

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 521**

Introduced by Walz, 15.

Read first time January 18, 2017

Committee: Education

1 A BILL FOR AN ACT relating to the Tax Equity and Educational  
2 Opportunities Support Act; to amend sections 79-1001, 79-1003,  
3 79-1007.11, and 79-1017.01, Revised Statutes Cumulative Supplement,  
4 2016; to change provisions related to early childhood education aid;  
5 to provide a new allowance; to provide aid; to harmonize provisions;  
6 and to repeal the original sections.

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

1 Section 1. Section 79-1001, Revised Statutes Cumulative Supplement,  
2 2016, is amended to read:

3 79-1001 Sections 79-1001 to 79-1033 and section 3 of this act shall  
4 be known and may be cited as the Tax Equity and Educational Opportunities  
5 Support Act.

6 Sec. 2. Section 79-1003, Revised Statutes Cumulative Supplement,  
7 2016, is amended to read:

8 79-1003 For purposes of the Tax Equity and Educational Opportunities  
9 Support Act:

10 (1) Adjusted general fund operating expenditures means (a) for  
11 school fiscal years 2013-14 through 2015-16, the difference of the  
12 general fund operating expenditures as calculated pursuant to subdivision  
13 (23) of this section increased by the cost growth factor calculated  
14 pursuant to section 79-1007.10, minus the transportation allowance,  
15 special receipts allowance, poverty allowance, limited English  
16 proficiency allowance, distance education and telecommunications  
17 allowance, elementary site allowance, summer school allowance,  
18 instructional time allowance, teacher education allowance, and focus  
19 school and program allowance, (b) for school fiscal years 2016-17 through  
20 2017-18 ~~2018-19~~, the difference of the general fund operating  
21 expenditures as calculated pursuant to subdivision (23) of this section  
22 increased by the cost growth factor calculated pursuant to section  
23 79-1007.10, minus the transportation allowance, special receipts  
24 allowance, poverty allowance, limited English proficiency allowance,  
25 distance education and telecommunications allowance, elementary site  
26 allowance, summer school allowance, best practices allowance, and focus  
27 school and program allowance, ~~and~~ (c) for school fiscal year 2018-19, the  
28 difference of the general fund operating expenditures as calculated  
29 pursuant to subdivision (23) of this section increased by the cost growth  
30 factor calculated pursuant to section 79-1007.10, minus the  
31 transportation allowance, special receipts allowance, poverty allowance,

1 limited English proficiency allowance, distance education and  
2 telecommunications allowance, elementary site allowance, summer school  
3 allowance, early childhood education allowance, best practices allowance,  
4 and focus school and program allowance, and (d) for school fiscal year  
5 2019-20 and each school fiscal year thereafter, the difference of the  
6 general fund operating expenditures as calculated pursuant to subdivision  
7 (23) of this section increased by the cost growth factor calculated  
8 pursuant to section 79-1007.10, minus the transportation allowance,  
9 special receipts allowance, poverty allowance, limited English  
10 proficiency allowance, distance education and telecommunications  
11 allowance, elementary site allowance, summer school allowance, early  
12 childhood education allowance, best practices allowance, community  
13 achievement plan allowance, and focus school and program allowance;

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

24 (3) Allocated income tax funds means the amount of assistance paid  
25 to a local system pursuant to section 79-1005.01 as adjusted, for school  
26 fiscal years prior to school fiscal year 2017-18, by the minimum levy  
27 adjustment pursuant to section 79-1008.02;

28 (4) Average daily membership means the average daily membership for  
29 grades kindergarten through twelve attributable to the local system, as  
30 provided in each district's annual statistical summary, and includes the  
31 proportionate share of students enrolled in a public school instructional

1 program on less than a full-time basis;

2 (5) Base fiscal year means the first school fiscal year following  
3 the school fiscal year in which the reorganization or unification  
4 occurred;

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

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

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

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

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

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

29 (12) District means any Class I, II, III, IV, V, or VI school  
30 district and, beginning with the calculation of state aid for school  
31 fiscal year 2011-12 and each school fiscal year thereafter, a unified

1 system as defined in section 79-4,108;

2 (13) Ensuing school fiscal year means the school fiscal year  
3 following the current school fiscal year;

4 (14) Equalization aid means the amount of assistance calculated to  
5 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,  
6 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

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

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

13 (17) Formula students means:

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

26 (b) For the final calculation of state aid pursuant to section  
27 79-1065, the sum of average daily membership plus ~~sixty percent~~ of the  
28 qualified early childhood education average daily membership plus  
29 tuitioned students minus the product of the number of students enrolled  
30 in kindergarten that is not full-day kindergarten from the average daily  
31 membership multiplied by 0.5 from the school fiscal year immediately

1 preceding the school fiscal year in which aid was paid;

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

28 (19) Free lunch and free milk student means, for school fiscal years  
29 prior to school fiscal year 2016-17, a student who qualified for free  
30 lunches or free milk from the most recent data available on November 1 of  
31 the school fiscal year immediately preceding the school fiscal year in

1 which aid is to be paid;

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

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

11 (22) General fund expenditures means all expenditures from the  
12 general fund;

13 (23) General fund operating expenditures means for state aid  
14 calculated for school fiscal years 2012-13 and each school fiscal year  
15 thereafter, as reported on the annual financial report for the second  
16 school fiscal year immediately preceding the school fiscal year in which  
17 aid is to be paid, the total general fund expenditures minus (a) the  
18 amount of all receipts to the general fund, to the extent that such  
19 receipts are not included in local system formula resources, from early  
20 childhood education tuition, summer school tuition, educational entities  
21 as defined in section 79-1201.01 for providing distance education courses  
22 through the Educational Service Unit Coordinating Council to such  
23 educational entities, private foundations, individuals, associations,  
24 charitable organizations, the textbook loan program authorized by section  
25 79-734, federal impact aid, and levy override elections pursuant to  
26 section 77-3444, (b) the amount of expenditures for categorical funds,  
27 tuition paid, transportation fees paid to other districts, adult  
28 education, community services, redemption of the principal portion of  
29 general fund debt service, retirement incentive plans authorized by  
30 section 79-855, and staff development assistance authorized by section  
31 79-856, (c) the amount of any transfers from the general fund to any bond

1 fund and transfers from other funds into the general fund, (d) any legal  
2 expenses in excess of fifteen-hundredths of one percent of the formula  
3 need for the school fiscal year in which the expenses occurred, (e)  
4 expenditures to pay for sums agreed to be paid by a school district to  
5 certificated employees in exchange for a voluntary termination occurring  
6 prior to July 1, 2009, occurring on or after the last day of the 2010-11  
7 school year and prior to the first day of the 2013-14 school year, or, to  
8 the extent that a district has demonstrated to the State Board of  
9 Education pursuant to section 79-1028.01 that the agreement will result  
10 in a net savings in salary and benefit costs to the school district over  
11 a five-year period, occurring on or after the first day of the 2013-14  
12 school year, (f)(i) expenditures to pay for employer contributions  
13 pursuant to subsection (2) of section 79-958 to the School Employees  
14 Retirement System of the State of Nebraska to the extent that such  
15 expenditures exceed the employer contributions under such subsection that  
16 would have been made at a contribution rate of seven and thirty-five  
17 hundredths percent or (ii) expenditures to pay for school district  
18 contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to  
19 the retirement system established pursuant to the Class V School  
20 Employees Retirement Act to the extent that such expenditures exceed the  
21 school district contributions under such subdivision that would have been  
22 made at a contribution rate of seven and thirty-seven hundredths percent,  
23 and (g) any amounts paid by the district for lobbyist fees and expenses  
24 reported to the Clerk of the Legislature pursuant to section 49-1483.

25 For purposes of this subdivision (23) of this section, receipts from  
26 levy override elections shall equal ninety-nine percent of the difference  
27 of the total general fund levy minus a levy of one dollar and five cents  
28 per one hundred dollars of taxable valuation multiplied by the assessed  
29 valuation for school districts that have voted pursuant to section  
30 77-3444 to override the maximum levy provided pursuant to section  
31 77-3442;



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

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

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

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

17           (28) Local system means a learning community for purposes of  
18 calculation of state aid for each school fiscal year prior to school  
19 fiscal year 2017-18, a unified system, a Class VI district and the  
20 associated Class I districts, or a Class II, III, IV, or V district and  
21 any 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;

26           (29) Low-income child means (a) for school fiscal years prior to  
27 2016-17, a child under nineteen years of age living in a household having  
28 an annual adjusted gross income for the second calendar year preceding  
29 the beginning of the school fiscal year for which aid is being calculated  
30 equal to or less than the maximum household income that would allow a  
31 student from a family of four people to be a free lunch and free milk

1 student during the school fiscal year immediately preceding the school  
2 fiscal year for which aid is being calculated and (b) for school fiscal  
3 year 2016-17 and each school fiscal year thereafter, a child under  
4 nineteen years of age living in a household having an annual adjusted  
5 gross income for the second calendar year preceding the beginning of the  
6 school fiscal year for which aid is being calculated equal to or less  
7 than the maximum household income pursuant to sections 9(b)(1) and 17(c)  
8 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.  
9 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)  
10 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)  
11 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections  
12 existed on January 1, 2015, for a household of that size that would have  
13 allowed the child to meet the income qualifications for free meals during  
14 the school fiscal year immediately preceding the school fiscal year for  
15 which aid is being calculated;

16 (30) Low-income students means the number of low-income children  
17 within the district multiplied by the ratio of the formula students in  
18 the district divided by the total children under nineteen years of age  
19 residing in the district as derived from income tax information;

20 (31) Most recently available complete data year means the most  
21 recent single school fiscal year for which the annual financial report,  
22 fall school district membership report, annual statistical summary,  
23 Nebraska income tax liability by school district for the calendar year in  
24 which the majority of the school fiscal year falls, and adjusted  
25 valuation data are available;

26 (32) Poverty students means (a) for school fiscal years prior to  
27 2016-17, the number of low-income students or the number of students who  
28 are free lunch and free milk students in a district plus the difference  
29 of the number of low-income students or the number of students who are  
30 free lunch and free milk students in a district, whichever is greater,  
31 minus the average number of poverty students for such district, prior to

1 such addition, for the three immediately preceding school fiscal years if  
2 such difference is greater than zero and (b) for school fiscal year  
3 2016-17 and each school fiscal year thereafter, the unadjusted poverty  
4 students plus the difference of such unadjusted poverty students minus  
5 the average number of poverty students for such district, prior to such  
6 addition, for the three immediately preceding school fiscal years if such  
7 difference is greater than zero;

8 (33) Qualified early childhood education average daily membership  
9 means (a) for aid calculated for school fiscal years prior to school  
10 fiscal year 2018-19, the product of sixty percent of the average daily  
11 membership for school fiscal year 2006-07 and each school fiscal year  
12 thereafter of students who will be eligible to attend kindergarten the  
13 following school year and are enrolled in an early childhood education  
14 program approved by the department pursuant to section 79-1103 for such  
15 school district for such school year multiplied by the ratio of the  
16 actual instructional hours of the program divided by one thousand thirty-  
17 two if: (i) (a) The program is receiving a grant pursuant to such section  
18 for the third year; (ii) (b) the program has already received grants  
19 pursuant to such section for three years; or (iii) (c) the program has  
20 been approved pursuant to subsection (5) of section 79-1103 for such  
21 school year and the two preceding school years, including any such  
22 students in portions of any of such programs receiving an expansion grant  
23 and (b) for aid calculated for school fiscal year 2018-19 and each school  
24 fiscal year thereafter, the product of eighty percent of the average  
25 daily membership of students who will be eligible to attend kindergarten  
26 in one of the two immediately following school years and are enrolled in  
27 an early childhood education program approved by the department pursuant  
28 to section 79-1103 for such school district for such school year  
29 multiplied by the ratio of the actual instructional hours of the program  
30 divided by one thousand thirty-two if: (i) The program is receiving a  
31 grant pursuant to such section for the third year; (ii) the program has

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

6 (34) Qualified early childhood education fall membership means (a)  
7 for aid calculated for school fiscal years prior to school fiscal year  
8 2018-19, the product of sixty percent of the membership on the last  
9 Friday in September 2006 and each year thereafter of students who will be  
10 eligible to attend kindergarten the following school year and are  
11 enrolled in an early childhood education program approved by the  
12 department pursuant to section 79-1103 for such school district for such  
13 school year multiplied by the ratio of the planned instructional hours of  
14 the program divided by one thousand thirty-two if: (i) ~~(a)~~ The program is  
15 receiving a grant pursuant to such section for the third year; (ii) ~~(b)~~  
16 the program has already received grants pursuant to such section for  
17 three years; or (iii) ~~(c)~~ the program has been approved pursuant to  
18 subsection (5) of section 79-1103 for such school year and the two  
19 preceding school years, including any such students in portions of any of  
20 such programs receiving an expansion grant and (b) for aid calculated for  
21 school fiscal year 2018-19 and each school fiscal year thereafter, the  
22 product of eighty percent of the membership on the last Friday in  
23 September of students who will be eligible to attend kindergarten in one  
24 of the two immediately following school years and are enrolled in an  
25 early childhood education program approved by the department pursuant to  
26 section 79-1103 for such school district for such school year multiplied  
27 by the ratio of the planned instructional hours of the program divided by  
28 one thousand thirty-two if: (i) The program is receiving a grant pursuant  
29 to such section for the third year; (ii) the program has already received  
30 grants pursuant to such section for three years; or (iii) the program has  
31 been approved pursuant to subsection (5) of section 79-1103 for such

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

4 (35) Regular route transportation means the transportation of  
5 students, including early childhood education students, on regularly  
6 scheduled daily routes to and from the attendance center;

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

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

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

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

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

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

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

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

1           (40) Special grant funds means the budgeted receipts for grants,  
2 including, but not limited to, categorical funds, reimbursements for  
3 wards of the court, short-term borrowings including, but not limited to,  
4 registered warrants and tax anticipation notes, interfund loans,  
5 insurance settlements, and reimbursements to county government for  
6 previous overpayment. The state board shall approve a listing of grants  
7 that qualify as special grant funds;

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

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

11          (43) State support means all funds provided to districts by the  
12 State of Nebraska for the general fund support of elementary and  
13 secondary education;

14          (44) Statewide average basic funding per formula student means the  
15 statewide total basic funding for all districts divided by the statewide  
16 total formula students for all districts;

17          (45) Statewide average general fund operating expenditures per  
18 formula student means the statewide total general fund operating  
19 expenditures for all districts divided by the statewide total formula  
20 students for all districts;

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

22          (47) Temporary aid adjustment factor means (a) for school fiscal  
23 years before school fiscal year 2007-08, one and one-fourth percent of  
24 the sum of the local system's transportation allowance, the local  
25 system's special receipts allowance, and the product of the local  
26 system's adjusted formula students multiplied by the average formula cost  
27 per student in the local system's cost grouping and (b) for school fiscal  
28 year 2007-08, one and one-fourth percent of the sum of the local system's  
29 transportation allowance, special receipts allowance, and distance  
30 education and telecommunications allowance and the product of the local  
31 system's adjusted formula students multiplied by the average formula cost

1 per student in the local system's cost grouping;

2 (48) Tuition receipts from converted contracts means tuition  
3 receipts received by a district from another district in the most  
4 recently available complete data year pursuant to a converted contract  
5 prior to the expiration of the contract;

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

9 (50) Unadjusted poverty students means, for school fiscal year  
10 2016-17 and each school fiscal year thereafter, the greater of the number  
11 of low-income students or the free lunch and free milk calculated  
12 students in a district; and

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

14 (a)(i) Less than one-half student per square mile in each county in  
15 which each high school attendance center is located based on the school  
16 district census, (ii) less than one formula student per square mile in  
17 the local system, and (iii) more than fifteen miles between the high  
18 school attendance center and the next closest high school attendance  
19 center on paved roads; or

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

25 Sec. 3. (1) For school fiscal year 2018-19 and each school fiscal  
26 year thereafter, the department shall calculate an early childhood  
27 education allowance for each district as follows:

28 (a) For state aid certified pursuant to section 79-1022, the early  
29 childhood education allowance for each school district shall equal the  
30 product of the qualified early childhood education fall membership  
31 multiplied by the statewide average general fund operating expenditures

1 per formula student; and

2 (b) For the final calculation of state aid certified pursuant to  
3 section 79-1065, the early childhood education allowance for each school  
4 district shall equal the product of the qualified early childhood  
5 education average daily membership multiplied by the statewide average  
6 general fund operating expenditures per formula student.

7 (2) For school fiscal year 2018-19 and each school fiscal year  
8 thereafter, the department shall calculate early childhood education  
9 transportation costs for each district which shall equal the sum of:

10 (a) The number of miles included in the calculation of the  
11 transportation allowance that were traveled by vehicles owned, leased, or  
12 contracted by the district or the districts in the local system for the  
13 purpose of regular route transportation for routes used exclusively to  
14 transport early childhood education students multiplied by four hundred  
15 percent of the mileage rate established by the Department of  
16 Administrative Services pursuant to section 81-1176 as of January 1 of  
17 the most recently available complete data year; plus

18 (b) The in lieu of transportation expenditures pursuant to section  
19 79-611 included in the calculation for the transportation allowance that  
20 were paid exclusively to transport early childhood education students.

21 (3) Fifty percent of the sum of the early childhood education  
22 allowance calculated pursuant to this section plus the early childhood  
23 education transportation costs calculated pursuant to this section shall  
24 be paid to such school district as early childhood education aid for the  
25 school fiscal year for which aid is being calculated.

26 (4) For purposes of the Tax Equity and Educational Opportunities  
27 Support Act, if an educational service unit provides an early childhood  
28 education program approved by the department pursuant to section 79-1103  
29 for one or more school districts, the early childhood education students  
30 and the associated expenditures of a school district shall continue to be  
31 attributable to such school district.



1           Sec. 4. Section 79-1007.11, Revised Statutes Cumulative Supplement,  
2 2016, is amended to read:

3           79-1007.11 (1) Except as otherwise provided in this section, for  
4 school fiscal years 2013-14 through 2015-16, each school district's  
5 formula need shall equal the difference of the sum of the school  
6 district's basic funding, poverty allowance, limited English proficiency  
7 allowance, focus school and program allowance, summer school allowance,  
8 special receipts allowance, transportation allowance, elementary site  
9 allowance, instructional time allowance, teacher education allowance,  
10 distance education and telecommunications allowance, averaging  
11 adjustment, new learning community transportation adjustment, student  
12 growth adjustment, any positive student growth adjustment correction, and  
13 new school adjustment, minus the sum of the limited English proficiency  
14 allowance correction, poverty allowance correction, and any negative  
15 student growth adjustment correction.

16           (2) Except as otherwise provided in this section, for school fiscal  
17 year 2016-17, each school district's formula need shall equal the  
18 difference of the sum of the school district's basic funding, poverty  
19 allowance, limited English proficiency allowance, focus school and  
20 program allowance, summer school allowance, special receipts allowance,  
21 transportation allowance, elementary site allowance, best practices  
22 allowance, distance education and telecommunications allowance, averaging  
23 adjustment, new learning community transportation adjustment, student  
24 growth adjustment, any positive student growth adjustment correction, and  
25 new school adjustment, minus the sum of the limited English proficiency  
26 allowance correction, poverty allowance correction, and any negative  
27 student growth adjustment correction.

28           (3) Except as otherwise provided in this section, for school fiscal  
29 year ~~years~~ 2017-18 ~~and 2018-19~~, each school district's formula need shall  
30 equal the difference of the sum of the school district's basic funding,  
31 poverty allowance, poverty allowance adjustment, limited English

1 proficiency allowance, focus school and program allowance, summer school  
2 allowance, special receipts allowance, transportation allowance,  
3 elementary site allowance, best practices allowance, distance education  
4 and telecommunications allowance, averaging adjustment, new community  
5 achievement plan adjustment, student growth adjustment, any positive  
6 student growth adjustment correction, and new school adjustment minus the  
7 sum of the limited English proficiency allowance correction, poverty  
8 allowance correction, and any negative student growth adjustment  
9 correction.

10 (4) Except as otherwise provided in this section, for school fiscal  
11 year 2018-19, each school district's formula need shall equal the  
12 difference of the sum of the school district's basic funding, poverty  
13 allowance, poverty allowance adjustment, limited English proficiency  
14 allowance, focus school and program allowance, summer school allowance,  
15 early childhood education allowance, special receipts allowance,  
16 transportation allowance, elementary site allowance, best practices  
17 allowance, distance education and telecommunications allowance, averaging  
18 adjustment, new community achievement plan adjustment, student growth  
19 adjustment, any positive student growth adjustment correction, and new  
20 school adjustment minus the sum of the limited English proficiency  
21 allowance correction, poverty allowance correction, and any negative  
22 student growth adjustment correction.

23 (5) (4) Except as otherwise provided in this section, for school  
24 fiscal year 2019-20 and each school fiscal year thereafter, each school  
25 district's formula need shall equal the difference of the sum of the  
26 school district's basic funding, poverty allowance, limited English  
27 proficiency allowance, focus school and program allowance, summer school  
28 allowance, early childhood education allowance, special receipts  
29 allowance, transportation allowance, elementary site allowance, best  
30 practices allowance, distance education and telecommunications allowance,  
31 community achievement plan allowance, averaging adjustment, new community

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

6 (6) ~~(5)~~ If the formula need calculated for a school district  
7 pursuant to subsections (1) through (5) ~~(4)~~ of this section is less than  
8 one hundred percent of the formula need for such district for the school  
9 fiscal year immediately preceding the school fiscal year for which aid is  
10 being calculated, the formula need for such district shall equal one  
11 hundred percent of the formula need for such district for the school  
12 fiscal year immediately preceding the school fiscal year for which aid is  
13 being calculated.

14 (7) ~~(6)~~ If the formula need calculated for a school district  
15 pursuant to subsections (1) through (5) ~~(4)~~ of this section is more than  
16 one hundred twelve percent of the formula need for such district for the  
17 school fiscal year immediately preceding the school fiscal year for which  
18 aid is being calculated, the formula need for such district shall equal  
19 one hundred twelve percent of the formula need for such district for the  
20 school fiscal year immediately preceding the school fiscal year for which  
21 aid is being calculated, except that the formula need shall not be  
22 reduced pursuant to this subsection for any district receiving a student  
23 growth adjustment for the school fiscal year for which aid is being  
24 calculated.

25 (8) ~~(7)~~ For purposes of subsections (6) ~~(5)~~ and (7) ~~(6)~~ of this  
26 section, the formula need for the school fiscal year immediately  
27 preceding the school fiscal year for which aid is being calculated shall  
28 be the formula need used in the final calculation of aid pursuant to  
29 section 79-1065 and for districts that were affected by a reorganization  
30 with an effective date in the calendar year preceding the calendar year  
31 in which aid is certified for the school fiscal year for which aid is

1 being calculated, the formula need for the school fiscal year immediately  
2 preceding the school fiscal year for which aid is being calculated shall  
3 be attributed to the affected school districts based on information  
4 provided to the department by the school districts or proportionally  
5 based on the adjusted valuation transferred if sufficient information has  
6 not been provided to the department.

7 Sec. 5. Section 79-1017.01, Revised Statutes Cumulative Supplement,  
8 2016, is amended to read:

9 79-1017.01 (1) For state aid calculated for school fiscal years  
10 2014-15 and 2015-16, local system formula resources includes other actual  
11 receipts determined pursuant to section 79-1018.01, net option funding  
12 determined pursuant to section 79-1009, teacher education aid determined  
13 pursuant to section 79-1007.25, instructional time aid determined  
14 pursuant to subsection (2) of section 79-1007.23, allocated income tax  
15 funds determined pursuant to section 79-1005.01, and minimum levy  
16 adjustments determined pursuant to section 79-1008.02 and is reduced by  
17 amounts paid by the district in the most recently available complete data  
18 year as property tax refunds pursuant to or in the manner prescribed by  
19 section 77-1736.06.

20 (2) For state aid calculated for school fiscal years ~~year~~ 2016-17  
21 and 2017-18 ~~each school fiscal year thereafter~~, local system formula  
22 resources includes other actual receipts determined pursuant to section  
23 79-1018.01, net option funding determined pursuant to section 79-1009,  
24 best practices aid determined pursuant to section 79-1004, if any  
25 districts in the local system qualify, allocated income tax funds  
26 determined pursuant to section 79-1005.01, community achievement plan aid  
27 determined pursuant to section 79-1005, and minimum levy adjustments  
28 determined pursuant to section 79-1008.02 for school fiscal years prior  
29 to school fiscal year 2017-18, and is reduced by amounts paid by the  
30 district in the most recently available complete data year as property  
31 tax refunds pursuant to or in the manner prescribed by section

1 77-1736.06.

2 (3) For state aid calculated for school fiscal year 2018-19 and each  
3 school fiscal year thereafter, local system formula resources includes  
4 other actual receipts determined pursuant to section 79-1018.01, net  
5 option funding determined pursuant to section 79-1009, early childhood  
6 education aid, best practices aid determined pursuant to section 79-1004,  
7 if any districts in the local system qualify, allocated income tax funds  
8 determined pursuant to section 79-1005.01, and community achievement plan  
9 aid determined pursuant to section 79-1005, and is reduced by amounts  
10 paid by the district in the most recently available complete data year as  
11 property tax refunds pursuant to or in the manner prescribed by section  
12 77-1736.06.

13 Sec. 6. Original sections 79-1001, 79-1003, 79-1007.11, and  
14 79-1017.01, Revised Statutes Cumulative Supplement, 2016, are repealed.