

LEGISLATURE OF NEBRASKA
 ONE HUNDREDTH LEGISLATURE
 SECOND SESSION
LEGISLATIVE BILL 988

FINAL READING

Introduced by Raikes, 25.

Read first time January 16, 2008

Committee: Education

A BILL

1 FOR AN ACT relating to education funding; to amend sections
 2 44-4317, 79-8,137, 79-1022.02, 79-1023, 79-1029, and
 3 79-1229, Reissue Revised Statutes of Nebraska, sections
 4 79-233, 79-1005.01, 79-1008.01, 79-1009, and 79-1024,
 5 Revised Statutes Cumulative Supplement, 2006, and
 6 sections 77-3442, 79-458, 79-4,108, 79-4,111, 79-1001,
 7 79-1003, 79-1003.01, 79-1007.02, 79-1007.04, 79-1007.06,
 8 79-1007.07, 79-1007.08, 79-1007.09, 79-1007.10,
 9 79-1008.02, 79-1013, 79-1014, 79-1015.01, 79-1016,
 10 79-1018.01, 79-1022, 79-1028, 79-1031.01, 79-1073,
 11 79-1083.03, 79-1336, 79-1337, and 79-2102, Revised
 12 Statutes Supplement, 2007; to change provisions relating
 13 to tax levies for members of risk management pools,

1 learning communities, and certain school districts,
2 to freeholding, and to unified systems; to define
3 and redefine terms; to change provisions relating to
4 the Tax Equity and Educational Opportunities Support
5 Act, educational service unit financial reporting,
6 and distance education reimbursement; to harmonize
7 provisions; to eliminate provisions relating to
8 calculation of state aid; to repeal the original
9 sections; to outright repeal section 79-1009.01, Reissue
10 Revised Statutes of Nebraska, and section 79-1007.03,
11 Revised Statutes Supplement, 2007; and to declare an
12 emergency.

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

1 Section 1. Section 44-4317, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 44-4317 (1) (a) Any public agency which has the authority
4 to levy a tax shall be authorized to levy a tax, to contract
5 indebtedness, and to issue general obligation bonds payable from
6 such a tax levy to pay the premium costs of general liability
7 insurance, property insurance, workers' compensation insurance,
8 health, dental, or accident insurance, life insurance, and any
9 other insurance to protect against any of the losses described in
10 section 44-4304 and to pay all costs and expenses associated with
11 membership in a risk management pool, including, but not limited
12 to, standard insurance coverages, group self-insurance coverages,
13 assessments levied by the pool, retirement of debt incurred by the
14 pool, and operating expenses of the pool.

15 (b) A member of a risk management pool which has the
16 authority to levy a tax shall be authorized to enter into
17 agreements obligating the member to make payments beyond its
18 current budget year for any of such purposes.

19 (c) Taxes levied by a public agency other than an
20 educational service unit or school district for the payment of the
21 principal of, premium of, or interest on such a general obligation
22 bond of such public agency, the payment of such insurance premium
23 costs, and the payment of all costs and expenses associated with
24 membership in a risk management pool may be levied in excess of any
25 tax limitation imposed by statute.

1 (d) Except as permitted in subdivision (1)(e) of this
 2 section, taxes levied by an educational service unit or school
 3 district on or after the effective date of this act for the
 4 payment of the principal of, premium of, or interest on such a
 5 general obligation bond of such public agency, the payment of such
 6 insurance premium costs, and the payment of all costs and expenses
 7 associated with membership in a risk management pool shall be
 8 subject to the levy limit applicable to such public agency under
 9 section 77-3442.

10 (e) Taxes levied by an educational service unit or school
 11 district for the payment of the principal of, premium of, or
 12 interest on such a general obligation bond of such educational
 13 service unit or school district issued prior to the effective date
 14 of this act shall be excluded from the levy limit applicable to
 15 such public agency under section 77-3442.

16 (2) Nothing in the Intergovernmental Risk Management
 17 Act shall be construed or interpreted as permitting the State
 18 of Nebraska, represented by the Risk Manager, to enter into any
 19 agreement or contract or do any act in contravention of the
 20 Constitution of the State of Nebraska.

21 Sec. 2. Section 77-3442, Revised Statutes Supplement,
 22 2007, is amended to read:

23 77-3442 (1) Property tax levies for the support of local
 24 governments for fiscal years beginning on or after July 1, 1998,
 25 shall be limited to the amounts set forth in this section except as

1 provided in section 77-3444.

2 (2) (a) Except as provided in subdivision (2) (e) of this
3 section, school districts and multiple-district school systems,
4 except learning communities and school districts that are members
5 of learning communities, may levy a maximum levy of one dollar and
6 five cents per one hundred dollars of taxable valuation of property
7 subject to the levy.

8 (b) For each fiscal year, learning communities may levy
9 a maximum levy for the general fund budgets of member school
10 districts ~~equal to the local effort rate prescribed in section~~
11 ~~79-1015.01 for such fiscal year.~~ of ninety-five cents per one
12 hundred dollars of taxable valuation of property subject to the
13 levy. The proceeds from the levy pursuant to this subdivision shall
14 be distributed pursuant to section 79-1073.

15 (c) Except as provided in subdivision (2) (e) of this
16 section, for each fiscal year, school districts that are members
17 of learning communities may levy for purposes of such districts'
18 general fund budget and special building funds a maximum combined
19 levy of the difference of one dollar and five cents on each one
20 hundred dollars of taxable property subject to the levy minus
21 the learning community levies pursuant to subdivisions (2) (b) and
22 (2) (g) of this section for such learning community.

23 (d) Excluded from the limitations in subdivisions (2) (a)
24 and (2) (c) of this section are amounts levied to pay for
25 sums agreed to be paid by a school district to certificated

1 employees in exchange for a voluntary termination of employment
2 and amounts levied to pay for special building funds and sinking
3 funds established for projects commenced prior to April 1, 1996,
4 for construction, expansion, or alteration of school district
5 buildings. For purposes of this subsection, commenced means any
6 action taken by the school board on the record which commits
7 the board to expend district funds in planning, constructing, or
8 carrying out the project.

9 (e) Federal aid school districts may exceed the maximum
10 levy prescribed by subdivision (2)(a) or (2)(c) of this section
11 only to the extent necessary to qualify to receive federal aid
12 pursuant to Title VIII of Public Law 103-382, as such title existed
13 on September 1, 2001. For purposes of this subdivision, federal
14 aid school district means any school district which receives ten
15 percent or more of the revenue for its general fund budget from
16 federal government sources pursuant to Title VIII of Public Law
17 103-382, as such title existed on September 1, 2001.

18 (f) For school fiscal year 2002-03 through school fiscal
19 year 2007-08, school districts and multiple-district school systems
20 may, upon a three-fourths majority vote of the school board of
21 the school district, the board of the unified system, or the
22 school board of the high school district of the multiple-district
23 school system that is not a unified system, exceed the maximum
24 levy prescribed by subdivision (2)(a) of this section in an amount
25 equal to the net difference between the amount of state aid that

1 would have been provided under the Tax Equity and Educational
2 Opportunities Support Act without the temporary aid adjustment
3 factor as defined in section 79-1003 for the ensuing school fiscal
4 year for the school district or multiple-district school system
5 and the amount provided with the temporary aid adjustment factor.
6 The State Department of Education shall certify to the school
7 districts and multiple-district school systems the amount by which
8 the maximum levy may be exceeded for the next school fiscal year
9 pursuant to this subdivision (f) of this subsection on or before
10 February 15 for school fiscal years 2004-05 through 2007-08.

11 (g) For each fiscal year, learning communities may levy a
12 maximum levy of two cents on each one hundred dollars of taxable
13 property subject to the levy for special building funds for member
14 school districts. The proceeds from the levy pursuant to this
15 subdivision shall be distributed pursuant to section 79-1073.01.

16 (h) For each fiscal year, learning communities may levy
17 a maximum levy of five cents on each one hundred dollars of
18 taxable property subject to the levy for elementary learning center
19 facilities and for up to fifty percent of the estimated cost for
20 capital projects approved by the learning community coordinating
21 council pursuant to section 79-2111.

22 (3) Community colleges may levy a maximum levy calculated
23 pursuant to the Community College Foundation and Equalization Aid
24 Act on each one hundred dollars of taxable property subject to the
25 levy.

1 (4) (a) Natural resources districts may levy a maximum
2 levy of four and one-half cents per one hundred dollars of taxable
3 valuation of property subject to the levy.

4 (b) Natural resources districts shall also have the power
5 and authority to levy a tax equal to the dollar amount by which
6 their restricted funds budgeted to administer and implement ground
7 water management activities and integrated management activities
8 under the Nebraska Ground Water Management and Protection Act
9 exceed their restricted funds budgeted to administer and implement
10 ground water management activities and integrated management
11 activities for FY2003-04, not to exceed one cent on each one
12 hundred dollars of taxable valuation annually on all of the taxable
13 property within the district.

14 (c) In addition, natural resources districts located in
15 a river basin, subbasin, or reach that has been determined to
16 be fully appropriated pursuant to section 46-714 or designated
17 as overappropriated pursuant to section 46-713 by the Department
18 of Natural Resources shall also have the power and authority to
19 levy a tax equal to the dollar amount by which their restricted
20 funds budgeted to administer and implement ground water management
21 activities and integrated management activities under the Nebraska
22 Ground Water Management and Protection Act exceed their restricted
23 funds budgeted to administer and implement ground water management
24 activities and integrated management activities for FY2005-06, not
25 to exceed three cents on each one hundred dollars of taxable

1 valuation on all of the taxable property within the district for
2 fiscal year 2006-07 and each fiscal year thereafter through fiscal
3 year 2011-12.

4 (5) Educational service units may levy a maximum levy of
5 one and one-half cents per one hundred dollars of taxable valuation
6 of property subject to the levy.

7 (6) (a) Incorporated cities and villages which are not
8 within the boundaries of a municipal county may levy a maximum levy
9 of forty-five cents per one hundred dollars of taxable valuation
10 of property subject to the levy plus an additional five cents per
11 one hundred dollars of taxable valuation to provide financing for
12 the municipality's share of revenue required under an agreement
13 or agreements executed pursuant to the Interlocal Cooperation Act
14 or the Joint Public Agency Act. The maximum levy shall include
15 amounts levied to pay for sums to support a library pursuant
16 to section 51-201, museum pursuant to section 51-501, visiting
17 community nurse, home health nurse, or home health agency pursuant
18 to section 71-1637, or statue, memorial, or monument pursuant to
19 section 80-202.

20 (b) Incorporated cities and villages which are within the
21 boundaries of a municipal county may levy a maximum levy of ninety
22 cents per one hundred dollars of taxable valuation of property
23 subject to the levy. The maximum levy shall include amounts paid
24 to a municipal county for county services, amounts levied to pay
25 for sums to support a library pursuant to section 51-201, a museum

1 pursuant to section 51-501, a visiting community nurse, home health
2 nurse, or home health agency pursuant to section 71-1637, or a
3 statue, memorial, or monument pursuant to section 80-202.

4 (7) Sanitary and improvement districts which have been in
5 existence for more than five years may levy a maximum levy of forty
6 cents per one hundred dollars of taxable valuation of property
7 subject to the levy, and sanitary and improvement districts which
8 have been in existence for five years or less shall not have
9 a maximum levy. Unconsolidated sanitary and improvement districts
10 which have been in existence for more than five years and are
11 located in a municipal county may levy a maximum of eighty-five
12 cents per hundred dollars of taxable valuation of property subject
13 to the levy.

14 (8) Counties may levy or authorize a maximum levy of
15 fifty cents per one hundred dollars of taxable valuation of
16 property subject to the levy, except that five cents per one
17 hundred dollars of taxable valuation of property subject to the
18 levy may only be levied to provide financing for the county's
19 share of revenue required under an agreement or agreements executed
20 pursuant to the Interlocal Cooperation Act or the Joint Public
21 Agency Act. The maximum levy shall include amounts levied to pay
22 for sums to support a library pursuant to section 51-201 or museum
23 pursuant to section 51-501. The county may allocate up to fifteen
24 cents of its authority to other political subdivisions subject
25 to allocation of property tax authority under subsection (1) of

1 section 77-3443 and not specifically covered in this section to
2 levy taxes as authorized by law which do not collectively exceed
3 fifteen cents per one hundred dollars of taxable valuation on any
4 parcel or item of taxable property. The county may allocate to
5 one or more other political subdivisions subject to allocation
6 of property tax authority by the county under subsection (1) of
7 section 77-3443 some or all of the county's five cents per one
8 hundred dollars of valuation authorized for support of an agreement
9 or agreements to be levied by the political subdivision for the
10 purpose of supporting that political subdivision's share of revenue
11 required under an agreement or agreements executed pursuant to the
12 Interlocal Cooperation Act or the Joint Public Agency Act. If an
13 allocation by a county would cause another county to exceed its
14 levy authority under this section, the second county may exceed the
15 levy authority in order to levy the amount allocated.

16 (9) Municipal counties may levy or authorize a maximum
17 levy of one dollar per one hundred dollars of taxable valuation
18 of property subject to the levy. The municipal county may allocate
19 levy authority to any political subdivision or entity subject to
20 allocation under section 77-3443.

21 (10) Property tax levies for judgments, except judgments
22 or orders from the Commission of Industrial Relations, obtained
23 against a political subdivision which require or obligate a
24 political subdivision to pay such judgment, to the extent such
25 judgment is not paid by liability insurance coverage of a

1 political subdivision, for preexisting lease-purchase contracts
2 approved prior to July 1, 1998, for bonded indebtedness approved
3 according to law and secured by a levy on property except as
4 provided in section 44-4317 for bonded indebtedness issued by
5 educational service units and school districts, and for payments by
6 a public airport to retire interest-free loans from the Department
7 of Aeronautics in lieu of bonded indebtedness at a lower cost to
8 the public airport are not included in the levy limits established
9 by this section.

10 (11) The limitations on tax levies provided in this
11 section are to include all other general or special levies
12 provided by law. Notwithstanding other provisions of law, the
13 only exceptions to the limits in this section are those provided by
14 or authorized by sections 77-3442 to 77-3444.

15 (12) Tax levies in excess of the limitations in this
16 section shall be considered unauthorized levies under section
17 77-1606 unless approved under section 77-3444.

18 (13) For purposes of sections 77-3442 to 77-3444,
19 political subdivision means a political subdivision of this state
20 and a county agricultural society.

21 (14) For school districts that file a binding resolution
22 on or before May 9, 2008, with the county assessors, county clerks,
23 and county treasurers for all counties in which the school district
24 has territory pursuant to subsection (7) of section 79-458, if the
25 combined levies, except levies for bonded indebtedness approved by

1 the voters of the school district and levies for the refinancing
 2 of such bonded indebtedness, are in excess of the greater of (a)
 3 one dollar and twenty cents per one hundred dollars of taxable
 4 valuation of property subject to the levy or (b) the maximum
 5 levy authorized by a vote pursuant to section 77-3444, all school
 6 district levies, except levies for bonded indebtedness approved by
 7 the voters of the school district and levies for the refinancing of
 8 such bonded indebtedness, shall be considered unauthorized levies
 9 under section 77-1606.

10 Sec. 3. Section 79-233, Revised Statutes Cumulative
 11 Supplement, 2006, is amended to read:

12 79-233 For purposes of sections 79-232 to 79-246:

13 (1) Enrollment option program means the program
 14 established in section 79-234;

15 (2) Option school district means the public school
 16 district that a an option student chooses to attend instead of
 17 his or her resident school district; ~~except when a student chooses~~
 18 ~~to attend another school district in a learning community in which~~
 19 ~~the student resides pursuant to section 79-2110;~~

20 (3) Option student means a student that has chosen to
 21 attend an option school district, including a student who resides
 22 in a learning community and who has chosen to attend an option
 23 school district in such learning community prior to the effective
 24 date of the establishment of such learning community, but not
 25 including a student who resides in a learning community and who

1 enrolls pursuant to section 79-2110 in another school district in
 2 such learning community;

3 (4) Resident school district means the public school
 4 district in which a student resides; and

5 (5) Siblings means all children residing in the same
 6 household on a permanent basis who have the same mother or father
 7 or who are stepbrother or stepsister to each other.

8 Sec. 4. Section 79-458, Revised Statutes Supplement,
 9 2007, is amended to read:

10 79-458 (1) Any freeholder or freeholders, person in
 11 possession or constructive possession as vendee pursuant to a
 12 contract of sale of the fee, holder of a school land lease under
 13 section 72-232, or entrant upon government land who has not yet
 14 received a patent therefor may file a petition ~~on or~~ before July
 15 ~~15 for~~ 2007 and on or before June 1 for all other years with
 16 a board consisting of the county assessor, county clerk, and
 17 county treasurer, asking to have any tract or tracts of land
 18 described in the petition set off from an existing ~~Class II or III~~
 19 school district in which the land is situated and attached to ~~an~~
 20 ~~accredited~~ a different school district which is contiguous to such
 21 tract or tracts of land if:

22 ~~(a)~~ (a)(i) The school district in which the land is
 23 situated is a Class II or III school district which has had an
 24 average daily membership in grades nine through twelve of less
 25 than sixty for the two consecutive school fiscal years immediately

1 preceding the filing of the petition;

2 ~~(b) The (ii) Such Class II or III school district has~~
3 voted pursuant to section 77-3444 to exceed the maximum levy
4 established pursuant to subdivision (2)(a) of section 77-3442,
5 which vote is effective for the school fiscal year in which the
6 petition is filed or for the following school fiscal year;

7 ~~(c) (iii) The high school in such Class II or III school~~
8 district is within fifteen miles on a maintained public highway or
9 maintained public road of another public high school; and

10 ~~(d) (iv) Neither school district is a member of a~~
11 learning community; or-

12 (b) Except as provided in subsection (7) of this section,
13 the school district in which the land is situated, regardless of
14 the class of school district, has approved a budget for the school
15 fiscal year in which the petition is filed that will cause the
16 combined levies for such school fiscal year, except levies for
17 bonded indebtedness approved by the voters of such school district
18 and levies for the refinancing of such bonded indebtedness, to
19 exceed the greater of (i) one dollar and twenty cents per one
20 hundred dollars of taxable valuation of property subject to the
21 levy or (ii) the maximum levy authorized by a vote pursuant to
22 section 77-3444.

23 For purposes of determining whether a tract of land is
24 contiguous, all petitions currently being considered by the board
25 shall be considered together as a whole.

1 (2) The petition shall state the reasons for the proposed
2 change and shall show with reference to the land of each
3 petitioner: (a) That (i) the land described in the petition is
4 either owned by the petitioner or petitioners or that he, she,
5 or they hold a school land lease under section 72-232, are in
6 possession or constructive possession as vendee under a contract
7 of sale of the fee simple interest, or have made an entry on
8 government land but have not yet received a patent therefor and
9 (ii) such tract of land includes all such contiguous land owned or
10 controlled by each petitioner; (b) that the land described in the
11 petition is located in a Class II or III district that is not a
12 member of a learning community, the district has had an average
13 daily membership in grades nine through twelve of less than sixty
14 for the two consecutive school fiscal years immediately preceding
15 the filing of the petition, the district has voted to exceed the
16 maximum levy established pursuant to subdivision (2)(a) of section
17 77-3442 as provided in subdivision (1)(b) of this section, and the
18 land is to be attached to an accredited school district which is
19 contiguous to such tract or tracts of land and which is not a
20 member of a learning community; conditions of subdivision (1)(a) or
21 (1)(b) of this section have been met; and (c) that such petition is
22 approved by a majority of the members of the school board of the
23 district to which such land is sought to be attached.

24 (3) The petition shall be verified by the oath of each
25 petitioner. Notice of the filing of the petition and of the hearing

1 on such petition before the board constituted as prescribed in
2 subsection (1) or (4) of this section shall be given at least
3 ten days prior to the date of such hearing by one publication
4 in a legal newspaper of general circulation in each district and
5 by posting a notice on the outer door of the schoolhouse in each
6 district affected thereby, and such notice shall designate the
7 territory to be transferred. Following the filing of a petition
8 pursuant to this section, such board shall hold a public hearing
9 on the petition and ~~on or before November 1~~ following the filing
10 ~~of the petition,~~ shall approve or disapprove the petition on or
11 before July 15 following the filing of the petition based on
12 a determination of whether the petitioner has complied with all
13 requirements of this section. If such board approves the petition,
14 such board shall change the boundaries of the school districts so
15 as to set off the land described in the petition and attach it to
16 such district pursuant to the petition with an effective date of
17 August 15 following the filing of the petition, which actions shall
18 cause such transfer to be in effect for levies set for the year in
19 which such transfer takes effect.

20 (4) Petitions requesting transfers of property across
21 county lines shall be addressed jointly to the county clerks of
22 the counties concerned, and the petitions shall be acted upon
23 by the county assessors, county clerks, and county treasurers of
24 the counties involved as one board, with the county clerk of the
25 county from which the land is sought to be transferred acting as

1 chairperson of the board.

2 (5) Appeals may be taken from the action of such board
3 or, when such board fails to ~~agree,~~ act on the petition, on or
4 before August 1 following the filing of the petition, to the
5 district court of the county in which the land is located ~~within~~
6 ~~twenty days after entry of such action on the records of the board~~
7 ~~by the county clerk of the county in which the land is located~~
8 ~~or within twenty days after November 1 if such board fails to act~~
9 ~~upon such petition,~~ on or before August 10 following the filing
10 of the petition, in the same manner as appeals are now taken from
11 the action of the county board in the allowance or disallowance of
12 claims against the county. If an appeal is taken from the action of
13 the board approving the petition or failing to act on the petition,
14 the transfer shall occur effective August 15 following the filing
15 of the petition, which actions shall cause such transfer to be in
16 effect for levies set for the year in which such transfer takes
17 effect, unless action by the district court prevents such transfer.

18 (6) This section does not apply to any school district
19 located on an Indian reservation and substantially or totally
20 financed by the federal government.

21 ~~(7) If approved by the board, the transfer shall take~~
22 ~~place on January 1 next following the filing of the petition.~~

23 (7) For school districts that have approved a budget for
24 school fiscal year 2007-08 that will cause the combined levies,
25 except levies for bonded indebtedness approved by the voters of

1 the school district and levies for the refinancing of such bonded
2 indebtedness, to exceed the greater of (a) one dollar and twenty
3 cents per one hundred dollars of taxable valuation of property
4 subject to the levy or (b) the maximum levy authorized by a vote
5 pursuant to section 77-3444, the school boards of such school
6 districts may adopt a binding resolution stating that the combined
7 levies, except levies for bonded indebtedness approved by the
8 voters of the school district and levies for the refinancing of
9 such bonded indebtedness, for school fiscal year 2008-09 shall not
10 exceed the greater of (i) one dollar and twenty cents per one
11 hundred dollars of taxable valuation of property subject to the
12 levy or (ii) the maximum levy authorized by a vote pursuant to
13 section 77-3444. On or before May 9, 2008, such binding resolutions
14 shall be filed with the Auditor of Public Accounts and the county
15 assessors, county clerks, and county treasurers for all counties in
16 which the school district has territory. If such binding resolution
17 is filed on or before May 9, 2008, land shall not be set off and
18 attached to another district pursuant to subdivision (2) (b) of this
19 section in 2008.

20 (8) Nothing in this section shall be construed to detach
21 obligations for voter-approved bonds from any tract of land.

22 Sec. 5. Section 79-4,108, Revised Statutes Supplement,
23 2007, is amended to read:

24 79-4,108 (1) Unified system means two or more Class II or
25 III school districts participating in an interlocal agreement

1 under the Interlocal Cooperation Act with approval from the
2 State Committee for the Reorganization of School Districts. The
3 interlocal agreement may include Class I districts if the entire
4 valuation is included in the unified system. The interlocal
5 agreement shall provide for a minimum term of three school
6 years. The agreement shall provide that all property tax and
7 state aid resources shall be shared by the unified system and
8 that a board composed of school board members, with at least
9 one school board member from each district, shall determine
10 the general fund levy, within the limitations placed on school
11 districts and multiple-district school systems pursuant to section
12 77-3442, to be applied in all participating districts and shall
13 determine the distribution of property tax and state aid resources
14 within the unified system. For purposes of section 77-3442, the
15 multiple-district school system shall include all of the Class I,
16 II, and III districts participating in the unified system and the
17 Class I districts or portions thereof affiliated with any of the
18 participating Class II and III districts. The interlocal agreement
19 shall also provide that certificated staff will be employees
20 of the unified system. For any certificated staff employed by
21 the unified system, tenure and seniority as of the effective
22 date of the interlocal agreement shall be transferred to the
23 unified system and tenure and seniority provisions shall continue
24 in the unified system except as provided in sections 79-850 to
25 79-858. If a district withdraws from the unified system or if

1 the interlocal agreement expires and is not renewed, certificated
2 staff employed by a participating district immediately prior to
3 the unification shall be reemployed by the original district and
4 tenure and seniority as of the effective date of the withdrawal
5 or expiration shall be transferred to the original district. The
6 certificated staff hired by the unified system but not employed
7 by a participating district immediately prior to the unification
8 shall be subject to the reduction-in-force policy of the unified
9 system. The interlocal agreement shall also require participating
10 districts to pay obligations of the unified system pursuant to
11 sections 79-850 to 79-858 on a pro rata basis based on the adjusted
12 valuations if a district withdraws from the unified system or if
13 the interlocal agreement expires and is not renewed. Additional
14 provisions in the interlocal agreement shall be determined by the
15 participating districts and shall encourage cooperation within the
16 unified system.

17 (2) Application for unification shall be made to the
18 state committee. The application shall contain a copy of the
19 interlocal agreement signed by the president of each participating
20 school board. The state committee shall approve or disapprove
21 applications for unification within forty days after receipt
22 of the application. If the interlocal agreement complies with
23 subsection (1) of this section and all school boards of the
24 participating districts have approved the interlocal agreement,
25 the state committee shall approve the application. Unification

1 agreements shall be effective on June 1 following approval from
2 the state committee for status as a unified system or on the date
3 specified in the interlocal agreement, except that the date shall
4 be on or after June 1 and on or before September 1 for a specified
5 year. The board established in the interlocal agreement may begin
6 meeting any time after the application has been approved by the
7 state committee.

8 (3) Upon granting the application for unification, the
9 State Department of Education shall recognize the unified system
10 as a single Class II or III district for state aid, budgeting,
11 accreditation, enrollment of students, state programs, and
12 reporting, except that the department shall require such reporting
13 on an individual district basis as necessary to calculate formula
14 need pursuant to the Tax Equity and Educational Opportunities
15 Support Act separately for each participating district beginning
16 with the calculation of state aid for school fiscal year 2009-10.
17 Except as otherwise required by the department, the - The unified
18 system shall submit a single report document for each of the
19 reports required of school districts pursuant to Chapter 79 and
20 shall submit a single budget document pursuant to the Nebraska
21 Budget Act and sections 13-518 to 13-522. The class of district
22 shall be the same as the majority of participating districts,
23 excluding Class I districts. If there are an equal number of Class
24 II and Class III districts in the unified system, the unified
25 system shall be recognized by the department as a Class III

1 district.

2 (4) The school districts participating in a unified
3 system shall retain their separate identities for all purposes
4 except those specified in this section, and participation in a
5 unified system shall not be considered a reorganization.

6 (5) The withdrawal of a participating school district
7 from a unified system or dissolution of a unified system shall
8 occur only if each participating school district in such unified
9 system either will be merged with at least one other school
10 district or will continue participation in such unified system
11 with at least one other participating school district following
12 such withdrawal or dissolution. The withdrawal of a participating
13 school district from a unified system or dissolution of a unified
14 system shall be accomplished and the rights and liabilities of
15 the participating school districts determined through an action for
16 declaratory judgment pursuant to the Uniform Declaratory Judgments
17 Act. An action under the act praying for the withdrawal of a
18 participating school district, dissolution of the unified system,
19 or a declaration of the rights and liabilities of the participating
20 school districts may be brought by the school board of any
21 participating school district. The court shall have jurisdiction
22 to determine all matters relating to the rights and liabilities
23 of the participating school districts, including, but not limited
24 to, the allocation among the participating school districts of
25 (a) the certificated staff employed by the unified system among

1 the participating school districts, (b) the real and personal
2 property acquired by and held in the name of the unified system,
3 (c) the local, state, and federal revenue of the unified system,
4 including state aid to be paid to the unified system for the year
5 following the withdrawal of a participating school district or the
6 dissolution of the unified system, and (d) the liability for the
7 repayment pursuant to subsection (8) of section 79-1010 of any
8 incentive aid received by the unified system and its participating
9 school districts, which liability shall be subtracted from the
10 state aid of the participating school districts to which such
11 repayment is allocated for the school fiscal years following the
12 last school fiscal year of participation of a withdrawing school
13 district or the operation of the dissolved unified system. The
14 State Department of Education shall implement and enforce all terms
15 of any decree of declaratory judgment entered pursuant to this
16 section.

17 (6) After the effective date of this act, the State
18 Committee for the Reorganization of School Districts shall not
19 approve or order into effect any new unified system under
20 this section. The committee may approve and order into effect
21 the addition of school districts to a unified system or the
22 continuation of a unified system if the continuing unified system
23 will consist of at least two school districts which are continuing
24 participation in the unified system.

25 Sec. 6. Section 79-4,111, Revised Statutes Supplement,

1 2007, is amended to read:

2 79-4,111 The affiliation agreement for a Class I district
3 that is affiliated with a Class II or III district that is
4 participating in a unified system shall continue unmodified unless
5 (1) the Class I district reaffiliates pursuant to section 79-4,109
6 or (2) the Class I district's entire valuation is included in the
7 unified system and the Class I district chooses to participate in
8 the unified system by becoming a party to the interlocal agreement
9 pursuant to section 79-4,108. ~~For the purpose of determining~~
10 ~~the total allowable general fund budget of expenditures minus~~
11 ~~the special education budget of expenditures pursuant to section~~
12 ~~79-1083.03 for Class I districts that are not participating in the~~
13 ~~unified system, the data for the unified system shall be deemed to~~
14 ~~be the data for the high school district if the primary high school~~
15 ~~district is a participant in the unified system.~~

16 Sec. 7. Section 79-8,137, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 79-8,137 (1) Prior to receiving any money from a loan
19 pursuant to the Attracting Excellence to Teaching Program, an
20 eligible student shall enter into a contract with the department.
21 The contract shall require that if (a) the borrower is not employed
22 as a teacher in Nebraska for a time period equal to the number
23 of years required for loan forgiveness pursuant to subsection (2)
24 of this section and is not enrolled as a full-time student in a
25 graduate program within six months after obtaining an undergraduate

1 degree for which a loan from the program was obtained or (b)
2 the borrower does not complete the requirements for graduation
3 within five consecutive years after receiving the initial loan
4 under the program, then the loan must be repaid, with interest at
5 the rate fixed pursuant to section 45-103 accruing as of the date
6 the borrower signed the contract, and an appropriate penalty as
7 determined by the department may be assessed. If a borrower fails
8 to remain enrolled at an eligible institution or otherwise fails to
9 meet the requirements of an eligible student, repayment of the loan
10 shall commence within six months after such change in eligibility.
11 The State Board of Education may by rules and regulations provide
12 for exceptions to the conditions of repayment pursuant to this
13 subsection based upon mitigating circumstances.

14 (2) If the borrower (a) successfully completes the
15 teacher education program and becomes certified pursuant to
16 sections 79-806 to 79-815, (b) becomes employed as a teacher
17 in this state within six months of becoming certified, and (c)
18 otherwise meets the requirements of the contract, payments shall be
19 suspended for the number of years that the borrower is required
20 to remain employed as a teacher in this state under the contract.
21 For each year that the borrower teaches in Nebraska pursuant to
22 the contract, payments shall be forgiven in an amount equal to the
23 amount borrowed for one year, except if the borrower teaches in
24 a school district that is at least partially in a local system
25 classified in the very sparse east grouping as provided in section

1 ~~79-1007.02~~ as very sparse as defined in section 79-1003 or teaches
 2 in a school district in which at least forty percent of the
 3 students ~~qualify for the poverty factor as provided in section~~
 4 ~~79-1007.01,~~ are poverty students as defined in section 79-1003,
 5 payments shall be forgiven each year in an amount equal to the
 6 amount borrowed for two years.

7 Sec. 8. Section 79-1001, Revised Statutes Supplement,
 8 2007, is amended to read:

9 79-1001 Sections 79-1001 to 79-1033 and sections 13 to
 10 26 and 46 of this act shall be known and may be cited as the Tax
 11 Equity and Educational Opportunities Support Act.

12 Sec. 9. Section 79-1003, Revised Statutes Supplement,
 13 2007, is amended to read:

14 79-1003 For purposes of the Tax Equity and Educational
 15 Opportunities Support Act:

16 (1) Adjusted general fund operating expenditures means
 17 (a) for school fiscal years before school fiscal year 2007-08,
 18 general fund operating expenditures as calculated pursuant to
 19 subdivision ~~(24)~~ (21) of this section minus the transportation
 20 allowance and minus the special receipts allowance, (b) for
 21 school fiscal year 2007-08, general fund operating expenditures
 22 as calculated pursuant to subdivision ~~(24)~~ (21) of this section
 23 minus the sum of the transportation, special receipts, and
 24 distance education and telecommunications allowances, and (c)
 25 for school fiscal year 2008-09, and each school fiscal year

1 ~~thereafter~~, the difference of the product of the general fund
2 operating expenditures as calculated pursuant to subdivision
3 ~~(24)~~ (21) of this section multiplied by the cost growth factor
4 ~~for the school district's cost grouping~~ calculated pursuant to
5 section 79-1007.10 minus the transportation allowance, special
6 receipts allowance, poverty allowance, limited English proficiency
7 allowance, distance education and telecommunications allowance,
8 elementary site allowance, elementary class size allowance, summer
9 school allowance, and focus school and program allowance, (d)
10 for school fiscal years 2009-10 through 2012-13, the difference
11 of the product of the general fund operating expenditures
12 as calculated pursuant to subdivision (21) of this section
13 multiplied by the cost growth factor calculated pursuant to
14 section 79-1007.10 minus the transportation allowance, special
15 receipts allowance, poverty allowance, limited English proficiency
16 allowance, distance education and telecommunications allowance,
17 elementary site allowance, elementary class size allowance, summer
18 school allowance, instructional time allowance, and focus school
19 and program allowance, and (e) for school fiscal year 2013-14
20 and each school fiscal year thereafter, the difference of the
21 product of the general fund operating expenditures as calculated
22 pursuant to subdivision (21) of this section multiplied by the
23 cost growth factor calculated pursuant to section 79-1007.10
24 minus the transportation allowance, special receipts allowance,
25 poverty allowance, limited English proficiency allowance, distance

1 education and telecommunications allowance, elementary site
2 allowance, summer school allowance, instructional time allowance,
3 and focus school and program allowance;

4 (2) Adjusted valuation means the assessed valuation of
5 taxable property of each local system in the state, adjusted
6 pursuant to the adjustment factors described in section 79-1016.
7 Adjusted valuation means the adjusted valuation for the property
8 tax year ending during the school fiscal year immediately preceding
9 the school fiscal year in which the aid based upon that value is
10 to be paid. For purposes of determining the local effort rate yield
11 pursuant to section 79-1015.01, adjusted valuation does not include
12 the value of any property which a court, by a final judgment from
13 which no appeal is taken, has declared to be nontaxable or exempt
14 from taxation;

15 (3) Allocated income tax funds means the amount of
16 assistance paid to a local system pursuant to section 79-1005.01 or
17 79-1005.02 as adjusted by the minimum levy adjustment pursuant to
18 section 79-1008.02;

19 (4) Average daily attendance of a student who resides on
20 Indian land means average daily attendance of a student who resides
21 on Indian land from the most recent data available on November 1
22 preceding the school fiscal year in which aid is to be paid;

23 (5) Average daily membership means the average daily
24 membership for grades kindergarten through twelve attributable to
25 the local system, as provided in each district's annual statistical

1 summary, and includes the proportionate share of students enrolled
2 in a public school instructional program on less than a full-time
3 basis;

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

7 (7) Board means the school board of each school district;

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

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

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

24 ~~(11) Converted contract option students means students~~
25 ~~who will be option students pursuant to the enrollment option~~

1 program established in section 79-234 for the school fiscal year
2 for which aid is being calculated and who would have been covered
3 by a converted contract if the contract were still in effect and
4 such school fiscal year is the first school fiscal year for which
5 such contract is not in effect;

6 ~~(12)~~ (10) Department means the State Department of
7 Education;

8 ~~(13)~~ Distance education and telecommunications allowance
9 means, for state aid calculated for school fiscal year 2007-08
10 and each school fiscal year thereafter, eighty-five percent of
11 the difference of the costs for (a) telecommunications services,
12 (b) access to data transmission networks that transmit data to
13 and from the school district, and (c) the transmission of data
14 on such networks paid by the school districts in the local
15 system as reported on the annual financial report for the most
16 recently available complete data year minus the receipts from the
17 federal Universal Service Fund pursuant to section 254 of the
18 Telecommunications Act of 1996, 47 U.S.C. 254, as such section
19 existed on January 1, 2006, for the school districts in the local
20 system as reported on the annual financial report for the most
21 recently available complete data year;

22 ~~(14)~~ (11) District means any Class I, II, III, IV, V, or
23 VI school district;

24 ~~(15)~~ (12) Ensuing school fiscal year means the school
25 fiscal year following the current school fiscal year;

1 ~~(16)~~ (13) Equalization aid means the amount of assistance
2 calculated to be paid to a local system pursuant to sections
3 79-1008.01 to 79-1022 and 79-1022.02 and sections 13 to 25 of this
4 act; and 79-1022.02;

5 ~~(17)~~ (14) Fall membership means the total membership in
6 kindergarten through grade twelve attributable to the local system
7 as reported on the fall school district membership reports for each
8 district pursuant to section 79-528;

9 ~~(18)~~ (15) Fiscal year means the state fiscal year which
10 is the period from July 1 to the following June 30;

11 ~~(19)~~ (16) Formula students means:

12 (a) For school fiscal years prior to school fiscal year
13 2008-09, (i) for state aid certified pursuant to section 79-1022,
14 the sum of fall membership from the school fiscal year immediately
15 preceding the school fiscal year in which the aid is to be paid,
16 multiplied by the average ratio of average daily membership to fall
17 membership for the second school fiscal year immediately preceding
18 the school fiscal year in which aid is to be paid and the prior
19 two school fiscal years, plus qualified early childhood education
20 fall membership plus tuitioned students from the school fiscal year
21 immediately preceding the school fiscal year in which the aid is to
22 be paid and ~~(b)~~ (ii) for final calculation of state aid pursuant to
23 section 79-1065, the sum of average daily membership plus qualified
24 early childhood education average daily membership plus tuitioned
25 students from the school fiscal year immediately preceding the

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

2 (b) For school fiscal year 2008-09 and each school fiscal
3 year thereafter, (i) for state aid certified pursuant to section
4 79-1022, the sum of the product of fall membership from the school
5 fiscal year immediately preceding the school fiscal year in which
6 the aid is to be paid multiplied by the average ratio of average
7 daily membership to fall membership for the second school fiscal
8 year immediately preceding the school fiscal year in which the aid
9 is to be paid and the prior two school fiscal years plus sixty
10 percent of the qualified early childhood education fall membership
11 plus tuitioned students from the school fiscal year immediately
12 preceding the school fiscal year in which aid is to be paid minus
13 the product of the number of students enrolled in kindergarten that
14 is not full-day kindergarten from the fall membership multiplied by
15 0.5 and (ii) for final calculation of state aid pursuant to section
16 79-1065, the sum of average daily membership plus sixty percent of
17 the qualified early childhood education average daily membership
18 plus tuitioned students minus the product of the number of students
19 enrolled in kindergarten that is not full-day kindergarten from the
20 average daily membership multiplied by 0.5 from the school fiscal
21 year immediately preceding the school fiscal year in which aid was
22 paid;

23 ~~(20)~~ (17) Free lunch and free milk student means a
24 student who qualified for free lunches or free milk from the most
25 recent data available on November 1 of the school fiscal year

1 immediately preceding the school fiscal year in which aid is to be
2 paid;

3 ~~(21)~~ (18) Full-day kindergarten means kindergarten
4 offered by a district for at least one thousand thirty-two
5 instructional hours;

6 ~~(22)~~ (19) General fund budget of expenditures means
7 the total budget of disbursements and transfers for general fund
8 purposes as certified in the budget statement adopted pursuant
9 to the Nebraska Budget Act, except that for purposes of the
10 limitation imposed in section 79-1023, the calculation of Class I
11 total allowable general fund budget of expenditures minus the
12 special education budget of expenditures pursuant to section
13 79-1083.03, and the calculation pursuant to subdivision (2) of
14 section 79-1027.01, the general fund budget of expenditures does
15 not include any special grant funds, exclusive of local matching
16 funds, received by a district; ~~subject to the approval of the~~
17 ~~department;~~

18 ~~(23)~~ (20) General fund expenditures means all
19 expenditures from the general fund;

20 ~~(24)~~ (21) General fund operating expenditures means:

21 (a) For state aid calculated for school fiscal years
22 prior to school fiscal year 2008-09, the total general fund
23 expenditures minus categorical funds, tuition paid, transportation
24 fees paid to other districts, adult education, summer school,
25 community services, redemption of the principal portion of general

1 fund debt service, retirement incentive plans, staff development
2 assistance, and transfers from other funds into the general fund
3 for the second school fiscal year immediately preceding the school
4 fiscal year in which aid is to be paid as reported on the annual
5 financial report prior to December 1 of the school fiscal year
6 immediately preceding the school fiscal year in which aid is to be
7 paid;

8 (b) For state aid calculated for school fiscal year
9 2008-09, as reported for the second school fiscal year immediately
10 preceding the school fiscal year in which aid is to be paid
11 on the annual financial report submitted prior to December
12 1 of the school fiscal year immediately preceding the school
13 fiscal year in which aid is to be paid, the total general
14 fund expenditures minus (i) the amount of all receipts to
15 the general fund, to the extent that such receipts are not
16 included in local system formula resources, from early childhood
17 education tuition, summer school tuition, educational entities as
18 defined in section 79-1201.01 for providing distance education
19 courses through the Educational Service Unit Coordinating Council
20 to such educational entities, private foundations, individuals,
21 associations, charitable organizations, the textbook loan program
22 authorized by section 79-734, and federal impact aid, (ii)
23 the amount of expenditures for categorical funds, tuition paid,
24 transportation fees paid to other districts, adult education,
25 community services, redemption of the principal portion of general

1 fund debt service, retirement incentive plans authorized by section
2 79-855, and staff development assistance authorized by section
3 79-856, and (iii) the amount of any transfers from the general fund
4 to any bond fund and transfers from other funds into the general
5 fund;

6 (c) For state aid calculated for school fiscal year
7 2009-10, as reported for the second school fiscal year immediately
8 preceding the school fiscal year in which aid is to be paid
9 on the annual financial report submitted prior to December
10 1 of the school fiscal year immediately preceding the school
11 fiscal year in which aid is to be paid, the total general
12 fund expenditures minus (i) the amount of all receipts to
13 the general fund, to the extent that such receipts are not
14 included in local system formula resources, from early childhood
15 education tuition, summer school tuition, educational entities as
16 defined in section 79-1201.01 for providing distance education
17 courses through the Educational Service Unit Coordinating Council
18 to such educational entities, private foundations, individuals,
19 associations, charitable organizations, the textbook loan program
20 authorized by section 79-734, and federal impact aid, (ii)
21 the amount of expenditures for categorical funds, tuition paid,
22 transportation fees paid to other districts, adult education,
23 community services, redemption of the principal portion of general
24 fund debt service, retirement incentive plans authorized by section
25 79-855, and staff development assistance authorized by section

1 79-856, (iii) the amount of any transfers from the general fund to
2 any bond fund and transfers from other funds into the general fund,
3 and (iv) any legal expenses in excess of fifteen-hundredths of one
4 percent of the formula need for the school fiscal year in which the
5 expenses occurred; and

6 (d) For state aid calculated for school fiscal year
7 2010-11 and each school fiscal year thereafter, as reported for
8 the second school fiscal year immediately preceding the school
9 fiscal year in which aid is to be paid on the annual financial
10 report submitted prior to December 1 of the school fiscal year
11 immediately preceding the school fiscal year in which aid is to be
12 paid, the total general fund expenditures minus (i) the amount of
13 all receipts to the general fund, to the extent that such receipts
14 are not included in local system formula resources, from early
15 childhood education tuition, summer school tuition, educational
16 entities as defined in section 79-1201.01 for providing distance
17 education courses through the Educational Service Unit Coordinating
18 Council to such educational entities, private foundations,
19 individuals, associations, charitable organizations, the textbook
20 loan program authorized by section 79-734, federal impact aid,
21 and levy override elections pursuant to section 77-3444, (ii)
22 the amount of expenditures for categorical funds, tuition paid,
23 transportation fees paid to other districts, adult education,
24 community services, redemption of the principal portion of general
25 fund debt service, retirement incentive plans authorized by section

1 79-855, and staff development assistance authorized by section
 2 79-856, (iii) the amount of any transfers from the general fund
 3 to any bond fund and transfers from other funds into the general
 4 fund, and (iv) any legal expenses in excess of fifteen-hundredths
 5 of one percent of the formula need for the school fiscal year in
 6 which the expenses occurred.

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

14 ~~(25)~~ (22) High school district means a school district
 15 providing instruction in at least grades nine through twelve;

16 ~~(26)~~ (23) Income tax liability means the amount of the
 17 reported income tax liability for resident individuals pursuant to
 18 the Nebraska Revenue Act of 1967 less all nonrefundable credits
 19 earned and refunds made;

20 ~~(27)~~ (24) Income tax receipts means the amount of income
 21 tax collected pursuant to the Nebraska Revenue Act of 1967 less all
 22 nonrefundable credits earned and refunds made;

23 ~~(28)~~ (25) Limited English proficiency ~~student~~ means a
 24 ~~student~~ students means (a) for school fiscal years prior to school
 25 fiscal year 2009-10, the number of students with limited English

1 proficiency in a district from the most recent data available on
 2 November 1 of the school fiscal year preceding the school fiscal
 3 year in which aid is to be paid and (b) for school fiscal year
 4 2009-10 and each school fiscal year thereafter, the number of
 5 students with limited English proficiency in a district from the
 6 most recent data available on November 1 of the school fiscal
 7 year preceding the school fiscal year in which aid is to be
 8 paid plus the difference of such students with limited English
 9 proficiency minus the average number of limited English proficiency
 10 students for such district, prior to such addition, for the three
 11 immediately preceding school fiscal years if such difference is
 12 greater than zero;

13 ~~(29)~~ (26) Local system means a learning community, a
 14 unified system, a Class VI district and the associated Class I
 15 districts, or a Class II, III, IV, or V district and any affiliated
 16 Class I districts or portions of Class I districts, and for school
 17 fiscal year 2008-09 and each school fiscal year thereafter, a
 18 learning community or a Class II, III, IV, or V district that is
 19 not a member of a learning community. The membership, expenditures,
 20 and resources of Class I districts that are affiliated with
 21 multiple high school districts will be attributed to local systems
 22 based on the percent of the Class I valuation that is affiliated
 23 with each high school district;

24 ~~(30)~~ (27) Low-income child means (a) for school fiscal
 25 years prior to 2008-09, a child under nineteen years of age living

1 in a household having an annual adjusted gross income of fifteen
 2 thousand dollars or less for the second calendar year preceding
 3 the beginning of the school fiscal year for which aid is being
 4 calculated and (b) for school fiscal year 2008-09 and each school
 5 fiscal year thereafter, a child under nineteen years of age living
 6 in a household having an annual adjusted gross income for the
 7 second calendar year preceding the beginning of the school fiscal
 8 year for which aid is being calculated equal to or less than the
 9 maximum household income that would allow a student from a family
 10 of four people to be a free lunch and free milk student during the
 11 school fiscal year immediately preceding the school fiscal year for
 12 which aid is being calculated;

13 ~~(31)~~ (28) Low-income students means the number of
 14 low-income children within the ~~local system~~ district multiplied by
 15 the ratio of the formula students in the ~~local system~~ district
 16 divided by the total children under nineteen years of age
 17 residing in the ~~local system~~ district as derived from income tax
 18 information;

19 ~~(32)~~ (29) Most recently available complete data year
 20 means the most recent single school fiscal year for which the
 21 annual financial report, fall school district membership report,
 22 annual statistical summary, Nebraska income tax liability by school
 23 district for the calendar year in which the majority of the school
 24 fiscal year falls, and adjusted valuation data are available;

25 ~~(33)~~ (30) Poverty students means (a) for school fiscal

1 years prior to school fiscal year 2009-10, the number of low-income
 2 students or the number of students who are free lunch and free
 3 milk students in a local system, district, whichever is greater,
 4 and (b) for school fiscal year 2009-10 and each school fiscal year
 5 thereafter, the number of low-income students or the number of
 6 students who are free lunch and free milk students in a district
 7 plus the difference of the number of low-income students or the
 8 number of students who are free lunch and free milk students in a
 9 district, whichever is greater, minus the average number of poverty
 10 students for such district, prior to such addition, for the three
 11 immediately preceding school fiscal years if such difference is
 12 greater than zero;

13 ~~(34)~~ (31) Qualified early childhood education average
 14 daily membership means the product of the average daily membership
 15 for school fiscal year 2006-07 and each school fiscal year
 16 thereafter of students who will be eligible to attend kindergarten
 17 the following school year and are enrolled in an early childhood
 18 education program approved by the department pursuant to section
 19 79-1103 for such school district for such school year multiplied by
 20 the ratio of the actual instructional hours of the program divided
 21 by one thousand thirty-two if: (a) The program is receiving a grant
 22 pursuant to such section for the third year; (b) the program has
 23 already received grants pursuant to such section for three years;
 24 or (c) the program has been approved pursuant to subsection (5) of
 25 section 79-1103 for such school year and the two preceding school

1 years, including any such students in portions of any of such
 2 programs receiving an expansion grant;~~LT multiplied by the ratio~~
 3 of the actual instructional hours of the program divided by one
 4 thousand ~~thirty-two~~;

5 ~~(35)~~ (32) Qualified early childhood education fall
 6 membership means the product of membership on the last Friday
 7 in September 2006 and each year thereafter of students who will
 8 be eligible to attend kindergarten the following school year and
 9 are enrolled in an early childhood education program approved
 10 by the department pursuant to section 79-1103 for such school
 11 district for such school year multiplied by the ratio of the
 12 planned instructional hours of the program divided by one thousand
 13 thirty-two if: (a) The program is receiving a grant pursuant to
 14 such section for the third year; (b) the program has already
 15 received grants pursuant to such section for three years; or (c)
 16 the program has been approved pursuant to subsection (5) of section
 17 79-1103 for such school year and the two preceding school years,
 18 including any such students in portions of any of such programs
 19 receiving an expansion grant;~~LT multiplied by the ratio of the~~
 20 planned instructional hours of the program divided by one thousand
 21 ~~thirty-two~~;

22 ~~(36)~~ (33) Regular route transportation means the
 23 transportation of students on regularly scheduled daily routes to
 24 and from the attendance center;

25 ~~(37)~~ (34) Reorganized district means any district

1 involved in a consolidation and currently educating students
2 following consolidation;

3 ~~(38)~~ (35) School year or school fiscal year means the
4 fiscal year of a school district as defined in section 79-1091;

5 (36) Sparse local system means a local system that is not
6 a very sparse local system but which meets the following criteria:

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

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

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

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

25 ~~(39)~~ (37) Special education means specially designed

1 kindergarten through grade twelve instruction pursuant to section
2 79-1125, and includes special education transportation;

3 ~~(40)~~ (38) Special grant funds means the budgeted receipts
4 for grants, including, but not limited to, Title I funds, Title
5 VI funds, funds from the Education Innovation Fund, reimbursements
6 for wards of the court, short-term borrowings including, but
7 not limited to, registered warrants and tax anticipation notes,
8 interfund loans, insurance settlements, and reimbursements to
9 county government for previous overpayment. The state board shall
10 approve a listing of grants that qualify as special grant funds;

11 ~~(41)~~ Special receipts allowance means the amount of
12 special education, state ward, and accelerated or differentiated
13 curriculum program receipts included in local system formula
14 resources under subdivisions ~~(7)~~, ~~(8)~~, ~~(16)~~, and ~~(17)~~ of section
15 79-1018.01 attributable to the school district;

16 ~~(42)~~ (39) State aid means the amount of assistance
17 paid to a district pursuant to the Tax Equity and Educational
18 Opportunities Support Act;

19 ~~(43)~~ (40) State board means the State Board of Education;

20 ~~(44)~~ (41) State support means all funds provided to
21 districts by the State of Nebraska for the general fund support of
22 elementary and secondary education;

23 (42) Statewide average basic funding per formula student
24 means the statewide total basic funding for all districts divided
25 by the statewide total formula students for all districts;

1 (43) Statewide average general fund operating
2 expenditures per formula student means the statewide total
3 general fund operating expenditures for all districts divided by
4 the statewide total formula students for all districts;

5 (44) Teacher has the definition found in section 79-101;

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

18 ~~(46) Transportation allowance means the lesser of (a)~~
19 ~~each local system's general fund expenditures for regular route~~
20 ~~transportation and in lieu of transportation expenditures pursuant~~
21 ~~to section 79-611 in the second school fiscal year immediately~~
22 ~~preceding the school fiscal year in which aid is to be paid,~~
23 ~~but not including special education transportation expenditures or~~
24 ~~other expenditures previously excluded from general fund operating~~
25 ~~expenditures, or (b) the number of miles traveled in the second~~

1 school fiscal year immediately preceding the school fiscal year in
 2 which aid is to be paid by vehicles owned, leased, or contracted
 3 by the district or the districts in the local system for the
 4 purpose of regular route transportation multiplied by four hundred
 5 percent of the mileage rate established by the Department of
 6 Administrative Services pursuant to section 81-1176 as of January 1
 7 of the most recently available complete data year added to in lieu
 8 of transportation expenditures pursuant to section 79-611 from the
 9 same data year;

10 ~~(47)~~ Tuition receipts from converted contracts means
 11 tuition receipts received by a district from another district
 12 in the most recently available complete data year pursuant to a
 13 converted contract prior to the expiration of the contract; and

14 ~~(48)~~ (46) Tuitioned students means students in
 15 kindergarten through grade twelve of the district whose tuition is
 16 paid by the district to some other district or education agency;
 17 and-

18 (47) Very sparse local system means a local system that
 19 has:

20 (a)(i) Less than one-half student per square mile in
 21 each county in which each high school attendance center is located
 22 based on the school district census, (ii) less than one formula
 23 student per square mile in the local system, and (iii) more than
 24 fifteen miles between the high school attendance center and the
 25 next closest high school attendance center on paved roads; or

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

6 Sec. 10. Section 79-1003.01, Revised Statutes Supplement,
7 2007, is amended to read:

8 79-1003.01 (1) For purposes of this section and section
9 79-1007.03, school fiscal year 2008-09, the department shall
10 calculate a summer school allowance for each district equal to
11 two and one-half percent of the summer school student units for
12 such district multiplied by eighty-five percent of the statewide
13 average general fund operating expenditures per formula student.

14 For purposes of this subsection, summer school student unit means
15 one student enrolled in summer school in a school district, whether
16 or not the student is in the membership of the school district, for
17 ~~(1)~~ (a) at least three hours but fewer than six hours per day and
18 ~~(2)~~ (b) at least twelve days but fewer than twenty-four days. Each
19 school district shall receive a summer school student unit for each
20 qualified time period for which a student is enrolled, up to six
21 units per student per summer.

22 (2) For school fiscal year 2009-10 and each school fiscal
23 year thereafter, the department shall calculate a summer school
24 allowance for each district equal to two and one-half percent of
25 the summer school student units for such district multiplied by

1 eighty-five percent of the statewide average general fund operating
2 expenditures per formula student. Summer school student units shall
3 be calculated for each student enrolled in summer school in a
4 school district who attends such summer school for at least twelve
5 days, whether or not the student is in the membership of the school
6 district. The initial number of units for each such student shall
7 equal the sum of the ratios, each rounded down to the nearest whole
8 number, of the number of days for which the student attended summer
9 school classes in such district for at least three hours and less
10 than six hours per day divided by twelve days and of two times the
11 number of days for which the student attended summer school classes
12 in such district for six or more hours per day divided by twelve
13 days.

14 (3) Each school district shall receive an additional
15 summer school student unit for each summer school student unit
16 attributed to remedial math or reading programs. Each school
17 district shall also receive an additional summer school student
18 unit for each summer school student unit attributed to a free
19 lunch and free milk student. This section does not prevent school
20 districts from requiring and collecting fees for summer school,
21 except that summer school student units shall not be calculated
22 for ~~summer school programs for which fees are collected~~ school
23 districts which collect fees for summer school from students who
24 qualify for free or reduced-price lunches under United States
25 Department of Agriculture child nutrition programs.

1 Sec. 11. Section 79-1005.01, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 79-1005.01 For state aid calculated for all school fiscal
4 years except school fiscal years 2002-03 through 2007-08:

5 (1) An amount equal to the amount appropriated to
6 the School District Income Tax Fund for distribution in school
7 fiscal year 1992-93 shall be disbursed as option payments as
8 determined under section 79-1009 and as allocated income tax
9 funds as determined in this section and sections 79-1008.01,
10 79-1015.01, 79-1017.01, and 79-1018.01, except as provided in
11 section 79-1008.02. Funds not distributed as allocated income tax
12 funds due to minimum levy adjustments shall not increase the amount
13 available to local systems for distribution as allocated income tax
14 funds;

15 (2) Not later than November 15 of each year, the Tax
16 Commissioner shall certify to the department for the preceding tax
17 year the income tax liability of resident individuals for each
18 local system. The 1996 income tax liability of resident individuals
19 of Class I districts that are affiliated with multiple high school
20 districts shall be divided between local systems based on the
21 percentage of the Class I district's valuation affiliated with each
22 high school district; and

23 (3) Using the data certified by the Tax Commissioner
24 pursuant to subdivision (2) of this section, the department
25 shall calculate the allocation percentage and each local system's

1 allocated income tax funds. The allocation percentage shall be an
2 amount equal to the amount appropriated to the School District
3 Income Tax Fund for distribution in school fiscal year 1992-93
4 minus the total amount paid for option students pursuant to
5 section 79-1009 and, for aid calculated for school fiscal year
6 2008-09, minus twenty million dollars with the difference divided
7 by the aggregate statewide income tax liability of all resident
8 individuals certified pursuant to subdivision (2) of this section.
9 Each local system's allocated income tax funds shall be calculated
10 by multiplying the allocation percentage times the local system's
11 income tax liability certified pursuant to subdivision (2) of this
12 section.

13 Sec. 12. Section 79-1007.02, Revised Statutes Supplement,
14 2007, is amended to read:

15 79-1007.02 For state aid calculated for school fiscal
16 ~~year 1998-99 and each school fiscal year thereafter;~~ years prior to
17 school fiscal year 2008-09:

18 (1) Using data from the annual financial reports for the
19 second school fiscal year immediately preceding the school fiscal
20 year in which aid is to be paid, the annual statistical summary
21 reports for the school fiscal year immediately preceding the school
22 fiscal year in which aid is to be paid, the fall membership reports
23 and supplements thereto for the school fiscal year immediately
24 preceding the school fiscal year in which aid is to be paid,
25 and the school district census as reported under sections 79-524

1 and 79-578 for the second school fiscal year preceding the school
2 fiscal year in which aid is to be paid, the department shall
3 divide the local systems into three cost groupings prior to the
4 certification of state aid based upon the following criteria:

5 (a) The very sparse cost grouping will consist of local
6 systems that have (i) (A) less than one-half student per square
7 mile in each county in which each high school attendance center
8 is located, based on the school district census, (B) less than
9 one formula student per square mile in the local system, and (C)
10 more than fifteen miles between the high school attendance center
11 and the next closest high school attendance center on paved roads
12 or (ii) (A) more than four hundred fifty square miles in the local
13 system, (B) less than one-half student per square mile in the local
14 system, and (C) more than fifteen miles between each high school
15 attendance center and the next closest high school attendance
16 center on paved roads;

17 (b) The sparse cost grouping will consist of local
18 systems that do not qualify for the very sparse cost grouping but
19 which meet the following criteria:

20 (i) (A) Less than two students per square mile in the
21 county in which each high school is located, based on the school
22 district census, (B) less than one formula student per square mile
23 in the local system, and (C) more than ten miles between each
24 high school attendance center and the next closest high school
25 attendance center on paved roads;

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

5 (iii) (A) Less than one and one-half formula students per
6 square mile in the local system and (B) more than two hundred
7 seventy-five square miles in the local system; or

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

13 (c) The standard cost grouping will consist of local
14 systems that do not qualify for the very sparse or the sparse cost
15 groupings.

16 For purposes of subdivision (1) of this section, if a
17 local system did not operate and offer instruction in grades nine
18 through twelve within the boundaries of the local system during the
19 school fiscal year immediately preceding the school fiscal year in
20 which aid is to be paid, the local system shall not be considered
21 to have a high school attendance center;

22 (2) (a) The department shall calculate the average formula
23 cost per student in each cost grouping by dividing the total
24 estimated general fund operating expenditures for the cost grouping
25 by the difference between the total adjusted formula students for

1 all local systems in the cost grouping minus (i) the adjusted
2 formula students attributed to early childhood education programs
3 approved by the department pursuant to section 79-1103 for the
4 first two school fiscal years for which students attributed to
5 early childhood education programs approved by the department
6 pursuant to section 79-1103 are being included in the calculation
7 of state aid for the local system and (ii) for the first two
8 school fiscal years immediately following the school fiscal year in
9 which a district in the local system received an expansion grant
10 pursuant to section 79-1103, the difference between the adjusted
11 formula students attributed to early childhood education programs
12 approved by the department pursuant to section 79-1103 for the
13 school fiscal year immediately following the school fiscal year in
14 which a district in the local system received an expansion grant
15 minus the adjusted formula students attributed to early childhood
16 education programs approved by the department pursuant to section
17 79-1103 for the school fiscal year in which a district in the local
18 system received an expansion grant. ~~For the calculation of state~~
19 ~~aid for school fiscal year 1999-00 and for each school fiscal year~~
20 ~~thereafter, the~~ The average formula cost per student in each cost
21 grouping shall not be recalculated for the final calculation of
22 state aid pursuant to section 79-1065. The calculation of total
23 adjusted formula students for purposes of this subdivision shall
24 take into account the requirements of subdivision (2) of section
25 79-1007.01. For school fiscal years prior to school fiscal year

1 2008-09, the total estimated general fund operating expenditures
2 for the cost grouping is equal to the total adjusted general fund
3 operating expenditures for all local systems in the cost grouping
4 multiplied by a cost growth factor. ~~For school fiscal year 2008-09~~
5 ~~and each school fiscal year thereafter,~~ the total estimated general
6 fund operating expenditures for the cost grouping is equal to the
7 total adjusted general fund operating expenditures for all local
8 systems in the cost grouping.

9 (b) For school fiscal years prior to school fiscal year
10 2008-09, the cost growth factor for each cost grouping is equal to
11 the sum of: (i) One; plus (ii) the product of two times the ratio
12 of the difference of (A) the formula students attributable to the
13 cost grouping without weighting or adjustment pursuant to section
14 79-1007.01 minus the qualified early childhood education fall
15 membership attributable to the cost grouping without such weighting
16 or adjustment for state aid certified pursuant to section 79-1022
17 minus (B) the difference of the sum of the average daily membership
18 plus tuitioned students attributable to the cost grouping for the
19 most recently available complete data year minus the qualified
20 early childhood education average daily membership attributable to
21 the cost grouping without such weighting or adjustment for the most
22 recently available complete data year divided by the difference of
23 the sum of the average daily membership plus tuitioned students
24 attributable to the cost grouping for the most recently available
25 complete data year minus the qualified early childhood education

1 average daily membership attributable to the cost grouping without
2 such weighting or adjustment for the most recently available
3 complete data year, except that the ratio shall not be less than
4 zero; plus (iii) the basic allowable growth rate pursuant to
5 section 79-1025 for the school fiscal year in which the aid is to
6 be distributed; plus (iv) the basic allowable growth rate pursuant
7 to section 79-1025 for the school fiscal year immediately preceding
8 the school fiscal year in which the aid is to be distributed;
9 plus (v) one-half of any additional growth rate allowed by special
10 action of school boards for the school fiscal year in which the
11 aid is to be distributed as determined for the school fiscal
12 year immediately preceding the school fiscal year when aid is to
13 be distributed; plus (vi) one-half of any additional growth rate
14 allowed by special action of the school boards for the school
15 fiscal year immediately preceding the school fiscal year when the
16 aid is to be distributed;

17 (3) For school fiscal years 2002-03 through 2006-07, each
18 local system's formula need shall be calculated by subtracting
19 the temporary aid adjustment factor from the sum of the local
20 system's transportation allowance, the local system's special
21 receipts allowance, and the product of the local system's adjusted
22 formula students multiplied by the average formula cost per student
23 in the local system's cost grouping. The calculation of total
24 adjusted formula students for purposes of this subdivision shall
25 take into account the requirements of subdivision (2) of section

1 79-1007.01; and

2 (4) For school fiscal year 2007-08, each local system's
3 formula need shall be calculated by subtracting the temporary aid
4 adjustment factor from the sum of the local system's transportation
5 allowance, special receipts allowance, and distance education and
6 telecommunications allowance and the product of the local system's
7 adjusted formula students multiplied by the average formula cost
8 per student in the local system's cost grouping. The calculation
9 of total adjusted formula students for purposes of this subdivision
10 shall take into account the requirements of subdivision (2) of
11 section 79-1007.01. ~~and~~

12 ~~(5) For school fiscal year 2008-09 and each school~~
13 ~~fiscal year thereafter, each school district's formula need~~
14 ~~shall equal the greater of (a) the difference of the sum of~~
15 ~~the school district's transportation allowance, elementary class~~
16 ~~size allowance, focus school and program allowance, limited~~
17 ~~English proficiency allowance, poverty allowance, special receipts~~
18 ~~allowance, and distance education and telecommunications allowance~~
19 ~~plus the product of the school district's adjusted formula students~~
20 ~~multiplied by the average formula cost per student in the school~~
21 ~~district's local system cost grouping minus the sum of the limited~~
22 ~~English proficiency allowance correction and poverty allowance~~
23 ~~correction or (b) if the school district's general fund levy was~~
24 ~~at or above ninety-five percent of the school district's maximum~~
25 ~~levy pursuant to section 77-3442, the school district's prior year~~

1 ~~formula need multiplied by one hundred percent. The calculation of~~
 2 ~~total adjusted formula students for purposes of this subdivision~~
 3 ~~shall take into account the requirements of subdivision (2) of~~
 4 ~~section 79-1007.03.~~

5 Sec. 13. (1) Except as otherwise provided in this
 6 section, for school fiscal year 2008-09, each school district's
 7 formula need shall equal the difference of the sum of the school
 8 district's basic funding, poverty allowance, limited English
 9 proficiency allowance, elementary class size allowance, focus
 10 school and program allowance, summer school allowance, special
 11 receipts allowance, transportation allowance, elementary site
 12 allowance, distance education and telecommunications allowance,
 13 averaging adjustment, and teacher education adjustment, minus
 14 the sum of the limited English proficiency allowance correction,
 15 poverty allowance correction, and local choice adjustment.

16 (2) Except as otherwise provided in this section, for
 17 school fiscal years 2009-10 and 2010-11, each school district's
 18 formula need shall equal the difference of the sum of the
 19 school district's basic funding, poverty allowance, limited
 20 English proficiency allowance, elementary class size allowance,
 21 focus school and program allowance, summer school allowance,
 22 special receipts allowance, transportation allowance, elementary
 23 site allowance, instructional time allowance, distance education
 24 and telecommunications allowance, averaging adjustment, teacher
 25 education adjustment, new learning community transportation

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

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

20 (4) Except as otherwise provided in this section, for
21 school fiscal year 2013-14 and each school fiscal year thereafter,
22 each school district's formula need shall equal the difference of
23 the sum of the school district's basic funding, poverty allowance,
24 limited English proficiency allowance, focus school and program
25 allowance, summer school allowance, special receipts allowance,

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

10 (5) If the formula need calculated for a school district
11 pursuant to subsections (1) through (4) of this section is less
12 than one hundred percent of the formula need for such district
13 for the school fiscal year immediately preceding the school fiscal
14 year for which aid is being calculated, the formula need for such
15 district shall equal one hundred percent of the formula need for
16 such district for the school fiscal year immediately preceding
17 the school fiscal year for which aid is being calculated. If
18 the formula need calculated for a school district pursuant to
19 subsections (1) through (4) of this section is more than one
20 hundred twelve percent of the formula need for such district for
21 the school fiscal year immediately preceding the school fiscal
22 year for which aid is being calculated, the formula need for such
23 district shall equal one hundred twelve percent of the formula
24 need for such district for the school fiscal year immediately
25 preceding the school fiscal year for which aid is being calculated,

1 except that the formula need shall not be reduced pursuant to
2 this subsection for any district (a) receiving a student growth
3 adjustment for the school fiscal year for which aid is being
4 calculated or (b) for school fiscal year 2008-09, for which
5 the formula students for the certification of aid pursuant to
6 section 79-1022 for school fiscal year 2008-09 minus the formula
7 students for the certification of aid pursuant to section 79-1022
8 for school fiscal year 2007-08 equals at least the greater of
9 twenty-five students or one percent of the formula students for the
10 certification of aid pursuant to section 79-1022 for school fiscal
11 year 2007-08. For purposes of this subsection, the formula need for
12 the school fiscal year immediately preceding the school fiscal year
13 for which aid is being calculated shall be the formula need used
14 in the final calculation of aid pursuant to section 79-1065 and for
15 districts that were affected by a reorganization with an effective
16 date in the calendar year preceding the calendar year in which aid
17 is certified for the school fiscal year for which aid is being
18 calculated, the formula need for the school fiscal year immediately
19 preceding the school fiscal year for which aid is being calculated
20 shall be attributed to the affected school districts proportionally
21 based on the adjusted valuation transferred.

22 Sec. 14. The department shall calculate a transportation
23 allowance for each district equal to the lesser of:

24 (1) Each local system's general fund expenditures
25 for regular route transportation and in lieu of transportation

1 expenditures pursuant to section 79-611 in the second school fiscal
2 year immediately preceding the school fiscal year in which aid
3 is to be paid, but not including special education transportation
4 expenditures or other expenditures previously excluded from general
5 fund operating expenditures; or

6 (2) The number of miles traveled in the second school
7 fiscal year immediately preceding the school fiscal year in which
8 aid is to be paid by vehicles owned, leased, or contracted by the
9 district or the districts in the local system for the purpose of
10 regular route transportation multiplied by four hundred percent of
11 the mileage rate established by the Department of Administrative
12 Services pursuant to section 81-1176 as of January 1 of the
13 most recently available complete data year added to in lieu of
14 transportation expenditures pursuant to section 79-611 from the
15 same data year.

16 Sec. 15. The department shall calculate a special
17 receipts allowance for each district equal to the amount of special
18 education, state ward, and accelerated or differentiated curriculum
19 program receipts included in local system formula resources under
20 subdivisions (7), (8), (16), and (17) of section 79-1018.01
21 attributable to the school district.

22 Sec. 16. The department shall calculate a distance
23 education and telecommunications allowance for each school district
24 equal to eighty-five percent of the difference of the costs for
25 (1) telecommunications services, (2) access to data transmission

1 networks that transmit data to and from the school district, and
2 (3) the transmission of data on such networks paid by the school
3 districts in the local system as reported on the annual financial
4 report for the most recently available complete data year minus
5 the receipts from the federal Universal Service Fund pursuant
6 to section 254 of the Telecommunications Act of 1996, 47 U.S.C.
7 254, as such section existed on January 1, 2008, for the school
8 districts in the local system as reported on the annual financial
9 report for the most recently available complete data year.

10 Sec. 17. (1) For school fiscal year 2008-09, the
11 department shall calculate an elementary site allowance for any
12 district in which (a) the district has more than one elementary
13 attendance site, (b) at least one of the elementary attendance
14 sites does not offer any other grades, (c) the square miles in the
15 district divided by the number of elementary attendance sites in
16 the district equals one hundred square miles or more per elementary
17 attendance site, and (d) the fall membership in elementary grades
18 in the district divided by the number of elementary grades then
19 divided again by the number of elementary attendance sites equals
20 fifteen or fewer students per grade per elementary attendance site.
21 Qualifying elementary attendance sites for such districts shall
22 only offer elementary grades and shall have an average of fifteen
23 or fewer students per grade in the fall membership.

24 (2) For school fiscal year 2009-10 and each school fiscal
25 year thereafter, the department shall calculate an elementary site

1 allowance for any district which has at least one qualifying
2 elementary attendance site and which submits the information
3 required for the calculation on a form prescribed by the department
4 on or before October 15 of the school fiscal year preceding the
5 school fiscal year for which aid is being calculated. A qualifying
6 elementary attendance site shall be an elementary attendance site,
7 in a district with multiple elementary attendance sites, which does
8 not have another elementary attendance site within seven miles in
9 the same school district or which is the only public elementary
10 attendance site located in an incorporated city or village.

11 (3) The elementary site allowance for each qualifying
12 district shall equal the sum of the elementary site allowances for
13 each qualifying elementary attendance site in the district. The
14 elementary site allowance for each qualifying elementary attendance
15 site shall equal five hundred percent of the statewide average
16 general fund operating expenditures per formula student multiplied
17 by the result of rounding the ratio of the fall membership
18 attributed to the elementary attendance site divided by eight up to
19 the next whole number if the result was not a whole number, except
20 that if the resulting whole number is greater than the number of
21 elementary grades offered in the elementary attendance site, the
22 whole number shall be reduced to equal the number of grades offered
23 in the elementary attendance site.

24 (4) For purposes of this section:

25 (a) Each district shall determine which grades are

1 considered elementary grades, except that (i) all grades designated
2 as elementary grades shall be offered in each elementary attendance
3 site in the district and (ii) elementary grades shall not include
4 grades nine, ten, eleven, or twelve;

5 (b) An elementary attendance site is an attendance site
6 in which elementary grades are offered;

7 (c) The primary elementary site shall be the elementary
8 attendance site to which the most formula students are attributed
9 in the district and shall not be a qualifying elementary attendance
10 site; and

11 (d) Fall membership means the fall membership for the
12 school fiscal year immediately preceding the school fiscal year for
13 which aid is being calculated.

14 Sec. 18. For school fiscal year 2008-09 and each school
15 fiscal year thereafter, the department shall calculate basic
16 funding for each district as follows:

17 (1) A comparison group shall be established for each
18 district consisting of the districts for which basic funding is
19 being calculated, the five larger districts that are closest in
20 size to the district for which basic funding is being calculated as
21 measured by formula students, and the five smaller districts that
22 are closest in size to the district for which basic funding is
23 being calculated as measured by formula students. If there are not
24 five districts that are larger than the district for which basic
25 funding is being calculated or if there are not five districts

1 that are smaller than the district for which basic funding is
2 being calculated, the comparison group shall consist of only as
3 many districts as fit the criteria. If more than one district
4 has exactly the same number of formula students as the largest or
5 smallest district in the comparison group, all of the districts
6 with exactly the same number of formula students as the largest or
7 smallest districts in the comparison group shall be included in the
8 comparison group. If one or more districts have exactly the same
9 number of formula students as the district for which basic funding
10 is being calculated, all such districts shall be included in the
11 comparison group in addition to the five larger districts and the
12 five smaller districts. The comparison group shall remain the same
13 for the final calculation of aid pursuant to section 79-1065;

14 (2) For districts with nine hundred or more formula
15 students, basic funding shall equal the adjusted formula students
16 multiplied by the average of the adjusted general fund operating
17 expenditures per formula student for each district in the
18 comparison group, excluding both the district with the highest
19 adjusted general fund operating expenditures per adjusted formula
20 student and the district with the lowest adjusted general fund
21 operating expenditures per formula student of the districts in the
22 comparison group; and

23 (3) For districts with fewer than nine hundred formula
24 students, basic funding shall equal the product of the average
25 of the adjusted general fund operating expenditures for each

1 district in the comparison group, excluding both the district
2 with the highest adjusted general fund operating expenditures
3 and the district with the lowest adjusted general fund operating
4 expenditures of the districts in the comparison group.

5 Sec. 19. For school fiscal year 2008-09 and each school
6 fiscal year thereafter, the department shall calculate a local
7 choice adjustment for each district that:

8 (1) Has fewer than three hundred ninety formula students;

9 (2) Is not in a sparse local system or a very sparse
10 local system; and

11 (3) Did not receive federal funds in excess of
12 twenty-five percent of its general fund budget of expenditures
13 in the most recently available complete data year or in either of
14 the two school fiscal years preceding the most recently available
15 complete data year.

16 The local choice adjustment for each such district shall
17 equal fifty percent of the difference between the basic funding
18 per formula student for the district for which the local choice
19 adjustment is being calculated and the basic funding per formula
20 student for the district that has the closest to three hundred
21 ninety formula students multiplied by the formula students for the
22 district for which the local choice adjustment is being calculated,
23 except that the local choice adjustment shall equal zero if the
24 basic funding per formula student for the district for which the
25 local choice adjustment is being calculated is less than the basic

1 funding per formula student for the district that has the closest
2 to three hundred ninety formula students. If more than one district
3 has the closest to three hundred ninety formula students, the
4 basic funding representing the district that has the closest to
5 three hundred ninety formula students shall equal the average of
6 the basic funding per formula student for each such district. The
7 closest to three hundred ninety formula students shall be measured
8 using the absolute value of the difference of three hundred ninety
9 students minus the district formula students with the difference
10 rounded to the nearest whole number.

11 Sec. 20. (1) For school fiscal year 2008-09 and each
12 school fiscal year thereafter, the department shall calculate an
13 averaging adjustment for districts if the basic funding per formula
14 student is less than the statewide average basic funding per
15 formula student and the general fund levy for the school fiscal
16 year immediately preceding the school fiscal year for which aid
17 is being calculated was at least ninety-six cents per one hundred
18 dollars of taxable valuation for aid calculated for school fiscal
19 year 2008-09 and at least one dollar per one hundred dollars of
20 taxable valuation for aid calculated for school fiscal year 2009-10
21 and each school fiscal year thereafter. For school districts that
22 are members of a learning community, the general fund levy for
23 purposes of this section includes both the common general fund levy
24 and the school district general fund levy authorized pursuant to
25 subdivisions (2)(b) and (2)(c) of section 77-3442. The averaging

1 adjustment for aid calculated for school fiscal year 2008-09 shall
2 equal seventy-five percent of the product of the district's formula
3 students multiplied by the percentage specified in this section for
4 such district of the difference between the statewide average basic
5 funding per formula student minus such district's basic funding per
6 formula student. The averaging adjustment for aid calculated for
7 school fiscal year 2009-10 and each school fiscal year thereafter
8 shall equal the district's formula students multiplied by the
9 percentage specified in this section for such district of the
10 difference between the statewide average basic funding per formula
11 student minus such district's basic funding per formula student.

12 (2) The percentage to be used in the calculation of an
13 averaging adjustment shall be based on the general fund levy for
14 the school fiscal year immediately preceding the school fiscal year
15 for which aid is being calculated.

16 (3) The percentages to be used in the calculation of
17 averaging adjustments for school fiscal year 2008-09 shall be as
18 follows:

19 (a) If such levy was at least ninety-six cents per one
20 hundred dollars of taxable valuation but less than ninety-seven
21 cents per one hundred dollars of taxable valuation, the percentage
22 shall be ten percent;

23 (b) If such levy was at least ninety-seven cents per one
24 hundred dollars of taxable valuation but less than ninety-eight
25 cents per one hundred dollars of taxable valuation, the percentage

1 shall be twenty percent;

2 (c) If such levy was at least ninety-eight cents per
3 one hundred dollars of taxable valuation but less than ninety-nine
4 cents per one hundred dollars of taxable valuation, the percentage
5 shall be thirty percent;

6 (d) If such levy was at least ninety-nine cents per one
7 hundred dollars of taxable valuation but less than one dollar per
8 one hundred dollars of taxable valuation, the percentage shall be
9 forty percent;

10 (e) If such levy was at least one dollar per one hundred
11 dollars of taxable valuation but less than one dollar and one cent
12 per one hundred dollars of taxable valuation, the percentage shall
13 be fifty percent;

14 (f) If such levy was at least one dollar and one cent per
15 one hundred dollars of taxable valuation but less than one dollar
16 and two cents per one hundred dollars of taxable valuation, the
17 percentage shall be sixty percent;

18 (g) If such levy was at least one dollar and two
19 cents per one hundred dollars of taxable valuation but less than
20 one dollar and three cents per one hundred dollars of taxable
21 valuation, the percentage shall be seventy percent;

22 (h) If such levy was at least one dollar and three cents
23 per one hundred dollars of taxable valuation but less than one
24 dollar and four cents per one hundred dollars of taxable valuation,
25 the percentage shall be eighty percent; and

1 (i) If such levy was at least one dollar and four cents
2 per one hundred dollars of taxable valuation, the percentage shall
3 be ninety percent.

4 (4) The percentages to be used in the calculation of
5 averaging adjustments for school fiscal year 2009-10 and each
6 school fiscal year thereafter shall be as follows:

7 (a) If such levy was at least one dollar per one hundred
8 dollars of taxable valuation but less than one dollar and one cent
9 per one hundred dollars of taxable valuation, the percentage shall
10 be fifty percent;

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

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

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

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

1 Sec. 21. For school fiscal year 2008-09 and each school
2 fiscal year thereafter, the department shall calculate a teacher
3 education adjustment for each district as follows:

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

16 (2) A teacher education index shall be calculated for
17 each district by dividing the ratio of teacher education points for
18 the district divided by the number of full-time equivalent teachers
19 in the district by the ratio of teacher education points for all
20 districts divided by the number of full-time equivalent teachers in
21 all districts; and

22 (3) The teacher education adjustment for each district
23 shall equal ten percent for school fiscal years 2008-09 and
24 2009-10 and thirteen and seventy-five one-hundredths percent for
25 each school fiscal year thereafter of the district's basic funding

1 multiplied by the difference of the product of the district's
2 teacher education index minus one, except that if the result is
3 less than zero, the teacher education adjustment shall equal zero.

4 Sec. 22. (1) For school fiscal year 2009-10 and each
5 school fiscal year thereafter, school districts may apply to the
6 department for a student growth adjustment, on a form prescribed
7 by the department, on or before October 10 of the school fiscal
8 year immediately preceding the school fiscal year for which aid
9 is being calculated. Such form shall require an estimate of the
10 average daily membership for the school fiscal year for which aid
11 is being calculated, the estimated student growth calculated by
12 subtracting the fall membership of the current school fiscal year
13 from the estimated average daily membership for the school fiscal
14 year for which aid is being calculated, and evidence supporting
15 the estimates. On or before the immediately following December
16 1, the department shall approve the estimated student growth,
17 approve a modified student growth, or deny the application based
18 on the requirements of this section, the evidence submitted on the
19 application, and any other information provided by the department.
20 The state board shall establish procedures for appeal of decisions
21 of the department to the state board for final determination.

22 (2) The student growth adjustment for each approved
23 district shall equal the sum of the product of the school
24 district's basic funding per formula student multiplied by the
25 difference of the approved student growth minus the greater of

1 twenty-five students or one percent of the fall membership for the
2 school fiscal year immediately preceding the school fiscal year for
3 which aid is being calculated plus the product of fifty percent of
4 the school district's basic funding per formula student multiplied
5 by the greater of twenty-five students or one percent of the fall
6 membership for the school fiscal year immediately preceding the
7 school fiscal year for which aid is being calculated.

8 (3) For school fiscal year 2011-12 and each school
9 fiscal year thereafter, the department shall calculate a student
10 growth adjustment correction for each district that received a
11 student growth adjustment for aid distributed in the most recently
12 available complete data year. Such student growth correction shall
13 equal the product of the difference of the average daily membership
14 for such school fiscal year minus the sum of the formula students
15 and the approved student growth used to calculate the student
16 growth adjustment for such school fiscal year multiplied by the
17 school district's basic funding per formula student used in the
18 final calculation of aid pursuant to section 79-1065 for such
19 school fiscal year, except that the absolute value of a negative
20 correction shall not exceed the original adjustment.

21 Sec. 23. (1) For school fiscal year 2009-10 and each
22 school fiscal year thereafter, school districts may apply to
23 the department for a two-year new school adjustment, on a form
24 prescribed by the department, on or before October 10 of the
25 school fiscal year immediately preceding the school fiscal year for

1 which the first-year new school adjustment would be included in
2 the calculation of state aid. Such form shall require evidence of
3 recent and expected student growth, evidence that a new building
4 or the expansion or remodeling of an existing building is being
5 completed to provide additional student capacity to accommodate
6 such growth and not to replace an existing building, evidence that
7 the school fiscal year for which the district would receive the
8 first-year adjustment will be the first full school fiscal year for
9 which students will utilize such additional capacity, and evidence
10 of the estimated additional student capacity to be provided by
11 the project. On or before the immediately following December 1,
12 the department shall approve the estimated additional capacity for
13 use in the adjustment, approve a modified estimated additional
14 capacity for use in the adjustment, or deny the application based
15 on the requirements of this section, the evidence submitted on the
16 application, and any other information provided by the department.
17 Each approval shall include an approved estimated additional
18 student capacity for the new building. The state board shall
19 establish procedures for appeal of decisions of the department to
20 the state board for final determination.

21 (2) The first-year new school adjustment for each
22 approved district shall equal the school district's basic funding
23 per formula student multiplied by twenty percent of the approved
24 estimated additional student capacity. The second-year new school
25 adjustment for each approved district shall equal the school

1 district's basic funding per formula student multiplied by ten
2 percent of the approved estimated additional student capacity.

3 Sec. 24. (1) For state aid calculated for each of the
4 first two full school fiscal years of a new learning community,
5 each member school district may apply to the department for a new
6 learning community transportation adjustment, on a form prescribed
7 by the department, on or before October 10 of the school fiscal
8 year immediately preceding the school fiscal year for which the
9 new learning community transportation adjustment would be included
10 in the calculation of state aid. Such form shall require evidence
11 supporting estimates of increased transportation costs for the
12 district due to the provisions of subsection (2) of section 79-611.
13 On or before the immediately following December 1, the department
14 shall approve the estimate of increased transportation costs for
15 use in the adjustment, approve a modified estimate of increased
16 transportation costs for use in the adjustment, or deny the
17 application based on the requirements of this section, the evidence
18 submitted on the application, and any other information provided
19 by the department. The state board shall establish procedures for
20 appeal of decisions of the department to the state board for final
21 determination.

22 (2) The new learning community transportation adjustment
23 shall equal the approved estimate of increased transportation
24 costs due to the provisions of subsection (2) of section 79-611.
25 School districts shall submit evidence of the actual increase in

1 transportation costs due to the provisions of subsection (2) of
2 section 79-611, and the department shall recalculate the adjustment
3 using such actual costs pursuant to section 79-1065.

4 Sec. 25. For state aid calculated for school fiscal year
5 2009-10 and each school fiscal year thereafter:

6 (1) The department shall calculate an instructional time
7 allowance for each district equal to the product of the formula
8 students of such district multiplied by the instructional time
9 factor for such district multiplied by eighty-five percent of the
10 statewide average general fund operating expenditures per formula
11 student;

12 (2) The instructional time factor shall equal the
13 difference of the ratio of the district's average hours of
14 instruction for each full-time student during the regular school
15 year for the most recently available complete data year divided
16 by the comparison group average hours of instruction for each
17 full-time student during the regular school year for the most
18 recently available complete data year minus one, except that if
19 the result is less than zero, the instructional time factor shall
20 equal zero; and

21 (3) The department shall develop a form for determining
22 the district's average hours of instruction for each full-time
23 student. The comparison group average hours of instruction for each
24 full-time student shall be an average of the averages for the
25 school districts in the comparison group.

1 Sec. 26. (1) For school fiscal year 2008-09, aid
2 stabilization shall be calculated for each local system and
3 disbursed in an amount equal to the difference of the state
4 aid paid to such local system for school fiscal year 2007-08
5 pursuant to section 79-1022 minus two and one-half percent of the
6 need calculated for the school fiscal year for which aid is being
7 calculated and minus the sum of the calculated equalization aid,
8 allocated income tax funds, and net option funding for such school
9 fiscal year, except that aid stabilization shall not be less than
10 zero.

11 (2) For school fiscal year 2009-10, aid stabilization
12 shall be calculated for each local system and disbursed in an
13 amount equal to the difference of the state aid paid to such
14 local system for school fiscal year 2007-08 pursuant to section
15 79-1022 minus five percent of the need calculated for the school
16 fiscal year for which aid is being calculated and minus the sum
17 of the calculated equalization aid, allocated income tax funds, and
18 net option funding for such school fiscal year, except that aid
19 stabilization shall not be less than zero.

20 Sec. 27. Section 79-1007.04, Revised Statutes Supplement,
21 2007, is amended to read:

22 79-1007.04 (1) For school fiscal year years 2008-09
23 through 2012-13, and each school fiscal year thereafter, the
24 department shall determine the elementary class size allowance for
25 each school district.

1 (2) For school fiscal year 2008-09, the The allowance
2 shall equal the statewide average general fund operating
3 expenditures per formula student multiplied by 0.20 then multiplied
4 by the number of students in the school district in kindergarten
5 through grade eight who qualify for free or reduced-price lunches
6 and who spend at least fifty percent of the school day in a
7 classroom with a minimum of ten students and a maximum of twenty
8 students as reported on the fall membership report from the school
9 fiscal year immediately preceding the school fiscal year in which
10 the aid is to be paid. ~~for state aid certified pursuant to section~~
11 ~~79-1022 and as reported on the annual statistical summary report~~
12 ~~from the school fiscal year immediately preceding the school fiscal~~
13 ~~year in which the aid was paid for the final calculation of state~~
14 ~~aid pursuant to section 79-1065.~~

15 (3) For school fiscal years 2009-10 through 2012-13, the
16 allowance shall equal the statewide average general fund operating
17 expenditures per formula student multiplied by twenty percent of
18 the number of students in the school district in kindergarten
19 through grade three who spend at least fifty percent of the school
20 day in one or more classrooms with a minimum of ten students and
21 a maximum of twenty students as reported on the fall membership
22 report from the school fiscal year immediately preceding the
23 school fiscal year in which the aid is to be paid for state aid
24 certified pursuant to section 79-1022 and as reported on the annual
25 statistical summary report from the school fiscal year immediately

1 preceding the school fiscal year in which the aid was paid for the
2 final calculation of state aid pursuant to section 79-1065.

3 Sec. 28. Section 79-1007.06, Revised Statutes Supplement,
4 2007, is amended to read:

5 79-1007.06 (1) For school fiscal year 2008-09 and each
6 school fiscal year thereafter, the department shall determine
7 the poverty allowance for each school district that meets the
8 requirements of this section and has not been disqualified pursuant
9 to section 79-1007.07. Each school district shall designate a
10 maximum poverty allowance on a form prescribed by the department
11 on or before ~~November 1~~ October 10 of the school fiscal year
12 immediately preceding the school fiscal year for which aid is
13 being calculated. The school district may decline to participate
14 in the poverty allowance by providing the department with a
15 maximum poverty allowance of zero dollars on such form on or
16 before ~~November 1~~ October 10 of the school fiscal year immediately
17 preceding the school fiscal year for which aid is being calculated.
18 Each school district designating a maximum poverty allowance
19 greater than zero dollars shall submit a poverty plan pursuant
20 to section 79-1013.

21 (2) The poverty allowance for each school district that
22 has not been disqualified pursuant to section 79-1007.07 shall
23 equal the lesser of:

24 (a) The maximum amount designated pursuant to subsection
25 (1) of this section by the school district in the local system, if

1 such school district designated a maximum amount, for the school
2 fiscal year for which aid is being calculated; or

3 (b) ~~Sixty-one percent of the~~ The sum of:

4 (i) The statewide average general fund operating
5 expenditures per formula student multiplied by ~~0.05~~ 0.0375 then
6 multiplied by the poverty students comprising more than five
7 percent and not more than ten percent of the formula students in
8 the school district; plus

9 (ii) The statewide average general fund operating
10 expenditures per formula student multiplied by ~~0.10~~ 0.0750 then
11 multiplied by the poverty students comprising more than ten percent
12 and not more than fifteen percent of the formula students in the
13 school district; plus

14 (iii) The statewide average general fund operating
15 expenditures per formula student multiplied by ~~0.15~~ 0.1125 then
16 multiplied by the poverty students comprising more than fifteen
17 percent and not more than twenty percent of the formula students in
18 the school district; plus

19 (iv) The statewide average general fund operating
20 expenditures per formula student multiplied by ~~0.20~~ 0.1500 then
21 multiplied by the poverty students comprising more than twenty
22 percent and not more than twenty-five percent of the formula
23 students in the school district; plus

24 (v) The statewide average general fund operating
25 expenditures per formula student multiplied by ~~0.25~~ 0.1875 then

1 multiplied by the poverty students comprising more than twenty-five
2 percent and not more than thirty percent of the formula students in
3 the school district; plus

4 (vi) The statewide average general fund operating
5 expenditures per formula student multiplied by ~~0.30~~ 0.2250 then
6 multiplied by the poverty students comprising more than thirty
7 percent of the formula students in the school district.

8 Sec. 29. Section 79-1007.07, Revised Statutes Supplement,
9 2007, is amended to read:

10 79-1007.07 (1) (a) For school fiscal year 2007-08, the
11 annual financial report required pursuant to section 79-528 shall
12 include:

13 (i) The amount of federal funds received based on poverty
14 as defined by the federal program providing the funds; and

15 (ii) The expenditures and sources of funding for each
16 program related to poverty with a narrative description of the
17 program and the method used to allocate money to the program and
18 within the program.

19 (b) The department shall set up accounting codes for the
20 receipts and expenditures required to be reported on the annual
21 financial report pursuant to this subsection. The department shall
22 also determine for each school district an amount that shall
23 be deemed the poverty allowance for purposes of this section.
24 Such amount shall equal the adjustments to the weighted formula
25 students pursuant to subdivision (1) (c) (iii) of section 79-1007.01

1 multiplied by the average formula cost per student in the school
2 district's cost grouping.

3 (2)(a) For school fiscal year 2008-09 and each school
4 fiscal year thereafter, the annual financial report required
5 pursuant to section 79-528 shall include:

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

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

11 (iii) The expenditures and sources of funding for each
12 program related to poverty with a narrative description of the
13 program, the method used to allocate money to the program and
14 within the program, and the program's relationship to the poverty
15 plan submitted pursuant to section 79-1013 for such school fiscal
16 year; and

17 (iv) The expenditures and sources of funding for support
18 costs directly attributable to implementing the district's poverty
19 plan; and

20 ~~(iv)~~ (v) An explanation of how any required elements of
21 the poverty plan for such school fiscal year were met.

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

25 (3) For school fiscal year 2009-10 and each school

1 fiscal year thereafter, the department shall determine the poverty
2 allowance expenditures using the reported expenditures on the
3 annual financial report for the most recently available complete
4 data year that would include in the poverty allowance expenditures
5 only those expenditures that were used to specifically address
6 issues related to the education of students living in poverty or
7 to the implementation of the poverty plan, that do not replace
8 expenditures that would have occurred if the students involved in
9 the program did not live in poverty, that are not included in other
10 allowances, and that are ~~not paid for with federal funds.~~ paid for
11 with noncategorical funds generated by state or local taxes. The
12 department shall establish a procedure to allow school districts to
13 receive preapproval for categories of expenditures that could be
14 included in poverty allowance expenditures.

15 (4) For school fiscal year 2009-10 and each school fiscal
16 year thereafter, if the poverty allowance expenditures do not
17 equal 117.65 percent or more of the poverty allowance for the
18 most recently available complete data year, the department shall
19 calculate a poverty allowance correction. The poverty allowance
20 correction shall equal the poverty allowance minus eighty-five
21 percent of the poverty allowance expenditures. If the poverty
22 allowance expenditures do not equal fifty percent or more of the
23 allowance for such school fiscal year, the school district shall
24 also be disqualified from receiving a poverty allowance for the
25 school fiscal year for which aid is being calculated.

1 (5) For school fiscal year 2010-11 and each school fiscal
2 year thereafter, if the department determines that the school
3 district did not meet the required elements of the poverty plan
4 for the most recently available complete data year, the department
5 shall calculate a poverty allowance correction equal to fifty
6 percent of the poverty allowance for such school fiscal year and
7 the school district shall also be disqualified from receiving a
8 poverty allowance for the school fiscal year for which aid is being
9 calculated. Any poverty allowance correction calculated pursuant to
10 this subsection shall be added to any poverty allowance correction
11 calculated pursuant to subsection (4) of this section to arrive at
12 the total poverty allowance correction.

13 (6) The department may request additional information
14 from any school district to assist with calculations and
15 determinations pursuant to this section. If the school district
16 does not provide information upon the request of the department
17 pursuant to this section, the school district shall be disqualified
18 from receiving a poverty allowance for the school fiscal year for
19 which aid is being calculated.

20 (7) The department shall annually provide the Legislature
21 with a report containing a general description of the expenditures
22 and funding sources for programs related to poverty statewide and
23 specific descriptions of the expenditures and funding sources for
24 programs related to poverty for each school district.

25 (8) The state board shall establish a procedure for

1 appeal of decisions of the department to the state board for a
2 final determination.

3 Sec. 30. Section 79-1007.08, Revised Statutes Supplement,
4 2007, is amended to read:

5 79-1007.08 (1) For school fiscal year 2008-09 and each
6 school fiscal year thereafter, the department shall determine the
7 limited English proficiency allowance for each school district
8 that meets the requirements of this section and has not been
9 disqualified pursuant to section 79-1007.09. Each school district
10 shall designate a maximum limited English proficiency allowance
11 on or before ~~November 1~~ October 10 of the school fiscal year
12 immediately preceding the school fiscal year for which aid is
13 being calculated. The school district may decline to participate
14 in the limited English proficiency allowance by providing the
15 department with a maximum limited English proficiency allowance of
16 zero dollars on such form on or before ~~November 1~~ October 10 of
17 the school fiscal year immediately preceding the school fiscal year
18 for which aid is being calculated. Each school district designating
19 a maximum limited English proficiency allowance greater than zero
20 dollars shall submit a limited English proficiency plan pursuant to
21 section 79-1014.

22 (2) The limited English proficiency allowance for each
23 school district that has not been disqualified pursuant to section
24 79-1007.09 shall equal the lesser of:

25 (a) The amount designated pursuant to subsection (1)

1 of this section by the school district, if such school district
2 designated a maximum amount, for the school fiscal year for which
3 aid is being calculated; or

4 (b) The statewide average general fund operating
5 expenditures per formula student multiplied by 0.25 then multiplied
6 by:

7 (i) The number of students in the school district who are
8 limited English proficient as defined under 20 U.S.C. 7801, as such
9 section existed on January 1, 2006, if such number is greater than
10 or equal to twelve;

11 (ii) Twelve, if the number of students in the school
12 district who are limited English proficient as defined under 20
13 U.S.C. 7801, as such section existed on January 1, 2006, is greater
14 than or equal to one and less than twelve; or

15 (iii) Zero, if the number of students in the school
16 district who are limited English proficient as defined under 20
17 U.S.C. 7801, as such section existed on January 1, 2006, is less
18 than one.

19 Sec. 31. Section 79-1007.09, Revised Statutes Supplement,
20 2007, is amended to read:

21 79-1007.09 (1)(a) For school fiscal year 2007-08, the
22 annual financial report required pursuant to section 79-528 shall
23 include:

24 (i) The amount of federal funds received based on
25 students who are limited English proficient as defined by the

1 federal program providing the funds; and

2 (ii) The expenditures and sources of funding for each
3 program related to limited English proficiency with a narrative
4 description of the program and the method used to allocate money to
5 the program and within the program.

6 (b) The department shall set up accounting codes for the
7 receipts and expenditures required to be reported on the annual
8 financial report pursuant to this subsection. The department shall
9 also determine for each school district an amount that shall
10 be deemed the limited English proficiency allowance for purposes
11 of this section. Such amount shall equal the adjustments to the
12 weighted formula students pursuant to subdivision (1)(c)(ii) of
13 section 79-1007.01 multiplied by the average formula cost per
14 student in the school district's cost grouping.

15 (2)(a) For school fiscal year 2008-09 and each school
16 fiscal year thereafter, the annual financial report required
17 pursuant to section 79-528 shall include:

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

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

24 (iii) The expenditures and sources of funding for each
25 program related to limited English proficiency with a narrative

1 description of the program, the method used to allocate money to
2 the program and within the program, and the program's relationship
3 to the limited English proficiency plan submitted pursuant to
4 section 79-1014 for such school fiscal year; ~~and~~

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

8 ~~(iv)~~ (v) An explanation of how any required elements of
9 the limited English proficiency plan for such school fiscal year
10 were met.

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

14 (3) For school fiscal year 2009-10 and each school fiscal
15 year thereafter, the department shall determine the limited English
16 proficiency allowance expenditures using the reported expenditures
17 on the annual financial report for the most recently available
18 complete data year that would only include in the limited English
19 proficiency allowance expenditures those expenditures that were
20 used to specifically address issues related to the education of
21 students with limited English proficiency or to the implementation
22 of the limited English proficiency plan, that do not replace
23 expenditures that would have occurred if the students involved in
24 the program did not have limited English proficiency, that are
25 not included in other allowances, and that are ~~not paid for~~ with

1 ~~federal funds.~~ paid for with noncategorical funds generated by
2 state or local taxes. The department shall establish a procedure
3 to allow school districts to receive preapproval for categories of
4 expenditures that could be included in limited English proficiency
5 allowance expenditures.

6 (4) For school fiscal year 2009-10 and each school fiscal
7 year thereafter, if the limited English proficiency allowance
8 expenditures do not equal 117.65 percent or more of the limited
9 English proficiency allowance for the most recently available
10 complete data year, the department shall calculate a limited
11 English proficiency allowance correction. The limited English
12 proficiency allowance correction shall equal the limited English
13 proficiency allowance minus eighty-five percent of the limited
14 English proficiency allowance expenditures. If the limited English
15 proficiency allowance expenditures do not equal fifty percent or
16 more of the allowance for such school fiscal year, the school
17 district shall also be disqualified from receiving a limited
18 English proficiency allowance for the school fiscal year for which
19 aid is being calculated.

20 (5) For school fiscal year 2010-11 and each school fiscal
21 year thereafter, if the department determines that the school
22 district did not meet the required elements of the limited English
23 proficiency plan for the most recently available complete data
24 year, the department shall calculate a limited English proficiency
25 allowance correction equal to fifty percent of the limited English

1 proficiency allowance for such school fiscal year and the school
2 district shall also be disqualified from receiving a limited
3 English proficiency allowance for the school fiscal year for which
4 aid is being calculated. Any limited English proficiency allowance
5 correction calculated pursuant to this subsection shall be added
6 to any limited English proficiency allowance correction calculated
7 pursuant to subsection (4) of this section to arrive at the total
8 limited English proficiency allowance correction.

9 (6) The department may request additional information
10 from any school district to assist with calculations and
11 determinations pursuant to this section. If the school district
12 does not provide information upon the request of the department
13 pursuant to this section, the school district shall be disqualified
14 from receiving a limited English proficiency allowance for the
15 school fiscal year for which aid is being calculated.

16 (7) The department shall annually provide the Legislature
17 with a report containing a general description of the expenditures
18 and funding sources for programs related to limited English
19 proficiency statewide and specific descriptions of the expenditures
20 and funding sources for programs related to limited English
21 proficiency for each school district.

22 (8) The state board shall establish a procedure for
23 appeal of decisions of the department to the state board for a
24 final determination.

25 Sec. 32. Section 79-1007.10, Revised Statutes Supplement,

1 2007, is amended to read:

2 79-1007.10 For state aid calculated for school fiscal
3 year 2008-09 and each school fiscal year thereafter, the cost
4 growth factor for each cost grouping is equal to the sum of: (1)
5 One; plus (2) the product of two times the ratio of the difference
6 of (a) the formula students attributable to the cost grouping
7 without weighting or adjustment pursuant to section 79-1007.03
8 minus the qualified early childhood education fall membership
9 attributable to the cost grouping without such weighting or
10 adjustment for state aid certified pursuant to section 79-1022
11 minus (b) the difference of the sum of the average daily membership
12 plus tuitioned students attributable to the cost grouping for the
13 most recently available complete data year minus the qualified
14 early childhood education average daily membership attributable to
15 the cost grouping without such weighting or adjustment for the most
16 recently available complete data year divided by the difference of
17 the sum of the average daily membership plus tuitioned students
18 attributable to the cost grouping for the most recently available
19 complete data year minus the qualified early childhood education
20 average daily membership attributable to the cost grouping without
21 such weighting or adjustment for the most recently available
22 complete data year, except that the ratio shall not be less than
23 zero; plus (3) the basic allowable growth rate pursuant to section
24 79-1025 for the school fiscal year in which the aid is to be
25 distributed; plus (4) the basic allowable growth rate pursuant to

1 ~~section 79-1025 for the school fiscal year immediately preceding~~
 2 ~~the school fiscal year in which the aid is to be distributed,~~
 3 ~~plus (5) any additional growth rate allowed by special action of~~
 4 ~~school boards for the school fiscal year in which the aid is to~~
 5 ~~be distributed as determined for the school fiscal year immediately~~
 6 ~~preceding the school fiscal year when aid is to be distributed,~~
 7 ~~plus (6) any additional growth rate allowed by special action of~~
 8 ~~the school boards for the school fiscal year immediately preceding~~
 9 ~~the school fiscal year when the aid is to be distributed.~~

10 For state aid calculated for school fiscal year 2008-09
 11 and each school fiscal year thereafter, the cost growth factor
 12 shall equal the sum of: (1) One; plus (2) the basic allowable
 13 growth rate pursuant to section 79-1025 for the school fiscal year
 14 in which the aid is to be distributed; plus (3) the basic allowable
 15 growth rate pursuant to section 79-1025 for the school fiscal year
 16 immediately preceding the school fiscal year in which the aid is to
 17 be distributed; plus (4) one percent.

18 Sec. 33. Section 79-1008.01, Revised Statutes Cumulative
 19 Supplement, 2006, is amended to read:

20 79-1008.01 ~~(1)~~ Except as provided in ~~subsection (2)~~ of
 21 ~~this section~~ and sections 79-1008.02 to 79-1010, each local system
 22 shall receive equalization aid in the amount that the total formula
 23 need of each local system, as determined pursuant to sections
 24 79-1007.01 to 79-1007.10 and sections 13 to 25 of this act, exceeds
 25 its total formula resources as determined pursuant to sections

1 79-1015.01 to 79-1018.01.

2 ~~(2) Except as provided in section 79-1008.02, a local~~
3 ~~system shall not receive state aid for any school fiscal year,~~
4 ~~except school fiscal years 2002-03 through 2007-08, which is less~~
5 ~~than an amount equal to the difference of eighty-five percent of~~
6 ~~the amount of aid certified in the preceding school fiscal year~~
7 ~~minus an amount equal to any increase in the adjusted valuation~~
8 ~~between the adjusted valuation used for the certification of aid in~~
9 ~~the preceding school fiscal year and the adjusted valuation used~~
10 ~~for the aid being calculated multiplied by the maximum levy, for~~
11 ~~the school fiscal year for which aid is being certified, pursuant~~
12 ~~to subdivision (2)(a) or (b) of section 77-3442 without a vote~~
13 ~~pursuant to section 77-3444.~~

14 ~~(3) Except as provided in section 79-1008.02, a local~~
15 ~~system shall not receive state aid for school fiscal years~~
16 ~~2002-03 through 2007-08 which is less than an amount equal to~~
17 ~~the difference of eighty-three and three-fourths percent of the~~
18 ~~amount of aid certified in the preceding school fiscal year minus~~
19 ~~an amount equal to any increase in the adjusted valuation between~~
20 ~~the adjusted valuation used for the certification of aid in the~~
21 ~~preceding school fiscal year and the adjusted valuation used for~~
22 ~~the aid being calculated multiplied by the maximum levy, for the~~
23 ~~school fiscal year for which aid is being certified, pursuant to~~
24 ~~subdivision (2)(a) of section 77-3442 without a vote pursuant to~~
25 ~~section 77-3444.~~

1 ~~(4) Except as provided in subsection (2) or (3) of this~~
2 ~~section, no local system may receive equalization aid such that,~~
3 ~~when total aid is added to a levy ten cents less than the maximum~~
4 ~~levy, for the school fiscal year for which aid is being certified,~~
5 ~~pursuant to subdivision (2)(a) or (b) of section 77-3442 without a~~
6 ~~vote pursuant to section 77-3444, multiplied by the local system's~~
7 ~~adjusted valuation, would result in total local system revenue from~~
8 ~~state aid plus property tax receipts which exceeds the total of:~~

9 ~~(a) The sum of state aid, receipts from other school~~
10 ~~districts related to annexation, and property tax receipts received~~
11 ~~by the local system during the preceding school fiscal year~~
12 ~~multiplied by the total of (i) 1.01 plus (ii) the applicable~~
13 ~~allowable growth rate for the local system calculated pursuant~~
14 ~~to section 79-1026 as determined for the school fiscal year~~
15 ~~immediately preceding the school fiscal year when aid is to be~~
16 ~~distributed plus (iii) the percentage growth in formula students~~
17 ~~from the certification of state aid for the immediately preceding~~
18 ~~school fiscal year to the formula students for the certification~~
19 ~~of state aid for the current school fiscal year, except that the~~
20 ~~percentage growth shall not be less than zero;~~

21 ~~(b) Unused budget authority authorized pursuant to~~
22 ~~section 79-1030 for all school districts in the local system;~~

23 ~~(c) The difference between the other actual receipts~~
24 ~~included in local system formula resources for the certification~~
25 ~~of state aid in the preceding school fiscal year and other~~

1 actual receipts included in local system formula resources for the
2 certification of state aid for the current school fiscal year,
3 except that such difference shall not be less than zero, and

4 (d) The absolute value of any negative prior year
5 adjustment pursuant to section 79-1065.

6 For local systems that have reorganized, state aid,
7 property tax receipts, and number of formula students shall
8 be attributed based on valuation. The formation of a learning
9 community shall be considered a reorganization for purposes of
10 this subsection. The revenue from property tax receipts shall be
11 calculated by multiplying the reported general fund common levy by
12 the assessed valuation subject to the levy divided by one hundred.

13 (5) For all school fiscal years except school fiscal
14 years 2002-03 through 2007-08, the aid that is not distributed
15 through equalization based on subsection (4) of this section
16 shall be distributed through this subsection to the extent local
17 systems qualify for such distributions. Local systems qualify
18 for distribution under this subsection if they have nine hundred
19 or less formula students and adjusted general fund operating
20 expenditures per formula student less than the average for all
21 local systems with nine hundred or less formula students. The aid
22 shall be distributed proportionally to qualifying districts based
23 on the dollar amount each local system's calculated state aid plus
24 the product of a levy of one dollar multiplied by the assessed
25 valuation divided by one hundred is below ninety percent of state

1 aid plus property tax receipts received by the local system during
2 the preceding school fiscal year. No system shall receive aid
3 pursuant to this subsection such that the calculated state aid plus
4 the product of a levy of one dollar multiplied by the assessed
5 valuation divided by one hundred is ninety percent or more of state
6 aid plus property tax receipts received by the local system during
7 the preceding school fiscal year.

8 ~~(6)~~ For school fiscal years 2002-03 through 2007-08,
9 the aid that is not distributed through equalization based on
10 subsection ~~(3)~~ of this section shall be distributed through
11 this subsection to the extent local systems qualify for such
12 distributions. Local systems qualify for distribution under this
13 subsection if they have nine hundred or less formula students and
14 adjusted general fund operating expenditures per formula student
15 less than the average for all local systems with nine hundred or
16 less formula students. The aid shall be distributed proportionally
17 to qualifying districts based on the dollar amount each local
18 system's calculated state aid plus the product of a levy equal to
19 the maximum levy, for the school fiscal year for which aid is being
20 certified, pursuant to subdivision ~~(2)~~(a) or (b) of section 77-3442
21 without a vote pursuant to section 77-3444, multiplied by the
22 assessed valuation is below eighty-eight and three-fourths percent
23 of state aid plus property tax receipts received by the local
24 system during the preceding school fiscal year. No system shall
25 receive aid pursuant to this subsection such that the calculated

1 state aid plus the product of a levy equal to the maximum levy, for
2 the school fiscal year for which aid is being certified, pursuant
3 to subdivision (2)(a) or (b) of section 77-3442 without a vote
4 pursuant to section 77-3444, multiplied by the assessed valuation
5 is eighty-eight and three-fourths percent or more of state aid
6 plus property tax receipts received by the local system during the
7 preceding school fiscal year.

8 Sec. 34. Section 79-1008.02, Revised Statutes Supplement,
9 2007, is amended to read:

10 79-1008.02 A minimum levy adjustment shall be calculated
11 and applied to any local system that has a general fund common
12 levy for the fiscal year during which aid is certified that
13 is less than the maximum levy, for such fiscal year for such
14 local system, allowed pursuant to subdivision (2)(a) or (b) of
15 section 77-3442 without a vote pursuant to section 77-3444 less
16 ~~two~~ five cents for learning communities and less ten cents for all
17 other local systems. To calculate the minimum levy adjustment, the
18 department shall subtract the local system general fund common levy
19 for such fiscal year for such local system from the maximum levy
20 allowed pursuant to subdivision (2)(a) or (b) of section 77-3442
21 without a vote pursuant to section 77-3444 less ~~two~~ five cents for
22 learning communities and less ten cents for all other local systems
23 and multiply the result by the local system's adjusted valuation
24 divided by one hundred. The minimum levy adjustment shall be added
25 to the formula resources of the local system for the determination

1 of equalization aid pursuant to section 79-1008.01. If the minimum
2 levy adjustment is greater than or equal to the allocated income
3 tax funds calculated pursuant to section 79-1005.01 or 79-1005.02,
4 the local system shall not receive allocated income tax funds. If
5 the minimum levy adjustment is less than the allocated income tax
6 funds calculated pursuant to section 79-1005.01 or 79-1005.02, the
7 local system shall receive allocated income tax funds in the amount
8 of the difference between the allocated income tax funds calculated
9 pursuant to section 79-1005.01 or 79-1005.02 and the minimum levy
10 adjustment. This section does not apply to the calculation of aid
11 for a local system containing a learning community for the first
12 school fiscal year for which aid is calculated for such local
13 system.

14 Sec. 35. Section 79-1009, Revised Statutes Cumulative
15 Supplement, 2006, is amended to read:

16 79-1009 (1) A district shall receive net option funding
17 if option students as defined in section 79-233 ~~(a)~~ were actually
18 enrolled in the school year immediately preceding the school year
19 in which the aid is to be paid. ~~or (b) will be enrolled in the~~
20 ~~school year in which the aid is to be paid as converted contract~~
21 ~~option students.~~ The determination of the net number of option
22 students shall be based on the number of students enrolled in the
23 district as option students and the number of students residing in
24 the district but enrolled in another district as option students as
25 of the day of the fall membership count pursuant to section 79-528,

1 for the school fiscal year immediately preceding the school fiscal
 2 year in which aid is to be paid. Net number of option students
 3 means the difference of the number of option students enrolled in
 4 the district minus the number of students residing in the district
 5 but enrolled in another district as option students.

6 (2) For purposes of this section: (a) For all school
 7 fiscal years except school fiscal years 2002-03 through 2007-08,
 8 net option funding means the sum of the products of the net
 9 number of option students in each grade range multiplied by the
 10 statewide average cost grouping cost per student multiplied by
 11 the weighting factor for the corresponding grade range pursuant to
 12 ~~section 79-1007.01;~~ and (b) ~~for~~ school fiscal years 2002-03 through
 13 2007-08, net option funding shall be calculated by subtracting the
 14 temporary aid adjustment factor from the sum of the products of the
 15 net number of option students in each grade range multiplied by
 16 the statewide average cost grouping cost per student multiplied by
 17 the weighting factor for the corresponding grade range pursuant to
 18 section 79-1007.01; and (b) for school fiscal year 2008-09 and each
 19 school fiscal year thereafter, net option funding shall be the sum
 20 of the product of the net number of option students multiplied by
 21 the statewide average basic funding per formula student.

22 (3) A district's net option funding shall be zero if
 23 the calculation produces a negative result. ~~7~~ ~~except that a local~~
 24 ~~system's net option funding shall not be less than zero. Net number~~
 25 ~~of option students means the number of option students actually~~

1 enrolled in a grade range in the current data year minus the
2 number of students residing in the district but enrolled in another
3 district in the same grade range in the current data year as
4 option students as defined in section 79-233. A district's net
5 option funding shall be zero if the calculation produces a negative
6 result. (3) The determination of the net number of option students
7 shall be based on (a) the number of option students enrolled in
8 the district or enrolled in another district as of the day of the
9 fall membership count pursuant to section 79-528, for the school
10 fiscal year immediately preceding the school fiscal year in which
11 the aid is to be paid and (b) the number of option students that
12 will be enrolled in the district or enrolled in another district
13 as converted contract option students for the school fiscal year in
14 which the aid is to be paid. Payments made under this section shall
15 be made from the funds to be disbursed under section 79-1005.01
16 or 79-1005.02. (4) Payments made pursuant to this section Such
17 payments shall go directly to the option school district but shall
18 count as a formula resource for the local system.

19 Sec. 36. Section 79-1013, Revised Statutes Supplement,
20 2007, is amended to read:

21 79-1013 (1) On or before ~~November 1~~ October 10 of each
22 year, each school district designating a maximum poverty allowance
23 greater than zero dollars shall submit a poverty plan for the next
24 school fiscal year to the department and to the learning community
25 coordinating council of any learning community of which the school

1 district is a member. On or before the immediately following
2 December 1, (a) the department shall approve or disapprove such
3 plan for school districts that are not members of a learning
4 community based on the inclusion of the elements required pursuant
5 to this section. ~~On or before the immediately following December~~
6 ~~1,~~ and (b) the learning community coordinating council and, as
7 to the applicable portions thereof, each achievement subcouncil,
8 shall approve or disapprove such plan for school districts that
9 are members of such learning community based on the inclusion of
10 such elements. On or before the immediately following December 5,
11 each learning community coordinating council shall certify to the
12 department the approval or disapproval of the poverty plan for each
13 member school district.

14 (2) In order to be approved pursuant to this section,
15 a poverty plan shall include an explanation of how the school
16 district will address the following issues for such school fiscal
17 year:

18 (a) Attendance, including absence followup and
19 transportation for students qualifying for free or reduced-price
20 lunches who reside more than ~~one-half~~ one mile from the attendance
21 center;

22 (b) Student mobility, including transportation to allow a
23 student to continue attendance at the same school if the student
24 moves to another attendance area within the same school district or
25 within the same learning community;

1 (c) Parental involvement at the school-building level
2 with a focus on the involvement of parents in poverty and from
3 other diverse backgrounds;

4 (d) Parental involvement at the school-district level
5 with a focus on the involvement of parents in poverty and from
6 other diverse backgrounds;

7 (e) Class size reduction or maintenance of small class
8 sizes ~~for students who qualify for free or reduced-price lunches;~~
9 in elementary grades;

10 (f) Scheduled teaching time on a weekly basis that will
11 be free from interruptions;

12 (g) Access to early childhood education programs for
13 children in poverty;

14 (h) Student access to social workers;

15 (i) Access to summer school, extended-school-day
16 programs, or extended-school-year programs;

17 (j) Mentoring for new and newly reassigned teachers;

18 (k) Professional development for teachers and
19 administrators, focused on addressing the educational needs
20 of students in poverty and students from other diverse backgrounds;

21 (l) Coordination with elementary learning centers if the
22 school district is a member of a learning community; and

23 (m) An evaluation to determine the effectiveness of the
24 elements of the poverty plan.

25 (3) The state board shall establish a procedure for

1 appeal of decisions of the department and of learning community
2 coordinating councils to the state board for a final determination.

3 Sec. 37. Section 79-1014, Revised Statutes Supplement,
4 2007, is amended to read:

5 79-1014 (1) On or before ~~November 1~~ October 10 of each
6 year, each school district designating a maximum limited English
7 proficiency allowance greater than zero dollars shall submit a
8 limited English proficiency plan for the next school fiscal year to
9 the department and to the learning community coordinating council
10 of any learning community of which the school district is a
11 member. On or before the immediately following December 1, (a)
12 the department shall approve or disapprove such plans for school
13 districts that are not members of a learning community, based on
14 the inclusion of the elements required pursuant to this section-
15 ~~On or before the immediately following December 1,~~ and (b) the
16 learning community coordinating council, and, as to the applicable
17 portions thereof, each achievement subcouncil, shall approve or
18 disapprove such plan for school districts that are members of
19 such learning community, based on the inclusion of such elements.
20 On or before the immediately following December 5, each learning
21 community coordinating council shall certify to the department the
22 approval or disapproval of the limited English proficiency plan for
23 each member school district.

24 (2) In order to be approved pursuant to this section,
25 a limited English proficiency plan must include an explanation of

1 how the school district will address the following issues for such
2 school fiscal year:

3 (a) Identification of students with limited English
4 proficiency;

5 (b) Instructional approaches;

6 (c) Assessment of such students' progress toward
7 mastering the English language; and

8 (d) An evaluation to determine the effectiveness of the
9 elements of the limited English proficiency plan.

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

13 Sec. 38. Section 79-1015.01, Revised Statutes Supplement,
14 2007, is amended to read:

15 79-1015.01 (1) Local system formula resources shall
16 include local effort rate yield which shall be computed as
17 prescribed in this section.

18 (2) For school fiscal years prior to school fiscal year
19 2008-09: (a) For state aid certified pursuant to section 79-1022,
20 the local effort rate shall be the maximum levy, for the school
21 fiscal year for which aid is being certified, authorized pursuant
22 to subdivision (2)(a) ~~or (e)~~ of section 77-3442 less ten cents;
23 (b) for ~~or~~ the final calculation of state aid pursuant to
24 section 79-1065, the local effort rate shall be the rate which,
25 when multiplied by the total adjusted valuation of all taxable

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

9 (3) For school fiscal year 2008-09 and each school fiscal
10 year thereafter: (a) For state aid certified pursuant to section
11 79-1022, the local effort rate shall be the maximum levy, for the
12 school fiscal year for which aid is being certified, authorized
13 pursuant to subdivision (2)(a) of section 77-3442 less five cents;
14 (b) for the final calculation of state aid pursuant to section
15 79-1065, the local effort rate shall be the rate which, when
16 multiplied by the total adjusted valuation of all taxable property
17 in local systems receiving equalization aid pursuant to the Tax
18 Equity and Educational Opportunities Support Act, will produce the
19 amount needed to support the total formula need of such local
20 systems when added to state aid appropriated by the Legislature
21 and other actual receipts of local systems described in section
22 79-1018.01; and (c) the local effort rate yield for such school
23 fiscal years shall be determined by multiplying each local system's
24 total adjusted valuation by the local effort rate.

25 Sec. 39. Section 79-1016, Revised Statutes Supplement,

1 2007, is amended to read:

2 79-1016 (1) On or before August 25, the county assessor
3 shall certify to the Property Tax Administrator the total taxable
4 value by school district in the county for the current assessment
5 year on forms prescribed by the Tax Commissioner. The county
6 assessor may amend the filing for changes made to the taxable
7 valuation of the school district in the county if corrections or
8 errors on the original certification are discovered. Amendments
9 shall be certified to the Property Tax Administrator on or before
10 September 30.

11 (2) On or before October 10, the Property Tax
12 Administrator shall compute and certify to the State Department of
13 Education the adjusted valuation for the current assessment year
14 for each class of property in each school district and each local
15 system. The adjusted valuation of property for each school district
16 and each local system, for purposes of determining state aid
17 pursuant to the Tax Equity and Educational Opportunities Support
18 Act, shall reflect as nearly as possible state aid value as defined
19 in subsection (3) of this section. The Property Tax Administrator
20 shall notify each school district and each local system of its
21 adjusted valuation for the current assessment year by class of
22 property on or before October 10. Establishment of the adjusted
23 valuation shall be based on the taxable value certified by the
24 county assessor for each school district in the county adjusted by
25 the determination of the level of value for each school district

1 from an analysis of the comprehensive assessment ratio study or
2 other studies developed by the Property Tax Administrator, in
3 compliance with professionally accepted mass appraisal techniques,
4 as required by section 77-1327. The Tax Commissioner shall adopt
5 and promulgate rules and regulations setting forth standards for
6 the determination of level of value for ~~school~~ state aid purposes.

7 (3) For purposes of this section, state aid value means:

8 (a) For real property other than agricultural and
9 horticultural land, ~~one hundred~~ ninety-six percent of actual value;

10 (b) For agricultural and horticultural land, ~~seventy-five~~
11 seventy-two percent of actual value as provided in sections 77-1359
12 to 77-1363. For agricultural and horticultural land that receives
13 special valuation pursuant to section 77-1344, ~~seventy-five~~
14 seventy-two percent of special valuation as defined in section
15 77-1343; and

16 (c) For personal property, the net book value as defined
17 in section 77-120.

18 (4) On or before November 10, any local system may
19 file with the Tax Commissioner written objections to the adjusted
20 valuations prepared by the Property Tax Administrator, stating
21 the reasons why such adjusted valuations are not the valuations
22 required by subsection (3) of this section. The Tax Commissioner
23 shall fix a time for a hearing. Either party shall be permitted to
24 introduce any evidence in reference thereto. On or before January
25 1, the Tax Commissioner shall enter a written order modifying or

1 declining to modify, in whole or in part, the adjusted valuations
2 and shall certify the order to the State Department of Education.
3 Modification by the Tax Commissioner shall be based upon the
4 evidence introduced at hearing and shall not be limited to the
5 modification requested in the written objections or at hearing.
6 A copy of the written order shall be mailed to the local system
7 within seven days after the date of the order. The written order of
8 the Tax Commissioner may be appealed within thirty days after the
9 date of the order to the Tax Equalization and Review Commission in
10 accordance with section 77-5013.

11 (5) On or before November 10, any local system or county
12 official may file with the Tax Commissioner a written request
13 for a nonappealable correction of the adjusted valuation due to
14 clerical error as defined in section 77-128 or, for agricultural
15 and horticultural land, assessed value changes by reason of land
16 qualified or disqualified for special use valuation pursuant to
17 sections 77-1343 to 77-1348. On or before the following January
18 1, the Tax Commissioner shall approve or deny the request and, if
19 approved, certify the corrected adjusted valuations resulting from
20 such action to the State Department of Education.

21 (6) On or before May 31 of the year following the
22 certification of adjusted valuation pursuant to subsection (2) of
23 this section, any local system or county official may file with the
24 Tax Commissioner a written request for a nonappealable correction
25 of the adjusted valuation due to changes to the tax list that

1 change the assessed value of taxable property. Upon the filing of
2 the written request, the Tax Commissioner shall require the county
3 assessor to recertify the taxable valuation by school district
4 in the county on forms prescribed by the Tax Commissioner. The
5 recertified valuation shall be the valuation that was certified on
6 the tax list, pursuant to section 77-1613, increased or decreased
7 by changes to the tax list that change the assessed value of
8 taxable property in the school district in the county in the
9 prior assessment year. On or before the following July 31, the Tax
10 Commissioner shall approve or deny the request and, if approved,
11 certify the corrected adjusted valuations resulting from such
12 action to the State Department of Education.

13 (7) No injunction shall be granted restraining the
14 distribution of state aid based upon the adjusted valuations
15 pursuant to this section.

16 (8) A school district whose state aid is to be calculated
17 pursuant to subsection (5) of this section and whose state aid
18 payment is postponed as a result of failure to calculate state
19 aid pursuant to such subsection may apply to the state board for
20 lump-sum payment of such postponed state aid. Such application may
21 be for any amount up to one hundred percent of the postponed state
22 aid. The state board may grant the entire amount applied for or any
23 portion of such amount. The state board shall notify the Director
24 of Administrative Services of the amount of funds to be paid in
25 a lump sum and the reduced amount of the monthly payments. The

1 Director of Administrative Services shall, at the time of the next
 2 state aid payment made pursuant to section 79-1022, draw a warrant
 3 for the lump-sum amount from appropriated funds and forward such
 4 warrant to the district.

5 Sec. 40. Section 79-1018.01, Revised Statutes Supplement,
 6 2007, is amended to read:

7 79-1018.01 ~~Local~~ Except as otherwise provided in this
 8 section, local system formula resources include other actual
 9 receipts available for the funding of general fund operating
 10 expenditures as determined by the department for the second school
 11 fiscal year immediately preceding the school fiscal year in which
 12 aid is to be paid. Receipts ~~except that receipts~~ from the
 13 Community Improvements Cash Fund, and receipts acquired pursuant to
 14 the Low-Level Radioactive Waste Disposal Act, ~~and~~ beginning with
 15 the calculation of state aid to be distributed in school fiscal
 16 year 2004-05, ~~tuition receipts from converted contracts~~ shall not
 17 be included. Other actual receipts include:

- 18 (1) Public power district sales tax revenue;
- 19 (2) Fines and license fees;
- 20 (3) Tuition receipts from individuals, other districts,
 21 or any other source except receipts derived from adult education,
 22 receipts derived from summer school tuition, receipts derived
 23 from early childhood education tuition, ~~tuition receipts from~~
 24 ~~converted contracts~~, and receipts from educational entities as
 25 defined in section 79-1201.01 for providing distance education

1 courses through the Distance Education Council until July 1, 2008,
2 and the Educational Service Unit Coordinating Council on and after
3 July 1, 2008, to such educational entities;

4 (4) Transportation receipts;

5 (5) Interest on investments;

6 (6) Other miscellaneous noncategorical local receipts,
7 not including receipts from private foundations, individuals,
8 associations, or charitable organizations;

9 (7) Special education receipts ~~and excluding grant funds~~
10 ~~received pursuant to section 9-812;~~

11 (8) Special education receipts and non-special education
12 receipts from the state for wards of the court and wards of the
13 state;

14 (9) All receipts from the temporary school fund.
15 Beginning with the calculation of aid for school fiscal year
16 2002-03 and each school fiscal year thereafter, receipts from
17 the temporary school fund shall only include receipts pursuant
18 to section 79-1035 and the receipt of funds pursuant to section
19 79-1036 for property leased for a public purpose as set forth in
20 subdivision (1)(a) of section 77-202;

21 (10) Motor vehicle tax receipts received on or after
22 January 1, 1998;

23 (11) Pro rata motor vehicle license fee receipts;

24 (12) Other miscellaneous state receipts excluding revenue
25 from the textbook loan program authorized by section 79-734;

1 (13) Impact aid entitlements for the school fiscal year
2 which have actually been received by the district to the extent
3 allowed by federal law;

4 (14) All other noncategorical federal receipts;

5 (15) All receipts pursuant to the enrollment option
6 program under sections 79-232 to 79-246;

7 (16) Receipts under the federal Medicare Catastrophic
8 Coverage Act of 1988, as such act existed on May 8, 2001, as
9 authorized pursuant to sections 43-2510 and 43-2511 but only to the
10 extent of the amount the local system would have otherwise received
11 pursuant to the Special Education Act; and

12 (17) Receipts for accelerated or differentiated
13 curriculum programs pursuant to sections 79-1106 to 79-1108.03.

14 Sec. 41. Section 79-1022, Revised Statutes Supplement,
15 2007, is amended to read:

16 79-1022 (1) On or before February 1 of each year, the
17 department shall determine the amounts to be distributed to each
18 local system and each district pursuant to the Tax Equity and
19 Educational Opportunities Support Act and shall certify the amounts
20 to the Director of Administrative Services, the Auditor of Public
21 Accounts, each learning community, and each district. The amount to
22 be distributed to each district that is not a member of a learning
23 community from the amount certified for a local system shall be
24 proportional based on: (a) For school fiscal years prior to school
25 fiscal year 2008-09, the weighted formula students attributed to

1 each district in the local system; and (b) for school fiscal
2 year 2008-09 and each school fiscal year thereafter, the formula
3 students attributed to each district in the local system. For the
4 first five complete school fiscal years for a learning community,
5 the amount to be distributed to each district that is a member
6 of such learning community shall be determined pursuant to section
7 79-1015. For each school fiscal year thereafter, the amount to
8 be distributed to each district that is a member of a learning
9 community from the amount certified for the local system shall
10 be proportional based on the formula needs calculated for each
11 district in the local system. On or before February 1 of each
12 year, the department shall report the necessary funding level to
13 the Governor, the Appropriations Committee of the Legislature,
14 and the Education Committee of the Legislature. Certified state
15 aid amounts, including adjustments pursuant to section 79-1065.02,
16 shall be shown as budgeted non-property-tax receipts and deducted
17 prior to calculating the property tax request in the district's
18 general fund budget statement as provided to the Auditor of Public
19 Accounts pursuant to section 79-1024.

20 (2) Except as provided in subsection (8) of section
21 79-1016 and sections 79-1033 and 79-1065.02, the amounts certified
22 pursuant to subsection (1) of this section shall be distributed in
23 ten as nearly as possible equal payments on the last business day
24 of each month beginning in September of each ensuing school fiscal
25 year and ending in June of the following year, except that when a

1 school district is to receive a monthly payment of less than one
2 thousand dollars, such payment shall be one lump-sum payment on
3 the last business day of December during the ensuing school fiscal
4 year.

5 Sec. 42. Section 79-1022.02, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 79-1022.02 Notwithstanding any other provision of law,
8 the certification of state aid pursuant to section 79-1022 to be
9 paid to school districts during school year ~~2003-04~~, 2008-09 and
10 the certification of applicable allowable growth rates pursuant
11 to section 79-1026 for school fiscal year ~~2003-04~~, and the
12 certifications of Class I school district allowable general fund
13 budgets of expenditures pursuant to section 79-1083.03 for school
14 fiscal year ~~2003-04~~ 2008-09 are null and void. State aid to be paid
15 during such school year and the certifications pursuant to section
16 79-1022 shall be recertified and certifications pursuant to section
17 79-1023 shall be certified on or before June 15, 2003, April 30,
18 2008, or the fifteenth day after the effective date of this act,
19 whichever occurs later, using data sources as they existed on
20 February 1, ~~2003~~. 2008.

21 Sec. 43. Section 79-1023, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 79-1023 ~~Ne~~ (1) On or before April 30, 2008, or the
24 fifteenth day after the effective date of this act, whichever
25 occurs later, and on or before February 1 of each year thereafter,

1 the department shall determine and certify to each school district
2 the maximum general fund budget of expenditures minus the special
3 education budget of expenditures for the immediately following
4 school fiscal year.

5 (2) For school fiscal years prior to 2008-09, no Class
6 II, III, IV, V, or VI district shall increase its general fund
7 budget of expenditures more than the local system's applicable
8 allowable growth rate.

9 (3) For school fiscal year 2008-09 and each school fiscal
10 year thereafter, except as provided in section 46 of this act, no
11 school district shall have a general fund budget of expenditures
12 minus special grant funds and the special education budget of
13 expenditures more than the greater of (a) the product of the
14 difference of the general fund budget of expenditures minus special
15 grant funds and the special education budget of expenditures for
16 the immediately preceding school fiscal year multiplied by the sum
17 of one plus the local system's applicable allowable growth rate or
18 (b) the difference of one hundred twenty percent of formula need
19 for such school fiscal year minus the product of the sum of one
20 plus the basic allowable growth rate for such school fiscal year
21 multiplied by the special education budget of expenditures as filed
22 on the school district budget statement on or before September 20
23 for the immediately preceding school fiscal year.

24 Sec. 44. Section 79-1024, Revised Statutes Cumulative
25 Supplement, 2006, is amended to read:

1 79-1024 (1) The department may require each district
2 to submit to the department a duplicate copy of such portions
3 of the district's budget statement as the Commissioner of
4 Education directs. The department may verify any data used
5 to meet the requirements of the Tax Equity and Educational
6 Opportunities Support Act. The Auditor of Public Accounts shall
7 review each district's budget statement for statutory compliance,
8 make necessary changes in the budget documents for districts to
9 effectuate the budget limitations imposed pursuant to sections
10 79-1023 to 79-1030, and notify the Commissioner of Education ~~(a)~~ of
11 any district failing to submit to the auditor the budget documents
12 required pursuant to this subsection by the date established in
13 subsection (1) of section 13-508 or failing to make any corrections
14 of errors in the documents pursuant to section 13-504 or 13-511,
15 and ~~(b)~~ of any Class I district failing to submit the items
16 required by this subsection to its high school districts by the
17 date established in section ~~79-1083.03~~.

18 (2) If a school district fails to submit to the
19 department or the auditor the budget documents required pursuant
20 to subsection (1) of this section by the date established in
21 subsection (1) of section 13-508 or fails to make any corrections
22 of errors in the documents pursuant to section 13-504 or 13-511,
23 or a Class I district fails to submit the items required by
24 subsection ~~(1)~~ of this section to its high school districts by
25 the date established in section ~~79-1083.03~~, the commissioner,

1 upon notification from the auditor or upon his or her own
2 knowledge that the required budget documents and any required
3 corrections of errors from any school district have not been
4 properly filed in accordance with the Nebraska Budget Act and
5 after notice to the district and an opportunity to be heard,
6 shall direct that any state aid granted pursuant to the Tax Equity
7 and Educational Opportunities Support Act be withheld until such
8 time as the required budget documents or corrections of errors
9 are received by the auditor and the department. In addition, the
10 commissioner shall direct the county treasurer to withhold all
11 school money belonging to the school district until such time as
12 the commissioner notifies the county treasurer of receipt of the
13 required budget documents or corrections of errors. The county
14 treasurer shall withhold such money. For school districts that are
15 members of learning communities, a determination of school money
16 belonging to the district shall be based on the proportionate share
17 of property tax receipts allocated to the school district by the
18 learning community coordinating council, and the learning community
19 coordinating council shall withhold any such school money in the
20 possession of the learning community coordinating council from the
21 school district. If the school district does not comply with this
22 section prior to the end of the state's biennium following the
23 biennium which included the fiscal year for which state aid was
24 calculated, the state aid funds shall revert to the General Fund.
25 The amount of any reverted funds shall be included in data provided

1 to the Governor in accordance with section 79-1031. The board of
2 any district failing to submit to the department or the auditor
3 the budget documents required pursuant to this section by the date
4 established in subsection (1) of section 13-508 or failing to make
5 any corrections of errors in the documents pursuant to section
6 13-504 or 13-511 ~~or the board of a Class I district failing to~~
7 ~~submit the items required by subsection (1) of this section to its~~
8 ~~high school districts by the date established in section 79-1083.03~~
9 shall be liable to the school district for all school money which
10 such district may lose by such failing.

11 Sec. 45. Section 79-1028, Revised Statutes Supplement,
12 2007, is amended to read:

13 79-1028 For school fiscal years prior to school fiscal
14 year 2008-09:

15 (1) A Class II, III, IV, V, or VI school district may
16 exceed its applicable allowable growth rate for (a) expenditures
17 in support of a service which is the subject of an agreement or
18 a modification of an existing agreement whether operated by one
19 of the parties to the agreement or an independent joint entity
20 or joint public agency, (b) expenditures to pay for repairs to
21 infrastructure damaged by a natural disaster which is declared a
22 disaster emergency pursuant to the Emergency Management Act, (c)
23 expenditures to pay for judgments, except judgments or orders from
24 the Commission of Industrial Relations, obtained against a school
25 district which require or obligate a school district to pay such

1 judgment, to the extent such judgment is not paid by liability
 2 insurance coverage of a school district, (d) expenditures to pay
 3 for sums agreed to be paid by a school district to certificated
 4 employees in exchange for a voluntary termination of employment,
 5 or (e) expenditures to pay for lease-purchase contracts approved
 6 on or after July 1, 1997, and before July 1, 1998, to the extent
 7 the lease payments were not budgeted expenditures for fiscal year
 8 1997-98_{i-}

9 (2) A Class II, III, IV, V, or VI district may exceed
 10 its applicable allowable growth rate by a specific dollar amount
 11 if the district projects an increase in formula students in the
 12 district over the current school year greater than twenty-five
 13 students or greater than those listed in the schedule provided in
 14 this ~~subsection~~, subdivision, whichever is less. Districts shall
 15 project increases in formula students on forms prescribed by the
 16 department. The department shall approve, deny, or modify the
 17 projected increases.

18	Average daily	Projected increase
19	membership of	of formula students
20	district	by percentage
21	0 - 50	10
22	50.01 - 250	5
23	250.01 - 1,000	3
24	1,000.01 and over	1

25 The department shall compute the district's estimated

1 allowable budget per pupil using the budgeted general fund
2 expenditures found on the budget statement for the current
3 school year divided by the number of formula students in the
4 current school year and multiplied by the district's applicable
5 allowable growth rate. The resulting allowable budget per pupil
6 shall be multiplied by the projected formula students to arrive at
7 the estimated budget needs for the ensuing year. The department
8 shall allow the district to increase its general fund budget of
9 expenditures for the ensuing school year by the amount necessary
10 to fund the estimated budget needs of the district as computed
11 pursuant to this ~~subsection~~ subdivision. On or before July 1,
12 the department shall make available to districts which have been
13 allowed additional growth pursuant to this ~~subsection~~ subdivision
14 the necessary document to recalculate the actual formula students
15 of such district. Such document shall be filed with the department
16 under subsection (1) of section 79-1024;:-

17 (3) A Class II, III, IV, V, or VI district may exceed
18 its applicable allowable growth rate by a specific dollar amount
19 if construction, expansion, or alteration of district buildings
20 will cause an increase in building operation and maintenance
21 costs of at least five percent. The department shall document
22 the projected increase in building operation and maintenance costs
23 and may allow a Class II, III, IV, V, or VI district to exceed
24 its applicable allowable growth rate by the amount necessary to
25 fund such increased costs. The department shall compute the actual

1 increased costs for the school year and shall notify the district
2 on or before July 1 of the recovery of the additional growth
3 pursuant to this ~~subsection~~ subdivision;

4 (4) A Class II, III, IV, V, or VI district may exceed its
5 applicable allowable growth rate by a specific dollar amount if the
6 district demonstrates to the satisfaction of the department that
7 it will exceed its applicable allowable growth rate as a result
8 of costs pursuant to the Retirement Incentive Plan authorized
9 in section 79-855 or the Staff Development Assistance authorized
10 in section 79-856. The department shall compute the amount by
11 which the increased cost of such program or programs exceeds the
12 district's applicable allowable growth rate and shall allow the
13 district to increase its general fund expenditures by such amount
14 for that fiscal year~~;~~

15 (5) A Class II, III, IV, or V district may exceed its
16 applicable allowable growth rate by the specific dollar amount of
17 incentive payments or base fiscal year incentive payments to be
18 received in such school fiscal year pursuant to section 79-1011~~;~~

19 (6) A Class II, III, IV, V, or VI district may exceed
20 its applicable allowable growth rate by a specific dollar amount
21 in any year for which the state aid calculation for the local
22 system includes students in the qualified early childhood education
23 fall membership of the district for the first time or for a year
24 in which an early childhood education program of the district is
25 receiving an expansion grant. The department shall compute the

1 amount by which the district may exceed the district's applicable
2 allowable growth rate by multiplying the cost grouping cost
3 per student for the applicable cost grouping by the district's
4 adjusted formula students attributed to early childhood education
5 programs if students are included in the district's qualified
6 early childhood education fall membership for the first time or by
7 the district's adjusted formula students attributed to such early
8 childhood education programs minus the district's adjusted formula
9 students attributed to such early childhood education programs for
10 the prior school fiscal year if a program is receiving an expansion
11 grant in the school fiscal year for which the fall membership is
12 measured. The department shall allow the district to increase its
13 general fund expenditures by such amount for such school fiscal
14 year;

15 ~~(7) For school fiscal year 2005-06, a Class II, III, IV,~~
16 ~~V, or VI district may exceed its applicable allowable growth rate~~
17 ~~by a specific dollar amount not to exceed seventy-four hundredths~~
18 ~~percent of the amount budgeted for employee salaries for such~~
19 ~~school fiscal year. For school fiscal year 2006-07, a Class II,~~
20 ~~III, IV, V, or VI district may exceed its applicable allowable~~
21 ~~growth rate by a specific dollar amount not to exceed fifty-nine~~
22 ~~hundredths percent of the amount budgeted for employee salaries for~~
23 ~~such school fiscal year.~~

24 ~~(8) A Class II, III, IV, or V district that is a~~
25 ~~member of a learning community may exceed its applicable allowable~~

1 growth rate for the first school fiscal year in which the school
2 district will be a member of a learning community for the full
3 school fiscal year by an amount equal to anticipated increases in
4 transportation expenditures necessary to meet the requirements of
5 subsection (2) of section 79-611 as approved by the department. The
6 department shall approve, deny, or modify the amount allowed
7 for anticipated increases in transportation expenditures. The
8 department shall compute the actual increase in transportation
9 expenditures necessary to meet the requirements of subsection (2)
10 of section 79-611 for such school fiscal year and shall, if needed,
11 modify the district's applicable allowable growth rate for the
12 ensuing school fiscal year.

13 (9) For school fiscal year 2008-09, a Class II, III,
14 IV, or V district may exceed its applicable allowable growth
15 rate by a specific dollar amount if the sum of the poverty
16 allowance, elementary class size allowance, focus school and
17 program allowance, and limited English proficiency allowance for
18 the school district for school fiscal year 2008-09 exceeds the
19 poverty weightings plus limited English proficiency weightings
20 multiplied by the cost grouping cost per student for the school
21 district for school fiscal year 2007-08. The department shall
22 compute the amount by which the district may exceed the applicable
23 allowable growth rate by subtracting the product of the sum of
24 the poverty weightings and limited English proficiency weightings
25 for school fiscal year 2007-08 multiplied by the average formula

1 cost per student in the school district's cost grouping for school
2 fiscal year 2007-08 from the sum of the school fiscal year 2008-09
3 poverty allowance, elementary class size allowance, focus school
4 and program allowance, and limited English proficiency allowance
5 for the school district. The department shall allow the district to
6 increase its general fund expenditures by such amount for school
7 fiscal year 2008-09.

8 ~~(10)~~ For school fiscal year 2009-10 and each school
9 fiscal year thereafter, a Class II, III, IV, or V district may
10 exceed its applicable allowable growth rate by a specific dollar
11 amount if the sum of the poverty allowance, elementary class size
12 allowance, focus school and program allowance, and limited English
13 proficiency allowance for the school district has grown at a rate
14 higher than the applicable allowable growth rate of the district.
15 The department shall compute the amount by which the district
16 may exceed the applicable allowable growth rate by subtracting
17 the product of the sum of the poverty allowance, elementary class
18 size allowance, focus school and program allowance, and limited
19 English proficiency allowance for the immediately preceding school
20 fiscal year multiplied by the sum of one plus the applicable
21 allowable growth rate to be exceeded from the sum of the poverty
22 allowance, elementary class size allowance, focus school and
23 program allowance, and limited English proficiency allowance for
24 the district for the school fiscal year for which the applicable
25 allowable growth rate would be exceeded. The department shall allow

1 the district to increase its general fund expenditures by such
2 amount for the applicable school fiscal year.

3 ~~(11)~~ (7) A Class II, III, IV, or V school district may
4 exceed its applicable allowable growth rate by a specific dollar
5 amount not to exceed the amount received during such school fiscal
6 year from educational entities as defined in section 79-1201.01 for
7 providing distance education courses through the Distance Education
8 Council; and until July 1, 2008, and the Educational Service Unit
9 Coordinating Council on and after July 1, 2008, to such educational
10 entities.

11 ~~(12)~~ (8) A Class II, III, IV, or V school district may
12 exceed its applicable allowable growth rate for school fiscal year
13 2007-08 by a specific dollar amount equal to the amount paid in
14 school fiscal year 2006-07 to any distance education consortium
15 in which the school district was participating pursuant to an
16 interlocal agreement.

17 Sec. 46. For school fiscal year 2008-09 and each school
18 fiscal year thereafter, a school district may exceed its maximum
19 general fund budget of expenditures minus the special education
20 budget of expenditures by a specific dollar amount for:

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

24 (2) Expenditures for judgments, except judgments or
25 orders from the Commission of Industrial Relations, obtained

1 against a school district which require or obligate a school
2 district to pay such judgment, to the extent such judgment is not
3 paid by liability insurance coverage of a school district;

4 (3) Expenditures pursuant to the Retirement Incentive
5 Plan authorized in section 79-855 or the Staff Development
6 Assistance authorized in section 79-856;

7 (4) Expenditures of incentive payments or base fiscal
8 year incentive payments to be received in such school fiscal year
9 pursuant to section 79-1011;

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

14 (6) A school district may exceed its applicable allowable
15 growth rate for either (a) the first and second school fiscal
16 years the district will be participating in Network Nebraska for
17 the full school fiscal year or (b) school fiscal year 2008-09, if
18 the school district participated in Network Nebraska for all of
19 school fiscal year 2007-08, by a specific dollar amount equal to
20 the estimated expenditures, to be made in the school fiscal year
21 in which the district may exceed its applicable allowable growth
22 rate, for (i) telecommunication services, (ii) access to data
23 transmission networks that transmit data to and from the school
24 district, and (iii) the transmission of data on such networks
25 as such expenditures are defined by the department for purposes

1 of the distance education and telecommunications allowance minus
2 the dollar amount of such expenditures for the school fiscal
3 year immediately preceding the first full school fiscal year the
4 district participates in Network Nebraska. Districts shall estimate
5 expenditures on forms prescribed by the department. The department
6 shall approve, deny, or modify the estimated expenditures.

7 The state board shall approve, deny, or modify the amount
8 allowed for any exception to the maximum general fund budget of
9 expenditures minus the special education budget of expenditures
10 pursuant to this section.

11 Sec. 47. Section 79-1029, Reissue Revised Statutes of
12 Nebraska, is amended to read:

13 79-1029 (1) A For school fiscal years prior to school
14 fiscal year 2008-09, a Class II, III, IV, V, or VI district
15 may exceed the basic allowable growth rate prescribed in section
16 79-1025 upon an affirmative vote of at least seventy-five percent
17 of the board. The total growth shall not exceed the applicable
18 allowable growth rate certified for the local system under section
19 79-1026 plus one percent. The vote shall be taken at a public
20 meeting of the board following a special public hearing called for
21 the purpose of receiving testimony on such proposed increase. The
22 board shall give at least five calendar days' notice of such public
23 hearing and shall publish such notice at least once in a newspaper
24 of general circulation in the local system.

25 (2) A For school fiscal years prior to school fiscal year

1 2008-09, a Class II, III, IV, V, or VI district may exceed the
2 applicable allowable growth rate prescribed in section 79-1026 by
3 an amount approved by a majority of legal voters voting on the
4 issue at a primary, general, or special election called for such
5 purpose upon the recommendation of the board or upon the receipt by
6 the county clerk or election commissioner of a petition requesting
7 an election signed by at least five percent of the legal voters of
8 the district. The recommendation of the board or the petition of
9 the legal voters shall include the amount and percentage by which
10 the board would increase its general fund budget of expenditures
11 for the ensuing school year over and above the current year's
12 general fund budget of expenditures. The county clerk or election
13 commissioner shall place the question on the primary or general
14 election ballot or call for a special election on the issue after
15 the receipt of such board recommendation or legal voter petition.
16 The election shall be held pursuant to the Election Act or section
17 77-3444, and all costs for a special election shall be paid by the
18 district. A vote to exceed the applicable allowable growth rate
19 may be approved on the same question as a vote to exceed the levy
20 limits provided in section 77-3444.

21 (3) For school fiscal year 2008-09 and each school fiscal
22 year thereafter, a Class II, III, IV, V, or VI district may exceed
23 the maximum general fund budget of expenditures minus the special
24 education budget of expenditures prescribed in section 79-1023
25 by an amount approved by a majority of legal voters voting on

1 the issue at a primary, general, or special election called for
2 such purpose upon the recommendation of the board or upon the
3 receipt by the county clerk or election commissioner of a petition
4 requesting an election, signed by at least five percent of the
5 legal voters of the district. The recommendation of the board or
6 the petition of the legal voters shall include the amount by which
7 the board would increase its general fund budget of expenditures
8 for the ensuing school year over and above the maximum general
9 fund budget of expenditures minus the special education budget of
10 expenditures prescribed in section 79-1023. The county clerk or
11 election commissioner shall place the question on the primary or
12 general election ballot or call for a special election on the
13 issue after the receipt of such board recommendation or legal voter
14 petition. The election shall be held pursuant to the Election Act
15 or section 77-3444, and all costs for a special election shall
16 be paid by the district. A vote to exceed the maximum general
17 fund budget of expenditures minus the special education budget of
18 expenditures may be approved on the same question as a vote to
19 exceed the levy limits provided in section 77-3444.

20 Sec. 48. Section 79-1031.01, Revised Statutes Supplement,
21 2007, is amended to read:

22 79-1031.01 The Appropriations Committee of the
23 Legislature shall annually include the amount necessary to fund the
24 state aid that will be certified to school districts on or before
25 ~~February 15, 2007,~~ April 30, 2008, and on or before February 1 for

1 each ~~ensuing~~ school year thereafter in its recommendations to the
2 Legislature to carry out the requirements of the Tax Equity and
3 Educational Opportunities Support Act.

4 Sec. 49. Section 79-1073, Revised Statutes Supplement,
5 2007, is amended to read:

6 79-1073 On or before October 1 for each year, each
7 learning community coordinating council shall determine the
8 expected amounts to be distributed to each member school district
9 from general fund property tax receipts pursuant to subdivision
10 (2)(b) of section 77-3442 and shall certify such amounts to each
11 member school district and the State Department of Education.
12 Such property tax receipts shall be divided among member school
13 districts proportionally based on the difference of one hundred
14 percent of the school district's formula need calculated pursuant
15 to section ~~79-1007.02~~ 13 of this act minus the sum of the state aid
16 certified pursuant to section 79-1022 and the other actual receipts
17 included in local system formula resources pursuant to section
18 79-1018.01 for the school fiscal year for which the distribution is
19 being made, except that no school district shall receive property
20 tax receipts in excess of the lesser of such difference or the
21 school district's property tax request submitted to the learning
22 community coordinating council.

23 Each time a learning community coordinating council
24 distributes property tax receipts to member school districts,
25 the amount to be distributed to each district shall be proportional

1 based on the total amounts to be distributed to each member school
2 district for the school fiscal year.

3 Sec. 50. Section 79-1083.03, Revised Statutes Supplement,
4 2007, is amended to read:

5 79-1083.03 For school fiscal years prior to school fiscal
6 year 2008-09:

7 (1)(a) If the primary high school district designated
8 pursuant to section 79-1083.02 is a Class VI district, the Class I
9 district's total allowable general fund budget of expenditures
10 minus the special education budget of expenditures shall be
11 determined by the school board of such Class VI district and
12 shall be certified to the Class I district on or before ~~June~~
13 ~~24, 2003,~~ and ~~on or before~~ March 1 each year thereafter for the
14 following school fiscal year; ~~and-~~

15 (b) The Class VI primary high school district shall
16 certify the total allowable general fund budget of expenditures
17 minus the special education budget of expenditures for the Class I
18 district to the State Department of Education on or before ~~August~~
19 ~~1, 2003,~~ and ~~on or before~~ ~~April 20~~ each year thereafter. April 20;

20 (2) If the primary high school district is not a Class
21 VI district, the Class I district's total allowable general fund
22 budget of expenditures minus the special education budget of
23 expenditures shall be determined by the department as follows and
24 certified on or before ~~June 15, 2003,~~ and ~~on or before~~ February 1
25 each year thereafter, for the following school fiscal year:

1 (a) The total allowable general fund budget of
2 expenditures minus the special education budget of expenditures
3 for the Class I district in the school fiscal year immediately
4 preceding the school fiscal year for which the budget is prepared
5 shall be divided by the formula students in the Class I district
6 as defined in section 79-1003, and the result shall be increased
7 by the applicable allowable growth rate for the primary high
8 school district's local system for the ensuing school fiscal year
9 calculated pursuant to section 79-1026 as determined on or before
10 ~~June 15, 2003, and on or before February 1 each year thereafter,~~ of
11 the school fiscal year immediately preceding the school fiscal year
12 for which the budget is prepared;

13 (b) The total allowable general fund budget of
14 expenditures minus the special education budget of expenditures
15 for the primary high school district in the school fiscal year
16 immediately preceding the school fiscal year for which the budget
17 is prepared shall be divided by the formula students as defined
18 in section 79-1003 in the primary high school district weighted
19 by the grade weighting factors contained in subdivision (1)(a)
20 of section 79-1007.01, and the result shall be multiplied by the
21 kindergarten through grade eight formula students as defined in
22 section 79-1003 weighted by the grade weighting factors contained
23 in subdivision (1)(a) of section 79-1007.01 to calculate the total
24 allowable general fund budget of expenditures minus the special
25 education budget of expenditures for kindergarten through grade

1 eight in the primary high school district. The total allowable
2 general fund budget of expenditures minus the special education
3 budget of expenditures for kindergarten through grade eight shall
4 be divided by the kindergarten through grade eight formula students
5 without weighting. The result shall be increased by the applicable
6 allowable growth rate for the primary high school district's local
7 system for the ensuing school fiscal year calculated pursuant to
8 section 79-1026 as determined ~~on or before June 15, 2003~~ and on or
9 before February 1 ~~each year thereafter~~ of the school fiscal year
10 immediately preceding the school fiscal year for which the budget
11 is prepared;

12 (c) The amounts calculated in subdivisions (2)(a) and
13 (2)(b) of this section shall be summed and the result divided
14 by two to arrive at the total allowable general fund budget of
15 expenditures minus the special education budget of expenditures per
16 formula student for the Class I district; and

17 (d) The total allowable general fund budget of
18 expenditures minus the special education budget of expenditures per
19 formula student for the Class I district shall be multiplied by
20 the formula students as defined in section 79-1003 for the Class
21 I district as used by the department for certification of the
22 ensuing school fiscal year's state aid, and the result shall be
23 the total allowable general fund budget of expenditures minus the
24 special education budget of expenditures for the Class I district
25 for the ensuing school fiscal year except as provided in ~~subsection~~

1 subdivision (3) of this section;~~-~~

2 (3) (a) The school board of the Class I district may,
3 ~~on or before July 1, 2003,~~ and on or before March 10, ~~each year~~
4 ~~thereafter,~~ submit a request to exceed the total allowable general
5 fund budget of expenditures minus the special education budget of
6 expenditures to all the school boards of the high school district
7 or districts with which the Class I district is affiliated or of
8 which it is a part. For Class I districts to exceed the total
9 allowable general fund budget of expenditures minus the special
10 education budget of expenditures, the total general fund budget of
11 expenditures request shall be approved by high school districts,
12 including the primary high school district, such that the portions
13 of the Class I district that are affiliated with or part of the
14 approving high school districts comprise at least two-thirds of
15 the assessed valuation of the Class I district. Such request shall
16 specify the total general fund budget of expenditures, broken down
17 by expenditures for special education, for regular education, and
18 for special grant funds as defined in section 79-1003, for which
19 the Class I district seeks authority; and~~-~~.

20 (b) The high school district shall approve or deny the
21 request ~~on or before July 15, 2003,~~ and on or before April 10 ~~each~~
22 ~~year thereafter~~ following the receipt of such request and shall
23 forward written notification to the Class I district of approval
24 or denial. A request for additional budget authority shall be
25 considered approved if (i) no action is taken by the high school

1 district or (ii) the high school district fails to send written
 2 notification to the Class I district of the denial of a request for
 3 additional budget authority;i-

4 (4) The school board of a Class I district may, after
 5 October 15 of each year, amend the general fund budget of
 6 expenditures (a) by increasing the special education budget of
 7 expenditures, (b) for any special grant funds as defined in section
 8 79-1003 received any time during a school fiscal year, or (c) for
 9 current fiscal year expenditures the board deems essential if the
 10 expenditures could not reasonably have been anticipated at the time
 11 the budget for the current year was adopted. A copy of the revised
 12 budget shall be filed pursuant to subsection (4) of section 13-511
 13 and section 79-1024;i-

14 (5) All Class I districts shall certify the items
 15 required by subsection (1) of section 13-508 to all of their
 16 high school districts on or before August 1; and-

17 (6) All primary high school districts shall certify to
 18 the department and all other affected districts, ~~on or before~~
 19 ~~August 1, 2003,~~ and on or before April 20, each year thereafter,
 20 the approved total general fund budget of expenditures for a Class
 21 I district when the Class I district has requested to exceed its
 22 certified budget authority and the request has been approved.

23 Sec. 51. Section 79-1229, Reissue Revised Statutes of
 24 Nebraska, is amended to read:

25 79-1229 (1) On or before January 31 of each year, the

1 administrator of each educational service unit shall submit to
2 the Commissioner of Education a report described as the annual
3 financial report showing (a) the amount of money received from all
4 sources during the year and the amount of money expended by the
5 educational service unit during the year, (b) other information as
6 necessary to fulfill the requirements of section 79-1241.03, and
7 (c) such other information as the commissioner directs.

8 (2) The board of each educational service unit shall
9 cause a complete and comprehensive annual audit to be made of the
10 books, accounts, records, and affairs of the educational service
11 unit. The audits shall be conducted annually, except that the
12 Auditor of Public Accounts may determine an audit of less frequency
13 to be appropriate but not less than once in any three-year period.
14 The board of each educational service unit may contract with the
15 Auditor of Public Accounts or select a licensed public accountant
16 or certified public accountant or firm of such accountants to
17 conduct the audit and shall be responsible for the cost of the
18 audit pursuant to the contract. Such audit shall be conducted in
19 the same manner as audits of county officers. The original copy of
20 the audit shall be filed in the office of the Auditor of Public
21 Accounts.

22 Sec. 52. Section 79-1336, Revised Statutes Supplement,
23 2007, is amended to read:

24 79-1336 (1) For fiscal years 2007-08 through 2013-14,
25 the State Department of Education shall provide distance education

1 equipment reimbursement to school districts and educational service
2 units from the Education Innovation Fund as provided in this
3 section. Such reimbursements shall be for hardware or software
4 purchased either by, or on behalf of, the school district or
5 educational service unit seeking reimbursement after July 14, 2006,
6 for use in distance education and shall be limited to a total
7 through fiscal year 2013-14 of twenty thousand dollars multiplied
8 by the number of high school buildings for each school district and
9 twenty thousand dollars for each educational service unit office
10 with a distance education classroom, except that no educational
11 service unit shall count more than one office with a distance
12 education classroom for each four thousand square miles within the
13 boundaries of the educational service unit. If a school district
14 has one or more former high school buildings that are no longer
15 being used as high school buildings due to a school district
16 merger and such buildings have distance education classrooms at the
17 time of application, such buildings shall be deemed high school
18 buildings for the purposes of this subsection. The reimbursements
19 may include installation costs for such hardware or software.
20 Applications shall be accepted by the department beginning in the
21 first year that the school district or the educational service unit
22 accesses Network Nebraska and ending June 30, 2013. Applications
23 shall be submitted on or before July 1 of each year on a form
24 specified by the department and shall include:

25 (a) A description of the hardware or software purchased

1 and how the hardware or software will be used for distance
2 education;

3 (b) Copies of receipts for the purchases to be
4 reimbursed; ~~and~~

5 (c) For purchases made on behalf of a school district or
6 educational service unit, evidence that such purchase was made on
7 behalf of such school district or educational service unit and that
8 such school district or educational service unit paid directly or
9 indirectly for such purchase; and

10 ~~(e)~~ (d) For school districts, a commitment to either send
11 or receive two-way interactive video distance education courses
12 through the Distance Education Council until July 1, 2008, and the
13 Educational Service Unit Coordinating Council on and after July
14 1, 2008, each semester, or the equivalent of two semester courses
15 each year, for four consecutive years and to apply for distance
16 education incentives pursuant to section 79-1337 or to provide
17 any other evidence required by the department to show that the
18 commitment was met.

19 (2) On or before August 1 of each year, the department
20 shall certify the reimbursements to be paid to each school district
21 or educational service unit on or before September 1 of each year.

22 (3) The department shall use the applications for
23 distance education incentives submitted pursuant to section 79-1337
24 and any other information requested by the department pursuant to
25 rules and regulations of the department to verify that each school

1 district that received a reimbursement completes the commitment
2 to either send or receive two-way interactive video distance
3 education courses through the council for four years. Any school
4 district failing to complete such commitment shall repay the
5 Education Innovation Fund for the amount of any reimbursements
6 received pursuant to this section. On or before September 1 of each
7 year, the department shall notify any school district failing to
8 complete the commitment for the prior school year that repayment
9 of the reimbursement is required and the amount of such repayment.
10 Repayments shall be due on or before the immediately following
11 December 31. Late repayments shall accrue interest at the rate
12 prescribed in section 45-104.02 from the date of the initial
13 reimbursement.

14 (4) On or before October 1 of each year, a school
15 district or educational service unit may appeal the denial of
16 reimbursements or a school district may appeal the requirement to
17 repay reimbursements to the State Board of Education. The board
18 shall allow a representative of the school district or educational
19 service unit an opportunity to present information concerning the
20 appeal to the board at the November board meeting. If the board
21 finds that the department denied the reimbursement in error, the
22 department shall pay the district or educational service unit from
23 the Education Innovation Fund as soon as practical the amount which
24 was denied in error. If the board finds that the department erred
25 in notifying a school district that a reimbursement is required to

1 be repaid, such notification shall be void.

2 (5) The State Board of Education shall adopt and
3 promulgate rules and regulations to carry out this section.

4 Sec. 53. Section 79-1337, Revised Statutes Supplement,
5 2007, is amended to read:

6 79-1337 (1) For fiscal years 2007-08 through 2015-16,
7 the State Department of Education shall provide distance education
8 incentives from the Education Innovation Fund to school districts
9 and educational service units for qualified distance education
10 courses and coordinated through the Distance Education Council
11 until July 1, 2008, and the Educational Service Unit Coordinating
12 Council on and after July 1, 2008, as provided in this section.

13 (2) School districts and educational service units shall
14 apply for incentives annually to the department on or before August
15 1 on a form specified by the department. The application shall:

16 (a) For school districts, specify (i) the qualified
17 distance education courses which were received by students in the
18 membership of the district in the then-current school fiscal year
19 and which were not taught by a teacher employed by the school
20 district and (ii) for each such course (A) the number of students
21 in the membership of the district who received the course, (B)
22 the educational entity employing the teacher, and (C) whether the
23 course was a two-way interactive video distance education course;
24 and

25 (b) For school districts and educational service units,

1 specify (i) the qualified distance education courses which were
2 received by students in the membership of another educational
3 entity in the then-current school fiscal year and which were
4 taught by a teacher employed by the school district or educational
5 service unit, (ii) for each such course for school districts,
6 the number of students in the membership of the district who
7 received the course, and (iii) for each such course (A) the other
8 educational entities in which students received the course and how
9 many students received the course at such educational entities, (B)
10 any school ~~districts in the sparse cost grouping or the very sparse~~
11 ~~cost grouping as described in section 79-1007.02~~ district that is
12 sparse or very sparse as such terms are defined in section 79-1003
13 that had at least one student in the membership who received the
14 course, and (C) whether the course was a two-way interactive video
15 distance education course.

16 (3) On or before September 1 of each year, the department
17 shall certify the incentives ~~to be paid to~~ for each school district
18 and educational service unit which shall be paid on or before
19 October 1 of ~~each~~ such year. The incentives for each district shall
20 be calculated as follows:

21 (a) Each district shall receive distance education units
22 for each qualified distance education course as follows:

23 (i) One distance education unit for each qualified
24 distance education course received as reported pursuant to
25 subdivision (2) (a) of this section if the course was a two-way

1 interactive video distance education course;

2 (ii) One distance education unit for each qualified
3 distance education course sent as reported pursuant to subdivision
4 (2) (b) of this section if the course was not received by at least
5 one student who was in the membership of another school district
6 which was ~~in the sparse cost grouping or the very sparse cost~~
7 ~~grouping,~~ sparse or very sparse;

8 (iii) One distance education unit for each qualified
9 distance education course sent as reported pursuant to subdivision
10 (2) (b) of this section if the course was received by at least one
11 student who was in the membership of another school district which
12 was ~~in the sparse cost grouping or the very sparse cost grouping,~~
13 sparse or very sparse, but the course was not a two-way interactive
14 video distance education course; and

15 (iv) Two distance education units for each qualified
16 distance education course sent as reported pursuant to subdivision
17 (2) (b) of this section if the course was received by at least one
18 student who was in the membership of another school district which
19 was ~~in the sparse cost grouping or the very sparse cost grouping~~
20 sparse or very sparse and the course was a two-way interactive
21 video distance education course;

22 (b) The difference of the amount available for
23 distribution in the Education Innovation Fund on the August 1 when
24 the applications were due minus any amount to be paid to school
25 districts pursuant to section 79-1336 shall be divided by the

1 number of distance education units to determine the incentive per
2 distance education unit, except that the incentive per distance
3 education unit shall not equal an amount greater than one thousand
4 dollars; and

5 (c) The incentives for each school district shall equal
6 the number of distance education units calculated for the school
7 district multiplied by the incentive per distance education unit.

8 (4) If there are additional funds available for
9 distribution after equipment reimbursements pursuant to section
10 79-1336 and incentives calculated pursuant to subsections (1)
11 through (3) of this section, school districts and educational
12 service units may qualify for additional incentives for elementary
13 distance education courses. Such incentives shall be calculated
14 for sending and receiving school districts and educational service
15 units as follows:

16 (a) The per-hour incentives shall equal the funds
17 available for distribution after equipment reimbursements pursuant
18 to section 79-1336 and incentives calculated pursuant to
19 subsections (1) through (3) of this section divided by the sum of
20 the hours of elementary distance education courses sent or received
21 for each school district and educational service unit submitting
22 an application, except that the per-hour incentives shall not be
23 greater than ten dollars; and

24 (b) The elementary distance education incentives for
25 each school district and educational service unit shall equal the

1 per-hour incentive multiplied by the hours of elementary distance
2 education courses sent or received by the school district or
3 educational service unit.

4 (5) The department may verify any or all application
5 information using annual curriculum reports and may request such
6 verification from the council.

7 (6) On or before October 1 of each year, a school
8 district or educational service unit may appeal the denial of
9 incentives for any course by the department to the State Board of
10 Education. The board shall allow a representative of the school
11 district or educational service unit an opportunity to present
12 information concerning the appeal to the board at the November
13 board meeting. If the board finds that the course meets the
14 requirements of this section, the department shall pay the district
15 from the Education Innovation Fund as soon as practical in an
16 amount for which the district or educational service unit should
17 have qualified based on the incentive per distance education unit
18 used in the original certification of incentives pursuant to this
19 section.

20 (7) The State Board of Education shall adopt and
21 promulgate rules and regulations to carry out this section.

22 Sec. 54. Section 79-2102, Revised Statutes Supplement,
23 2007, is amended to read:

24 79-2102 On or before September 15, 2007, and on or
25 before August 1 of each odd-numbered year following the official

1 designation of any new city of the metropolitan class or any
2 valid request to form a new learning community, the Commissioner
3 of Education shall certify the establishment of a new learning
4 community with the effective date of the first Thursday after the
5 first Tuesday in January of the next odd-numbered year following
6 such certification to the county clerks, election commissioners,
7 and county assessors of the counties with territory in the new
8 learning community, to the Property Tax Administrator, to the
9 State Department of Education, and to the school boards of
10 the member school districts of the new learning community. A
11 learning community shall be established for each city of the
12 metropolitan class and shall include all school districts for which
13 the principal office of the school district is located in the
14 county where the city of the metropolitan class is located and
15 all school districts for which the principal office of the school
16 district is located in a county that has a contiguous border
17 of at least five miles in the aggregate with such city of the
18 metropolitan class. A learning community may also be established
19 for one or more counties at the request of the school boards of
20 all school districts for which the principal office of the school
21 district is located in the specified county or counties if such
22 school districts have a minimum combined total of at least two
23 thousand students, except that districts in local systems that
24 are in the sparse cost grouping or the very sparse cost grouping
25 as described in section ~~79-1007.02~~ sparse or very sparse as such

1 terms are defined in section 79-1003 need not have a minimum
 2 combined total of at least two thousand students but a learning
 3 community with fewer than two thousand students shall include at
 4 least two school districts. Such requests shall be received by the
 5 Commissioner of Education on or before May 1 of each odd-numbered
 6 year.

7 Sec. 55. Original sections 44-4317, 79-8,137, 79-1022.02,
 8 79-1023, 79-1029, and 79-1229, Reissue Revised Statutes of
 9 Nebraska, sections 79-233, 79-1005.01, 79-1008.01, 79-1009, and
 10 79-1024, Revised Statutes Cumulative Supplement, 2006, and sections
 11 77-3442, 79-458, 79-4,108, 79-4,111, 79-1001, 79-1003, 79-1003.01,
 12 79-1007.02, 79-1007.04, 79-1007.06, 79-1007.07, 79-1007.08,
 13 79-1007.09, 79-1007.10, 79-1008.02, 79-1013, 79-1014, 79-1015.01,
 14 79-1016, 79-1018.01, 79-1022, 79-1028, 79-1031.01, 79-1073,
 15 79-1083.03, 79-1336, 79-1337, and 79-2102, Revised Statutes
 16 Supplement, 2007, are repealed.

17 Sec. 56. The following sections are outright repealed:
 18 Section 79-1009.01, Reissue Revised Statutes of Nebraska, and
 19 section 79-1007.03, Revised Statutes Supplement, 2007.

20 Sec. 57. Since an emergency exists, this act takes effect
 21 when passed and approved according to law.