after the last day of the 2010-11 school year and prior to the first
5 day of the 2013-14 school year, or, to the extent that a district
6 demonstrates to the State Board of Education pursuant to subsection (3)
7 of this section that the agreement will result in a net savings in salary
8 and benefit costs to the school district over a five-year period,
9 occurring on or after the first day of the 2013-14 school year and prior
10 to September 1, 2017;

11 (h) Expenditures by a school district with budgeted expenditures
12 otherwise equal to the budget authority for the general fund budget of
13 expenditures for such school district as calculated pursuant to section
14 79-1023 for such school fiscal year for current and future qualified
15 voluntary termination incentives for certificated teachers pursuant to
16 subsection (3) of section 79-8,142 that are not otherwise included in an
17 exclusion pursuant to this subsection;

18 (i) Expenditures by a school district with budgeted expenditures
19 otherwise equal to the budget authority for the general fund budget of
20 expenditures for such school district as calculated pursuant to section
21 79-1023 for such school fiscal year for seventy-five percent of
22 incentives agreed to be paid to certificated employees in exchange for a
23 voluntary termination of employment occurring between September 1, 2017,
24 and August 31, 2018, as a result of a collective-bargaining agreement in
25 force and effect on September 1, 2017, that are not otherwise included in
26 an exclusion pursuant to this subsection;

27 (j) Expenditures by a school district with budgeted expenditures
28 otherwise equal to the budget authority for the general fund budget of
29 expenditures for such school district as calculated pursuant to section
30 79-1023 for such school fiscal year for fifty percent of incentives
31 agreed to be paid to certificated employees in exchange for a voluntary

1 termination of employment occurring between September 1, 2018, and August
2 31, 2019, as a result of a collective-bargaining agreement in force and
3 effect on September 1, 2017, that are not otherwise included in an
4 exclusion pursuant to this subsection;

5 (k) Expenditures by a school district with budgeted expenditures
6 otherwise equal to the budget authority for the general fund budget of
7 expenditures for such school district as calculated pursuant to section
8 79-1023 for such school fiscal year for twenty-five percent of incentives
9 agreed to be paid to certificated employees in exchange for a voluntary
10 termination of employment occurring between September 1, 2019, and August
11 31, 2020, as a result of a collective-bargaining agreement in force and
12 effect on September 1, 2017, that are not otherwise included in an
13 exclusion pursuant to this subsection;

14 (l) The special education budget of expenditures;

15 (m) Expenditures of special grant funds; and

16 (n) Expenditures of funds received as federal impact aid pursuant to
17 20 U.S.C. 7701 to 7714, as such sections existed on January 1, 2016, due
18 to a district having land within its boundaries that is federal property
19 classified as Indian lands under 20 U.S.C. 7713(7), as such section
20 existed on January 1, 2016, and funds received as impact aid due to
21 children in attendance who resided on Indian lands in accordance with 20
22 U.S.C. 7703(a)(1)(C), as such section existed on January 1, 2016.

23 (2) For each school fiscal year, a school district may exceed its
24 budget authority for the general fund budget of expenditures as
25 calculated pursuant to section 79-1023 for such school fiscal year by a
26 specific dollar amount and include such dollar amount in the budget of
27 expenditures used to calculate budget authority for the general fund
28 budget of expenditures pursuant to section 79-1023 for future years for
29 the following exclusions:

30 (a) The first school fiscal year the district will be participating
31 in Network Nebraska for the full school fiscal year, for the difference

1 of the estimated expenditures for such school fiscal year for
2 telecommunications services, access to data transmission networks that
3 transmit data to and from the school district, and the transmission of
4 data on such networks as such expenditures are defined by the department
5 for purposes of the distance education and telecommunications allowance
6 minus the dollar amount of such expenditures for the second school fiscal
7 year preceding the first full school fiscal year the district
8 participates in Network Nebraska;

9 (b) Expenditures for new elementary attendance sites in the first
10 year of operation or the first year of operation after being closed for
11 at least one school year if such elementary attendance site will most
12 likely qualify for the elementary site allowance in the immediately
13 following school fiscal year as determined by the state board;

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

20 (d) For school fiscal year 2013-14, an amount not to exceed two
21 percent over the previous school year if such increase is approved by a
22 seventy-five percent majority vote of the school board of such district.

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

26 Sec. 10. If any section in this act or any part of any section is
27 declared invalid or unconstitutional, the declaration shall not affect
28 the validity or constitutionality of the remaining portions.

29 Sec. 11. Original sections 79-982, 79-984, and 79-9,113, Revised
30 Statutes Cumulative Supplement, 2016, and sections 79-978, 79-978.01,
31 79-1003, 79-1022, and 79-1028.01, Revised Statutes Supplement, 2017, are

1 repealed.

2 Sec. 12. Since an emergency exists, this act takes effect when

3 passed and approved according to law.