

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1100

Introduced by Adams, 24; Ashford, 20.

Read first time January 23, 2008

Committee: Education

A BILL

1 FOR AN ACT relating to teachers; to amend section 79-1035,
2 Reissue Revised Statutes of Nebraska, and sections 9-812,
3 77-27,132, 79-1003, 79-1018.01, 79-1028, 84-612, and
4 84-613, Revised Statutes Supplement, 2007; to adopt the
5 Quality Education Trust Act; to create the Professional
6 Teacher Compensation Program and a fund; to provide
7 for appropriations; to create the Professional Teacher
8 Knowledge and Skills Compensation Pilot Program; to
9 provide for grants; to change provisions relating to
10 the Education Innovation Fund, allocation of certain
11 sales and use tax proceeds as prescribed, and the
12 apportionment of school funds; to change provisions
13 relating to funding under the Tax Equity and Educational
14 Opportunities Support Act; to provide for transfers from

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1 the Cash Reserve Fund; to harmonize provisions; and to
2 repeal the original sections.
3 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 22 of this act shall be known
2 and may be cited as the Quality Education Trust Act.

3 Sec. 2. For purposes of the Quality Education Trust Act:

4 (1) Public school system means school districts and
5 educational service units;

6 (2) School district has the definition found in section
7 79-101; and

8 (3) Teacher means a person holding a certificate issued
9 under sections 79-801 to 79-815 and primarily engaged in the
10 instruction of students in the public school system.

11 Sec. 3. The Nebraska Teacher Trust Fund is created. The
12 fund shall provide an ongoing state funding source to supplement
13 the compensation of teachers employed by the public school system.
14 The fund shall be a separate state trust fund administered by the
15 State Treasurer. Any money in the fund available for investment
16 shall be invested by the state investment officer pursuant to
17 the Nebraska Capital Expansion Act and the Nebraska State Funds
18 Investment Act.

19 Sec. 4. Money in the Nebraska Teacher Trust Fund shall be
20 dedicated exclusively for state-supplemented teacher compensation
21 as directed by the Legislature and shall not be used in any way
22 to supplant or offset teacher compensation established by school
23 boards pursuant to collective bargaining.

24 Sec. 5. On and after the effective date of this act, the
25 Nebraska Teacher Trust Fund shall consist of two hundred million

1 dollars of the Cash Reserve Fund. Such two hundred million dollars
2 shall remain in the Cash Reserve Fund and remain a part thereof
3 for all purposes, except that interest earned on the two hundred
4 million dollars deemed to constitute the Nebraska Teacher Trust
5 Fund shall accrue to the Teacher Compensation Cash Fund as provided
6 in section 84-613.

7 Sec. 6. (1) The Nebraska Teacher Trust Fund Board of
8 Trustees is created to monitor the progress of the Nebraska
9 Teacher Trust Fund in developing the trust corpus and significantly
10 impacting teacher compensation in the public school system.

11 (2) The board of trustees shall consist of ten members,
12 appointed by the Commissioner of Education within sixty days after
13 the effective date of this act, as follows: One teacher from a
14 Class II school district, one teacher from a Class III school
15 district, one teacher from a Class IV school district, and one
16 teacher from a Class V school district; one school administrator;
17 one member of a school board; two persons representing private
18 foundations significantly involved in school improvement and reform
19 activities; and two persons representing business and industry.
20 Members of the board of trustees shall be reimbursed for their
21 actual and necessary expenses as provided in sections 81-1174 to
22 81-1177. The board of trustees shall be located in the State
23 Department of Education for administrative support and budget
24 purposes.

25 (3) The board of trustees shall review private endowment

1 agreements established for the purpose of creating endowments that
2 advance the teaching profession and student learning in the public
3 school system. If the board of trustees approves such endowment
4 agreements, it may direct the State Treasurer to establish a
5 state-managed endowment fund established for such purpose and
6 transfer matching funds from the Nebraska Teacher Trust Fund to
7 such endowment fund.

8 (4) The board of trustees shall submit to the
9 Legislature a biennial report on the status of the fund, including
10 recommendations for legislative changes to maximize the impact of
11 the fund.

12 Sec. 7. (1) The State Treasurer may also accept
13 donations, grants, gifts, and bequests of nonpublic funds to the
14 Nebraska Teacher Trust Fund from individuals, business entities,
15 and private philanthropic foundations made or given for the purpose
16 of establishing private endowment funds that advance the teaching
17 profession and student learning in the public school system. Upon
18 approval of a private endowment fund agreement by the Nebraska
19 Teacher Trust Fund Board of Trustees, the State Treasurer shall
20 transfer a matching sum of funds from the Nebraska Teacher Trust
21 Fund into the endowment.

22 (2) Any endowment funds established and approved
23 pursuant to subsection (1) of this section shall be recognized
24 as state-managed endowments. Any money in such endowment funds
25 available for investment shall be invested by the state investment

1 officer pursuant to the Nebraska Capital Expansion Act and the
2 Nebraska State Funds Investment Act.

3 (3) All interest, earnings, and proceeds from an
4 endowment established pursuant to this section shall be remitted to
5 the State Treasurer for credit to an endowment cash fund managed
6 by the State Treasurer. Amounts in such endowment cash fund shall
7 be utilized exclusively to support the purposes for which the
8 endowment was established.

9 Sec. 8. (1) The Teacher Compensation Cash Fund is created
10 in the State Department of Education. For FY2011-12 and each
11 fiscal year thereafter, the Teacher Compensation Cash Fund shall
12 be allocated to fund the provisions of the Professional Teacher
13 Compensation Program established under section 10 of this act.
14 Any money in the Teacher Compensation Cash Fund available for
15 investment shall be invested by the state investment officer
16 pursuant to the Nebraska Capital Expansion Act and the Nebraska
17 State Funds Investment Act.

18 (2) The fund shall consist of:

19 (a) Except for transfers by the State Treasurer pursuant
20 to section 7 of this act, the interest, earnings, and proceeds from
21 the Nebraska Teacher Trust Fund;

22 (b) Funds allocated pursuant to section 79-1035;

23 (c) Funds allocated from the Education Innovation Fund as
24 provided in section 9-812;

25 (d) Proceeds of the sales and use taxes derived from

1 sellers who register through the electronic central registration
2 system of the Streamlined Sales Tax Governing Board, Inc., as
3 provided in section 77-27,132; and

4 (e) Any additional funds appropriated by the Legislature.

5 Sec. 9. On or before July 1 each year, the Commissioner
6 of Education shall distribute the balance in the Teacher
7 Compensation Cash Fund to all school districts pursuant to
8 the Professional Teachers Compensation Program established under
9 section 10 of this act.

10 Sec. 10. The Professional Teacher Compensation Program
11 is established. The purpose of sections 10 to 13 of this act
12 is to provide an ongoing appropriation to school districts for
13 supplemental teacher salaries to enable Nebraska school districts
14 to become competitive with school districts in states bordering
15 Nebraska and to be successful in recruiting and retaining
16 professional teachers in Nebraska's public schools.

17 Sec. 11. The Legislature shall appropriate a total
18 of fifty million dollars to the State Department of Education
19 for FY2008-09 for the Professional Teacher Compensation Program
20 established by section 10 of this act. Of the fifty million
21 dollars appropriated for FY2008-09, thirty million dollars shall
22 be appropriated from the Teacher Compensation Cash Fund and twenty
23 million dollars shall be appropriated from the General Fund. It is
24 the intent of the Legislature to appropriate a total of one hundred
25 million dollars for the biennium beginning July 1, 2009, and ending

1 June 30, 2011. Of the one hundred million dollars appropriated for
2 the biennium, it is the intent of the Legislature to appropriate
3 ninety million dollars from the Teacher Compensation Cash Fund and
4 ten million dollars from the General Fund.

5 Sec. 12. A school district shall receive funding in
6 each fiscal year pursuant to the Professional Teacher Compensation
7 Program in an amount derived by multiplying the total funds
8 appropriated for such purpose by the ratio that the number of
9 teachers employed by the district bears to the total number
10 of teachers employed by all school districts in the state, as
11 determined by the State Department of Education based on data
12 included in the most recently available fall personnel report filed
13 pursuant to section 79-804. The department, on or before October
14 15, 2008, and on or before October 15 each year thereafter, shall
15 distribute the amounts determined for each school district pursuant
16 to this section.

17 For purposes of this section, teacher has the definition
18 found in section 2 of this act.

19 Sec. 13. School districts shall use funds received
20 pursuant to sections 10 to 13 of this act exclusively to provide
21 a flat dollar salary increase to all teachers. Such increase shall
22 be separate and distinct from teacher compensation negotiated by
23 school boards and collective bargaining units, except that school
24 districts may use a portion of the funds received pursuant to
25 sections 10 to 13 of this act for the employer share of payroll

1 taxes and state retirement contributions. School districts may
2 include amounts paid to teachers pursuant to such sections as part
3 of the regular payroll checks received by teachers.

4 Sec. 14. The Professional Teacher Knowledge and Skills
5 Compensation Pilot Program is created. The program shall be
6 administered by the State Department of Education. The purpose
7 of the program is to develop and evaluate alternative teacher
8 compensation models for teachers in the public school system.

9 Sec. 15. On or before October 15, 2008, a school district
10 may apply to the State Department of Education for a performance
11 and skills compensation plan development grant to support planning
12 and research for and development of a compensation plan that
13 rewards teacher performance, knowledge, and skills. The application
14 shall be on forms provided by the department and shall include a
15 signed agreement between the school board of the applicant school
16 district and the collective bargaining unit representing teachers
17 in the applicant school district, which agreement shall set out
18 the goals, criteria, and research design for the compensation plan
19 development proposal. The application may include all teachers in
20 the school district or teachers at specified school buildings in
21 the district. Teacher participation in activities funded by a grant
22 under this section shall be voluntary and shall include a stipend
23 or release time from regular classroom teaching responsibilities.

24 Sec. 16. On or before October 15, 2008, the State
25 Board of Education shall award a maximum of ten performance and

1 skills compensation plan development grants to school districts
2 which apply under section 15 of this act. At least half of such
3 grants shall be awarded to school districts with identified high
4 levels of students in poverty and students with English language
5 learning deficits. At least one grant shall be awarded to a school
6 participating in a learning community as certified by the State
7 Department of Education pursuant to section 79-2102, and at least
8 one grant shall be awarded to a school district assigned to the
9 sparse cost grouping or the very sparse cost grouping pursuant to
10 section 79-1007.02.

11 A school district may receive only one grant. Grants
12 shall be not less than twenty-five thousand dollars and not more
13 than seventy-five thousand dollars, based on the scope of the
14 plan development program described in the grant application. Grant
15 periods shall be not less than six months and not more than two
16 years.

17 Sec. 17. At the end of the grant period described in
18 section 18 of this act, a school district that has received a
19 grant pursuant to such section shall submit its performance and
20 skills compensation plan to the State Department of Education for
21 evaluation. After submitting such plan, the school district may
22 apply for a pilot implementation grant. To be eligible to receive a
23 pilot implementation grant, the district shall demonstrate that it
24 meets the following minimum requirements:

25 (1) Teacher salaries at the school receiving the pilot

1 implementation grant are competitive with school districts of
2 similar size within a geographically proximate area;

3 (2) The school district's expenditures for teacher
4 salaries make up at least fifty percent of the district's general
5 fund expenditures as reported on the most currently available
6 annual financial report under section 79-528;

7 (3) The school board and the collective bargaining
8 unit representing teachers in the applicant school district have
9 signed an agreement to implement a pilot performance and skills
10 compensation plan for a period of not less than three and not more
11 than five school years; and

12 (4) Letters of support from community and business
13 leaders accompany the application for pilot implementation grant.

14 Sec. 18. The State Board of Education shall award a
15 maximum of ten pilot implementation grants under section 17 of
16 this act. Such grants shall provide state funding for supplemental
17 performance and skill compensation for participating teachers.
18 Each grant shall be not less than seventy-five thousand dollars
19 and not more than one million dollars for each year of the
20 grant period, based upon the scope of the pilot performance and
21 skills compensation program and the number of teachers expected
22 to participate in such program. Grants may include all teachers
23 in the school district or teachers at specified school buildings
24 in the school district. Teacher participation shall be voluntary
25 as provided in section 20 of this act. At least half of such

1 grants shall be awarded to districts with identified high levels
2 of students in poverty and students with English language learning
3 deficits. At least one grant shall be awarded to a low-income
4 school district or to a school participating in a learning
5 community certified by the State Department of Education pursuant
6 to section 79-2102, and at least one grant shall be awarded to a
7 school district assigned to the sparse cost grouping or the very
8 sparse cost grouping pursuant to section 79-1007.02.

9 Sec. 19. Grant funds awarded under section 18 of this act
10 shall be used exclusively for supplemental salaries for eligible
11 teachers. School districts receiving such grants shall not use
12 grant funds in any way to supplant or replace local funding for
13 teacher salaries. A portion of the grant funding may be used to pay
14 required employer payroll tax and retirement contributions.

15 Sec. 20. Participation by teachers in a pilot performance
16 and skills compensation program receiving a grant under section 5
17 of this act shall be voluntary, and lack of participation in the
18 program shall not otherwise negatively impact the compensation of
19 teachers that choose not to participate in the program.

20 Sec. 21. Grant funds received by school districts
21 pursuant to sections 14 to 20 of this act shall be considered as
22 special receipts for purposes of the Tax Equity and Educational
23 Opportunities Support Act.

24 Sec. 22. (1) On or before October 15, 2011, and on
25 or before October 15, 2013, the State Department of Education

1 shall report to the Legislature, evaluating the impact of the
2 Professional Teacher Knowledge and Skills Compensation Pilot
3 Program.

4 (2) The report shall include, but not be limited to, the
5 following considerations:

6 (a) Impact on student achievement gaps;

7 (b) Impact on teacher recruitment and retention;

8 (c) Impact on collective bargaining relationships;

9 (d) Impact on teachers' skills and knowledge; and

10 (e) Impact on teacher compensation.

11 (3) The report shall include recommendations to the
12 Legislature relating to:

13 (a) Continuation of the grant program;

14 (b) Expansion of the grant program;

15 (c) Discontinuation of the grant program; or

16 (d) Implementation of a statewide professional teacher
17 performance and skills compensation program for providing
18 supplemental compensation to teachers, including plans for
19 transition of an ongoing program into the Tax Equity and
20 Educational Opportunities Support Act as an adjustment factor and
21 an allowance.

22 Sec. 23. Section 9-812, Revised Statutes Supplement,
23 2007, is amended to read:

24 9-812 (1) All money received from the operation of
25 lottery games conducted pursuant to the State Lottery Act in

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

14 (2) (a) Beginning October 1, 2003, and until July 1, 2009,
15 a portion of the dollar amount of the lottery tickets which have
16 been sold on an annualized basis shall be transferred from the
17 State Lottery Operation Trust Fund to the Education Innovation
18 Fund, the Nebraska Scholarship Fund, the Nebraska Environmental
19 Trust Fund, the Nebraska State Fair Board, and the Compulsive
20 Gamblers Assistance Fund, except that the dollar amount transferred
21 shall not be less than the dollar amount transferred to the funds
22 in fiscal year 2002-03.

23 (b) On and after July 1, 2009, at least twenty-five
24 percent of the dollar amount of the lottery tickets which have been
25 sold on an annualized basis shall be transferred from the State

1 Lottery Operation Trust Fund to the Education Innovation Fund,
2 the Nebraska Scholarship Fund, the Nebraska Environmental Trust
3 Fund, the Nebraska State Fair Board, and the Compulsive Gamblers
4 Assistance Fund.

5 (3) Of the money available to be transferred to the
6 Education Innovation Fund, the Nebraska Scholarship Fund, the
7 Nebraska Environmental Trust Fund, the Nebraska State Fair Board,
8 and the Compulsive Gamblers Assistance Fund:

9 (a) The first five hundred thousand dollars shall be
10 transferred to the Compulsive Gamblers Assistance Fund to be used
11 as provided in section 71-817;

12 (b) Nineteen and three-fourths percent of the money
13 remaining after the payment of prizes and operating expenses and
14 the initial transfer to the Compulsive Gamblers Assistance Fund
15 shall be transferred to the Education Innovation Fund;

16 (c) Twenty-four and three-fourths percent of the money
17 remaining after the payment of prizes and operating expenses and
18 the initial transfer to the Compulsive Gamblers Assistance Fund
19 shall be transferred to the Nebraska Scholarship Fund;

20 (d) Forty-four and one-half percent of the money
21 remaining after the payment of prizes and operating expenses and
22 the initial transfer to the Compulsive Gamblers Assistance Fund
23 shall be transferred to the Nebraska Environmental Trust Fund to be
24 used as provided in the Nebraska Environmental Trust Act;

25 (e) Ten percent of the money remaining after the payment

1 of prizes and operating expenses and the initial transfer to
2 the Compulsive Gamblers Assistance Fund shall be transferred to
3 the Nebraska State Fair Board if the most populous city within
4 the county in which the fair is located provides matching funds
5 equivalent to ten percent of the funds available for transfer. Such
6 matching funds may be obtained from the city and any other private
7 or public entity, except that no portion of such matching funds
8 shall be provided by the state. If the Nebraska State Fair ceases
9 operations, ten percent of the money remaining after the payment
10 of prizes and operating expenses and the initial transfer to the
11 Compulsive Gamblers Assistance Fund shall be transferred to the
12 General Fund; and

13 (f) One percent of the money remaining after the payment
14 of prizes and operating expenses and the initial transfer to the
15 Compulsive Gamblers Assistance Fund shall be transferred to the
16 Compulsive Gamblers Assistance Fund to be used as provided in
17 section 71-817.

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

21 (b) For fiscal year 2005-06, the Education Innovation
22 Fund shall be allocated as follows: The first one million dollars
23 shall be transferred to the School District Reorganization Fund,
24 and the remaining amount shall be allocated to the General Fund
25 after operating expenses for the Excellence in Education Council

1 are deducted.

2 (c) For fiscal year 2006-07, the Education Innovation
3 Fund shall be allocated as follows: The first two hundred fifty
4 thousand dollars shall be transferred to the Attracting Excellence
5 to Teaching Program Cash Fund to fund the Attracting Excellence
6 to Teaching Program Act, the next one million dollars shall
7 be transferred to the School District Reorganization Fund, and
8 the amount remaining in the Education Innovation Fund shall be
9 allocated, after administrative expenses, for distance education
10 equipment and incentives pursuant to sections 79-1336 and 79-1337.

11 (d) For fiscal year 2007-08, the Education Innovation
12 Fund shall be allocated as follows: The first five hundred thousand
13 dollars shall be transferred to the Attracting Excellence to
14 Teaching Program Cash Fund to fund the Attracting Excellence to
15 Teaching Program Act, and the amount remaining in the Education
16 Innovation Fund shall be allocated, after administrative expenses,
17 for distance education equipment and incentives pursuant to
18 sections 79-1336 and 79-1337.

19 (e) For fiscal year 2008-09, the Education Innovation
20 Fund shall be allocated as follows: The first seven hundred
21 fifty thousand dollars shall be transferred to the Attracting
22 Excellence to Teaching Program Cash Fund to fund the Attracting
23 Excellence to Teaching Program Act, and the amount remaining in the
24 Education Innovation Fund shall be allocated, after administrative
25 expenses, for distance education equipment and incentives pursuant

1 to sections 79-1336 and 79-1337.

2 (f) For fiscal years 2009-10 through 2015-16, the
3 Education Innovation Fund shall be allocated as follows: The
4 first one million dollars shall be transferred to the Attracting
5 Excellence to Teaching Program Cash Fund to fund the Attracting
6 Excellence to Teaching Program Act, and the amount remaining in the
7 Education Innovation Fund shall be allocated, after administrative
8 expenses, for distance education equipment and incentives pursuant
9 to sections 79-1336 and 79-1337.

10 (g) For fiscal year 2016-17 and each fiscal year
11 thereafter, the Education Innovation Fund shall be allocated as
12 follows: The first one million dollars shall be transferred to
13 the Attracting Excellence to Teaching Program Cash Fund to fund
14 the Attracting Excellence to Teaching Program Act, and the amount
15 remaining in the Education Innovation Fund shall be allocated,
16 after administrative expenses, ~~for education purposes as provided~~
17 ~~by the Legislature.~~ to the Teacher Compensation Cash Fund.

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

24 (6) Unclaimed prize money on a winning lottery ticket
25 shall be retained for a period of time prescribed by rules and

1 regulations. If no claim is made within such period, the prize
2 money shall be used at the discretion of the Tax Commissioner for
3 any of the purposes prescribed in this section.

4 Sec. 24. Section 77-27,132, Revised Statutes Supplement,
5 2007, is amended to read:

6 77-27,132 (1) There is hereby created a fund to be
7 designated the Revenue Distribution Fund which shall be set apart
8 and maintained by the Tax Commissioner. Revenue not required to be
9 credited to the General Fund or any other specified fund may be
10 credited to the Revenue Distribution Fund. Credits and refunds of
11 such revenue shall be paid from the Revenue Distribution Fund. The
12 balance of the amount credited, after credits and refunds, shall be
13 allocated as provided by the statutes creating such revenue.

14 (2) The Tax Commissioner shall pay to a depository bank
15 designated by the State Treasurer all amounts collected under the
16 Nebraska Revenue Act of 1967. The Tax Commissioner shall present
17 to the State Treasurer bank receipts showing amounts so deposited
18 in the bank, and of the amounts so deposited the State Treasurer
19 (a) shall credit to the Highway Trust Fund all of the proceeds
20 of the sales and use taxes derived from the sale or lease for
21 periods of more than thirty-one days of motor vehicles, trailers,
22 and semitrailers, except that the proceeds equal to any sales tax
23 rate provided for in section 77-2701.02 that is in excess of five
24 percent derived from the sale or lease for periods of more than
25 thirty-one days of motor vehicles, trailers, and semitrailers shall

1 be credited to the Highway Allocation Fund, and (b) shall credit
2 to the Teacher Compensation Cash Fund all of the proceeds of the
3 sales and use taxes derived from sellers who register through the
4 electronic central registration system of the Streamlined Sales
5 Tax Governing Board, Inc., except that the proceeds derived from
6 sellers who have a requirement to register in this state under
7 the provisions of the streamlined sales and use tax agreement are
8 excluded. The Tax Commissioner shall keep full and accurate records
9 of all funds received from such sellers. The balance of all amounts
10 collected under the Nebraska Revenue Act of 1967 shall be credited
11 to the General Fund.

12 Sec. 25. 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
19 to subdivision (24) 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) of this section minus
23 the sum of the transportation, special receipts, and distance
24 education and telecommunications allowances, and (c) for school
25 fiscal year 2008-09 and each school fiscal year thereafter,

1 the difference of the product of the general fund operating
2 expenditures as calculated pursuant to subdivision (24) of this
3 section multiplied by the cost growth factor for the school
4 district's cost grouping calculated pursuant to section 79-1007.10
5 minus the transportation allowance, special receipts allowance,
6 poverty allowance, limited English proficiency allowance, distance
7 education and telecommunications allowance, elementary class size
8 allowance, and focus school and program allowance;

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

20 (3) Allocated income tax funds means the amount of
21 assistance paid to a local system pursuant to section 79-1005.01 or
22 79-1005.02 as adjusted by the minimum levy adjustment pursuant to
23 section 79-1008.02;

24 (4) Average daily attendance of a student who resides on
25 Indian land means average daily attendance of a student who resides

1 on Indian land from the most recent data available on November 1
2 preceding the school fiscal year in which aid is to be paid;

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

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

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

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

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

21 (10) Converted contract means an expired contract that
22 was in effect for at least fifteen years for the education of
23 students in a nonresident district in exchange for tuition from
24 the resident district when the expiration of such contract results
25 in the nonresident district educating students who would have been

1 covered by the contract if the contract were still in effect
2 as option students pursuant to the enrollment option program
3 established in section 79-234;

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

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

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

1 (14) District means any Class I, II, III, IV, V, or VI
2 school district;

3 (15) Ensuing school fiscal year means the school fiscal
4 year following the current school fiscal year;

5 (16) Equalization aid means the amount of assistance
6 calculated to be paid to a local system pursuant to sections
7 79-1008.01 to 79-1022 and 79-1022.02;

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

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

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

1 average daily membership plus tuitioned students from the school
2 fiscal year immediately preceding the school fiscal year in which
3 the aid was paid;

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

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

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

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

24 (24) General fund operating expenditures means the total
25 general fund expenditures minus categorical funds, tuition paid,

1 transportation fees paid to other districts, adult education,
2 summer school, community services, redemption of the principal
3 portion of general fund debt service, retirement incentive plans,
4 staff development assistance, and transfers from other funds into
5 the general fund for the second school fiscal year immediately
6 preceding the school fiscal year in which aid is to be paid as
7 reported on the annual financial report prior to December 1 of the
8 school fiscal year immediately preceding the school fiscal year in
9 which aid is to be paid;

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

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

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

19 (28) Limited English proficiency student means a student
20 with limited English proficiency from the most recent data
21 available on November 1 of the school fiscal year preceding
22 the school fiscal year in which aid is to be paid;

23 (29) Local system means a Class VI district and the
24 associated Class I districts or a Class II, III, IV, or V district
25 and any affiliated Class I districts or portions of Class I

1 districts and for school fiscal year 2008-09 and each school fiscal
2 year thereafter, a learning community or a Class II, III, IV,
3 or V district that is not a member of a learning community.
4 The membership, expenditures, and resources of Class I districts
5 that are affiliated with multiple high school districts will be
6 attributed to local systems based on the percent of the Class I
7 valuation that is affiliated with each high school district;

8 (30) Low-income child means (a) for school fiscal years
9 prior to 2008-09, a child under nineteen years of age living in
10 a household having an annual adjusted gross income of fifteen
11 thousand dollars or less for the second calendar year preceding
12 the beginning of the school fiscal year for which aid is being
13 calculated and (b) for school fiscal year 2008-09 and each school
14 fiscal year thereafter, a child under nineteen years of age living
15 in a household having an annual adjusted gross income for the
16 second calendar year preceding the beginning of the school fiscal
17 year for which aid is being calculated equal to or less than the
18 maximum household income that would allow a student from a family
19 of four people to be a free lunch and free milk student during the
20 school fiscal year immediately preceding the school fiscal year for
21 which aid is being calculated;

22 (31) Low-income students means the number of low-income
23 children within the local system multiplied by the ratio of the
24 formula students in the local system divided by the total children
25 under nineteen years of age residing in the local system as derived

1 from income tax information;

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

8 (33) Poverty students means the number of low-income
9 students or the number of students who are free lunch and free milk
10 students in a local system, whichever is greater;

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

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

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

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

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

24 (39) Special education means specially designed
25 kindergarten through grade twelve instruction pursuant to section

1 79-1125, and includes special education transportation;

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

10 (41) Special receipts allowance means the amount of
11 special education, state ward, ~~and~~ accelerated or differentiated
12 curriculum program receipts, and grant funds received under
13 sections 14 to 22 of this act 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) State aid means the amount of assistance paid to a
17 district pursuant to the Tax Equity and Educational Opportunities
18 Support Act;

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

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

23 (45) Temporary aid adjustment factor means (a) for school
24 fiscal years before school fiscal year 2007-08, one and one-fourth
25 percent of the sum of the local system's transportation allowance,

1 the local system's special receipts allowance, and the product
2 of the local system's adjusted formula students multiplied by
3 the average formula cost per student in the local system's
4 cost grouping and (b) for school fiscal year 2007-08, one and
5 one-fourth percent of the sum of the local system's transportation
6 allowance, special receipts allowance, and distance education and
7 telecommunications allowance and the product of the local system's
8 adjusted formula students multiplied by the average formula cost
9 per student in the local system's cost grouping;

10 (46) Transportation allowance means the lesser of (a)
11 each local system's general fund expenditures for regular route
12 transportation and in lieu of transportation expenditures pursuant
13 to section 79-611 in the second school fiscal year immediately
14 preceding the school fiscal year in which aid is to be paid,
15 but not including special education transportation expenditures or
16 other expenditures previously excluded from general fund operating
17 expenditures, or (b) the number of miles traveled in the second
18 school fiscal year immediately preceding the school fiscal year in
19 which aid is to be paid by vehicles owned, leased, or contracted
20 by the district or the districts in the local system for the
21 purpose of regular route transportation multiplied by four hundred
22 percent of the mileage rate established by the Department of
23 Administrative Services pursuant to section 81-1176 as of January 1
24 of the most recently available complete data year added to in lieu
25 of transportation expenditures pursuant to section 79-611 from the

1 same data year;

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

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

9 Sec. 26. Section 79-1018.01, Revised Statutes Supplement,
10 2007, is amended to read:

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

21 (1) Public power district sales tax revenue;

22 (2) Fines and license fees;

23 (3) Tuition receipts from individuals, other districts,
24 or any other source except receipts derived from adult education,
25 tuition receipts from converted contracts, and receipts from

1 educational entities as defined in section 79-1201.01 for providing
2 distance education courses through the Distance Education Council
3 until July 1, 2008, and the Educational Service Unit Coordinating
4 Council on and after July 1, 2008, to such educational entities;

5 (4) Transportation receipts;

6 (5) Interest on investments;

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

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

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

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

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

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

25 (12) Other miscellaneous state receipts excluding revenue

1 from the textbook loan program authorized by section 79-734;

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

5 (14) All other noncategorical federal receipts;

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

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

13 (17) Receipts for accelerated or differentiated
14 curriculum programs pursuant to sections 79-1106 to 79-1108.03; and

15 -

16 (18) Receipts from grants received pursuant to sections
17 14 to 22 of this act.

18 Sec. 27. Section 79-1028, Revised Statutes Supplement,
19 2007, is amended to read:

20 79-1028 (1) A Class II, III, IV, V, or VI school
21 district may exceed its applicable allowable growth rate for (a)
22 expenditures in support of a service which is the subject of
23 an agreement or a modification of an existing agreement whether
24 operated by one of the parties to the agreement or an independent
25 joint entity or joint public agency, (b) expenditures to pay for

1 repairs to infrastructure damaged by a natural disaster which is
 2 declared a disaster emergency pursuant to the Emergency Management
 3 Act, (c) expenditures to pay for judgments, except judgments
 4 or orders from the Commission of Industrial Relations, obtained
 5 against a school district which require or obligate a school
 6 district to pay such judgment, to the extent such judgment is not
 7 paid by liability insurance coverage of a school district, (d)
 8 expenditures to pay for sums agreed to be paid by a school district
 9 to certificated employees in exchange for a voluntary termination
 10 of employment, or (e) expenditures to pay for lease-purchase
 11 contracts approved on or after July 1, 1997, and before July
 12 1, 1998, to the extent the lease payments were not budgeted
 13 expenditures for fiscal year 1997-98.

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

22	Average daily	Projected increase
23	membership of	of formula students
24	district	by percentage

LB 1100

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1	0- 50	10
2	50.01 - 250	5
3	250.01 - 1,000	3
4	1,000.01 and over	1

5 The department shall compute the district's estimated
6 allowable budget per pupil using the budgeted general fund
7 expenditures found on the budget statement for the current school
8 year divided by the number of formula students in the current
9 school year and multiplied by the district's applicable allowable
10 growth rate. The resulting allowable budget per pupil shall be
11 multiplied by the projected formula students to arrive at the
12 estimated budget needs for the ensuing year. The department
13 shall allow the district to increase its general fund budget
14 of expenditures for the ensuing school year by the amount
15 necessary to fund the estimated budget needs of the district
16 as computed pursuant to this subsection. On or before July
17 1, the department shall make available to districts which have
18 been allowed additional growth pursuant to this subsection the
19 necessary document to recalculate the actual formula students of
20 such district. Such document shall be filed with the department
21 under subsection (1) of section 79-1024.

22 (3) A Class II, III, IV, V, or VI district may exceed
23 its applicable allowable growth rate by a specific dollar amount
24 if construction, expansion, or alteration of district buildings

1 will cause an increase in building operation and maintenance
2 costs of at least five percent. The department shall document
3 the projected increase in building operation and maintenance costs
4 and may allow a Class II, III, IV, V, or VI district to exceed
5 its applicable allowable growth rate by the amount necessary to
6 fund such increased costs. The department shall compute the actual
7 increased costs for the school year and shall notify the district
8 on or before July 1 of the recovery of the additional growth
9 pursuant to this subsection.

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

21 (5) A Class II, III, IV, or V district may exceed its
22 applicable allowable growth rate by the specific dollar amount of
23 incentive payments or base fiscal year incentive payments to be
24 received in such school fiscal year pursuant to section 79-1011.

25 (6) A Class II, III, IV, V, or VI district may exceed

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

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

1 III, IV, V, or VI district may exceed its applicable allowable
2 growth rate by a specific dollar amount not to exceed fifty-nine
3 hundredths percent of the amount budgeted for employee salaries for
4 such school fiscal year.

5 (8) A Class II, III, IV, or V district that is a
6 member of a learning community may exceed its applicable allowable
7 growth rate for the first school fiscal year in which the school
8 district will be a member of a learning community for the full
9 school fiscal year by an amount equal to anticipated increases in
10 transportation expenditures necessary to meet the requirements of
11 subsection (2) of section 79-611 as approved by the department. The
12 department shall approve, deny, or modify the amount allowed
13 for anticipated increases in transportation expenditures. The
14 department shall compute the actual increase in transportation
15 expenditures necessary to meet the requirements of subsection (2)
16 of section 79-611 for such school fiscal year and shall, if needed,
17 modify the district's applicable allowable growth rate for the
18 ensuing school fiscal year.

19 (9) For school fiscal year 2008-09, a Class II, III,
20 IV, or V district may exceed its applicable allowable growth
21 rate by a specific dollar amount if 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 school district for school fiscal year 2008-09 exceeds the
25 poverty weightings plus limited English proficiency weightings

1 multiplied by the cost grouping cost per student for the school
2 district for school fiscal year 2007-08. The department shall
3 compute the amount by which the district may exceed the applicable
4 allowable growth rate by subtracting the product of the sum of
5 the poverty weightings and limited English proficiency weightings
6 for school fiscal year 2007-08 multiplied by the average formula
7 cost per student in the school district's cost grouping for school
8 fiscal year 2007-08 from the sum of the school fiscal year 2008-09
9 poverty allowance, elementary class size allowance, focus school
10 and program allowance, and limited English proficiency allowance
11 for the school district. The department shall allow the district to
12 increase its general fund expenditures by such amount for school
13 fiscal year 2008-09.

14 (10) For school fiscal year 2009-10 and each school
15 fiscal year thereafter, a Class II, III, IV, or V district may
16 exceed its applicable allowable growth rate by a specific dollar
17 amount if the sum of the poverty allowance, elementary class size
18 allowance, focus school and program allowance, ~~and~~ limited English
19 proficiency allowance, and grants received under sections 14 to 22
20 of this act for the school district has grown at a rate higher
21 than the applicable allowable growth rate of the district. The
22 department shall compute the amount by which the district may
23 exceed the applicable allowable growth rate by subtracting the
24 product of the sum of the poverty allowance, elementary class
25 size allowance, focus school and program allowance, and limited

1 English proficiency allowance for the immediately preceding school
2 fiscal year multiplied by the sum of one plus the applicable
3 allowable growth rate to be exceeded from the sum of the poverty
4 allowance, elementary class size allowance, focus school and
5 program allowance, and limited English proficiency allowance for
6 the district for the school fiscal year for which the applicable
7 allowable growth rate would be exceeded. The department shall allow
8 the district to increase its general fund expenditures by such
9 amount for the applicable school fiscal year.

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

18 (12) A Class II, III, IV, or V school district may exceed
19 its applicable allowable growth rate for school fiscal year 2007-08
20 by a specific dollar amount equal to the amount paid in school
21 fiscal year 2006-07 to any distance education consortium in which
22 the school district was participating pursuant to an interlocal
23 agreement.

24 Sec. 28. Section 79-1035, Reissue Revised Statutes of
25 Nebraska, is amended to read:

1 79-1035 ~~(1)~~ The State Treasurer shall, each year on or
2 before the third Monday in January, make a complete exhibit of
3 all money belonging to the permanent school fund and the temporary
4 school fund as returned to him or her from the several counties,
5 together with the amount derived from other sources, and deliver
6 such exhibit duly certified to the Commissioner of Education. On or
7 before February 25, the Commissioner of Education shall make the
8 apportionment of the temporary school fund to each school district
9 as follows: From the whole amount there shall be paid to those
10 districts in which there are school or saline lands, which lands
11 are used for a public purpose, an amount in lieu of tax money that
12 would be raised if such lands were taxable, to be fixed in the
13 manner prescribed in section 79-1036; and the remainder shall be
14 transferred to the Teacher Compensation Cash Fund for distribution
15 to school districts based on the ratio of teachers employed by
16 each district compared to the total of all teachers employed by
17 all school districts in the state. ~~apportioned to the districts~~
18 ~~according to the pro rata enumeration of children who are five~~
19 ~~through eighteen years of age in each district last returned from~~
20 ~~the school district. The calculation of apportionment for each~~
21 ~~school fiscal year shall include any corrections to the prior~~
22 ~~school fiscal year's apportionment.~~

23 ~~(2)~~ The Commissioner of Education shall certify the
24 amount of the apportionment of the temporary school fund as
25 provided in subsection ~~(1)~~ of this section to the Director of

1 ~~Administrative Services. The Director of Administrative Services~~
2 ~~shall draw a warrant on the State Treasurer in favor of the~~
3 ~~various districts for the respective amounts so certified by the~~
4 ~~Commissioner of Education.~~

5 Sec. 29. Section 84-612, Revised Statutes Supplement,
6 2007, is amended to read:

7 84-612 (1) There is hereby created within the state
8 treasury a fund known as the Cash Reserve Fund which shall be under
9 the direction of the State Treasurer. The fund shall only be used
10 pursuant to this section.

11 (2) The State Treasurer shall transfer funds from the
12 Cash Reserve Fund to the General Fund upon certification by the
13 Director of Administrative Services that the current cash balance
14 in the General Fund is inadequate to meet current obligations. Such
15 certification shall include the dollar amount to be transferred.
16 Any transfers made pursuant to this subsection shall be reversed
17 upon notification by the Director of Administrative Services that
18 sufficient funds are available.

19 (3) The State Treasurer, at the direction of the
20 budget administrator of the budget division of the Department
21 of Administrative Services, shall transfer such amounts not to
22 exceed seven million seven hundred fifty-three thousand two hundred
23 sixty-three dollars in total from the Cash Reserve Fund to the
24 Nebraska Capital Construction Fund between July 1, 2003, and June
25 30, 2007.

1 (4) The State Treasurer, at the direction of the budget
2 administrator, shall transfer an amount equal to the total amount
3 transferred pursuant to subsection (3) of this section from the
4 General Fund to the Cash Reserve Fund on or before June 30, 2008.

5 (5) In addition to receiving transfers from other funds,
6 the Cash Reserve Fund shall receive federal funds received by the
7 State of Nebraska for undesignated general government purposes,
8 federal revenue sharing, or general fiscal relief of the state.

9 (6) On June 15, 2007, the State Treasurer shall transfer
10 fifteen million six hundred seventy-four thousand one hundred seven
11 dollars from the Cash Reserve Fund to the General Fund.

12 (7) On June 16, 2008, the State Treasurer shall transfer
13 seventeen million nine hundred thirty-one thousand thirty dollars
14 from the Cash Reserve Fund to the General Fund.

15 (8) On June 15, 2009, the State Treasurer shall transfer
16 four million nine hundred ninety thousand five hundred five dollars
17 from the Cash Reserve Fund to the General Fund.

18 (9) On or before June 16, 2008, the State Treasurer, at
19 the direction of the budget administrator, shall transfer fifty
20 million dollars from the Cash Reserve Fund to the General Fund.

21 (10) On or before June 16, 2009, the State Treasurer,
22 at the direction of the budget administrator, shall transfer fifty
23 million dollars from the Cash Reserve Fund to the General Fund.

24 (11) From the effective date of an endowment agreement
25 as defined in subdivision (3)(c) of section 79-1101 until June

1 30, 2007, forty million dollars of the Cash Reserve Fund shall be
2 deemed to constitute the Early Childhood Education Endowment Fund.
3 Such funds shall remain part of the Cash Reserve Fund for all
4 purposes, except that the interest earned on such forty million
5 dollars shall accrue as provided in section 84-613.

6 (12) The State Treasurer, at the direction of the budget
7 administrator, shall transfer such amounts, as certified by the
8 Director of Administrative Services, for employee health insurance
9 claims and expenses, not to exceed twelve million dollars in total
10 from the Cash Reserve Fund to the State Employees Insurance Fund
11 between May 1, 2007, and June 30, 2011.

12 (13) On July 9, 2007, the State Treasurer shall transfer
13 twelve million dollars from the Cash Reserve Fund to the Nebraska
14 Capital Construction Fund.

15 (14) On July 9, 2007, the State Treasurer shall transfer
16 five million dollars from the Cash Reserve Fund to the Job Training
17 Cash Fund. The State Treasurer shall transfer from the Job Training
18 Cash Fund to the Cash Reserve Fund such amounts as directed in
19 section 81-1201.21.

20 (15) On July 7, 2008, the State Treasurer shall transfer
21 five million dollars from the Cash Reserve Fund to the Job Training
22 Cash Fund. The State Treasurer shall transfer from the Job Training
23 Cash Fund to the Cash Reserve Fund such amounts as directed in
24 section 81-1201.21.

25 (16) On or before August 1, 2007, the State Treasurer,

1 at the direction of the budget administrator, shall transfer
2 seventy-five million dollars from the Cash Reserve Fund to the
3 Nebraska Capital Construction Fund.

4 (17) On or before June 30, 2009, the State Treasurer
5 shall transfer nine million five hundred ninety thousand dollars
6 from the Cash Reserve Fund to the Nebraska Capital Construction
7 Fund.

8 (18) The State Treasurer, at the direction of the budget
9 administrator, shall transfer an amount equal to the total amount
10 transferred pursuant to subsection (12) of this section from
11 the appropriate health insurance accounts of the State Employees
12 Insurance Fund in such amounts as certified by the Director of
13 Administrative Services to the Cash Reserve Fund on or before June
14 30, 2011.

15 (19) On July 9, 2007, the State Treasurer shall
16 transfer one million dollars from the Cash Reserve Fund to the
17 Microenterprise Development Cash Fund.

18 (20) On July 9, 2007, the State Treasurer shall transfer
19 two hundred fifty thousand dollars from the Cash Reserve Fund to
20 the Building Entrepreneurial Communities Cash Fund.

21 (21) On July 7, 2008, the State Treasurer shall
22 transfer one million dollars from the Cash Reserve Fund to the
23 Microenterprise Development Cash Fund.

24 (22) On July 7, 2008, the State Treasurer shall transfer
25 two hundred fifty thousand dollars from the Cash Reserve Fund to

1 the Building Entrepreneurial Communities Cash Fund.

2 (23) On and after the effective date of this act, two
3 hundred million dollars of the Cash Reserve Fund shall be deemed to
4 constitute the Nebraska Teacher Trust Fund. Such funds shall remain
5 part of the Cash Reserve Fund for all purposes, except that the
6 interest earned on such two hundred million dollars shall accrue as
7 provided in section 84-613.

8 Sec. 30. Section 84-613, Revised Statutes Supplement,
9 2007, is amended to read:

10 84-613 (1) Any money in the Cash Reserve Fund available
11 for investment shall be invested by the state investment officer
12 pursuant to the Nebraska Capital Expansion Act and the Nebraska
13 State Funds Investment Act.

14 (2) Until July 1, 2007, any interest earned by the
15 fund shall accrue to the General Fund, except for interest earned
16 on forty million dollars if such money is deemed to constitute
17 the Early Childhood Education Endowment Fund in accordance with
18 subsection (11) of section 84-612. From the effective date
19 of an endowment agreement as defined in subdivision (3)(c) of
20 section 79-1101 until June 30, 2007, interest earned on the forty
21 million dollars deemed to constitute the Early Childhood Education
22 Endowment Fund shall accrue to the Early Childhood Education
23 Endowment Cash Fund.

24 (3) Commencing July 1, 2007, any interest earned by the
25 Cash Reserve Fund shall accrue to the General Fund, except that

1 on and after the effective date of this act, interest earned on
2 two hundred million dollars of the fund deemed to constitute the
3 Nebraska Teacher Trust Fund in accordance with subsection (23) of
4 section 84-612 shall accrue to the Teacher Compensation Cash Fund
5 created in section 8 of this act.

6 Sec. 31. Original section 79-1035, Reissue Revised
7 Statutes of Nebraska, and sections 9-812, 77-27,132, 79-1003,
8 79-1018.01, 79-1028, 84-612, and 84-613, Revised Statutes
9 Supplement, 2007, are repealed.