

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 649

Introduced by Raikes, 25

Read first time January 17, 2007

Committee: Education

A BILL

1 FOR AN ACT relating to schools; to amend sections 79-1001,
2 79-1007.02, 79-1007.10, 79-1008.01, and 79-1009, Revised
3 Statutes Cumulative Supplement, 2006, and sections
4 79-1003, 79-1022, and 79-1083.03, Revised Statutes
5 Cumulative Supplement, 2006, as affected by Referendum
6 2006, No. 422; to change provisions relating to the
7 state aid formula under the Tax Equity and Educational
8 Opportunities Support Act; to define terms; to provide
9 for allowances and comparison groups; to provide for
10 local choice, averaging, teacher education, and student
11 growth adjustments; to provide for a student growth
12 correction; to provide for calculating net option
13 students and net option funding; to harmonize provisions;
14 to repeal the original sections; and to outright

LB 649

LB 649

1 repeal section 79-1007.03, Revised Statutes Cumulative

2 Supplement, 2006.

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

1 Section 1. Section 79-1001, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 79-1001 Sections 79-1001 to 79-1033 and sections 4 to 10
4 of this act shall be known and may be cited as the Tax Equity and
5 Educational Opportunities Support Act.

6 Sec. 2. Section 79-1003, Revised Statutes Cumulative
7 Supplement, 2006, as affected by Referendum 2006, No. 422, is
8 amended to read:

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

11 (1) Adjusted general fund operating expenditures means:

12 (a) ~~for~~ For school fiscal years before school fiscal year
13 2007-08, general fund operating expenditures as calculated pursuant
14 to subdivision ~~(24)~~ (25) of this section minus the transportation
15 allowance and minus the special receipts allowance;

16 (b) ~~for~~ For school fiscal year 2007-08, general fund
17 operating expenditures as calculated pursuant to subdivision ~~(24)~~
18 (25) of this section minus the sum of the transportation, special
19 receipts, and distance education and telecommunications allowances;
20 and

21 (c) ~~for~~ For school fiscal year 2008-09 and each school
22 fiscal year thereafter, the difference of the product of the
23 general fund operating expenditures as calculated pursuant to
24 subdivision ~~(24)~~ (25) of this section multiplied by the cost growth
25 factor for the school district's cost grouping calculated pursuant

1 to section 79-1007.10 minus the transportation allowance, special
2 receipts allowance, poverty allowance, limited English proficiency
3 allowance, special education allowance, distance education and
4 telecommunications allowance, elementary site allowance, elementary
5 class size allowance, and focus school and program allowance;

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

17 (3) Allocated income tax funds means the amount of
18 assistance paid to a local system pursuant to section 79-1005.01 or
19 79-1005.02 as adjusted by the minimum levy adjustment pursuant to
20 section 79-1008.02;

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

25 (5) Average daily membership means the average daily

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

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

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

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

15 (9) Comparison systems means the local systems used to
16 determine basic funding for a district and does not include the
17 local systems that are excluded from the calculation due to high
18 or low adjusted general fund operating expenditures or high or low
19 adjusted general fund operating expenditures per formula student;

20 ~~(9)~~ (10) Consolidate means to voluntarily reduce the
21 number of school districts providing education to a grade group and
22 does not include dissolution pursuant to section 79-498;

23 ~~(10)~~ (11) Converted contract means an expired contract
24 that was in effect for at least fifteen years for the education
25 of students in a nonresident district in exchange for tuition

1 from the resident district when the expiration of such contract
2 results in the nonresident district educating students who would
3 have been covered by the contract if the contract were still in
4 effect as option students pursuant to the enrollment option program
5 established in section 79-234;

6 ~~(11)~~ (12) Converted contract option students means
7 students who will be option students pursuant to the enrollment
8 option program established in section 79-234 for the school fiscal
9 year for which aid is being calculated and who would have been
10 covered by a converted contract if the contract were still in
11 effect and such school fiscal year is the first school fiscal year
12 for which such contract is not in effect;

13 ~~(12)~~ (13) Department means the State Department of
14 Education;

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

1 existed on January 1, 2006, for the school districts in the local
2 system as reported on the annual financial report for the most
3 recently available complete data year;

4 ~~(14)~~ (15) District means any Class I, II, III, IV, V, or
5 VI school district;

6 ~~(15)~~ (16) Ensuing school fiscal year means the school
7 fiscal year following the current school fiscal year;

8 ~~(16)~~ (17) Equalization aid means the amount of assistance
9 calculated to be paid to a local system pursuant to sections
10 79-1008.01 to 79-1022 and 79-1022.02;

11 ~~(17)~~ (18) Fall membership means the total membership in
12 kindergarten through grade twelve attributable to the local system
13 as reported on the fall school district membership reports for each
14 district pursuant to section 79-528;

15 ~~(18)~~ (19) Fiscal year means the state fiscal year which
16 is the period from July 1 to the following June 30;

17 ~~(19)~~ (20) Formula students means:

18 (a) ~~for~~ For school fiscal years prior to school fiscal
19 year 2008-09:

20 (i) For state aid certified pursuant to section 79-1022,
21 the sum of fall membership from the school fiscal year immediately
22 preceding the school fiscal year in which the aid is to be paid,
23 multiplied by the average ratio of average daily membership to fall
24 membership for the second school fiscal year immediately preceding
25 the school fiscal year in which aid is to be paid and the prior

1 two school fiscal years, plus qualified early childhood education
2 fall membership plus tuitioned students from the school fiscal year
3 immediately preceding the school fiscal year in which the aid is to
4 be paid; and ~~(b)~~

5 (ii) ~~for~~ For final calculation of state aid pursuant to
6 section 79-1065, the sum of average daily membership plus qualified
7 early childhood education average daily membership plus tuitioned
8 students from the school fiscal year immediately preceding the
9 school fiscal year in which the aid was paid; and

10 (b) For school fiscal year 2008-09 and each school fiscal
11 year thereafter:

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

24 (ii) For final calculation of state aid pursuant to
25 section 79-1065, the sum of average daily membership plus qualified

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

6 ~~(20)~~ (21) Free lunch and free milk student means a
7 student who qualified for free lunches or free milk from the most
8 recent data available on November 1 of the school fiscal year
9 immediately preceding the school fiscal year in which aid is to be
10 paid;

11 ~~(21)~~ (22) Full-day kindergarten means kindergarten
12 offered by a district for at least one thousand thirty-two
13 instructional hours;

14 ~~(22)~~ (23) General fund budget of expenditures means
15 the total budget of disbursements and transfers for general fund
16 purposes as certified in the budget statement adopted pursuant
17 to the Nebraska Budget Act, except that for purposes of the
18 limitation imposed in section 79-1023, the calculation of Class I
19 total allowable general fund budget of expenditures minus the
20 special education budget of expenditures pursuant to section
21 79-1083.03, and the calculation pursuant to subdivision (2) of
22 section 79-1027.01, the general fund budget of expenditures does
23 not include any special grant funds, exclusive of local matching
24 funds, received by a district subject to the approval of the
25 department;

1 ~~(23)~~ (24) General fund expenditures means all
2 expenditures from the general fund;

3 ~~(24)~~ (25) General fund operating expenditures means the
4 total general fund expenditures minus categorical funds, tuition
5 paid, transportation fees paid to other districts, adult education,
6 summer school, community services, redemption of the principal
7 portion of general fund debt service, retirement incentive plans,
8 staff development assistance, and transfers from other funds into
9 the general fund for the second school fiscal year immediately
10 preceding the school fiscal year in which aid is to be paid;

11 ~~(25)~~ (26) High school district means a school district
12 providing instruction in at least grades nine through twelve;

13 ~~(26)~~ (27) Income tax liability means the amount of the
14 reported income tax liability for resident individuals pursuant to
15 the Nebraska Revenue Act of 1967 less all nonrefundable credits
16 earned and refunds made;

17 ~~(27)~~ (28) Income tax receipts means the amount of income
18 tax collected pursuant to the Nebraska Revenue Act of 1967 less all
19 nonrefundable credits earned and refunds made;

20 ~~(28)~~ (29) Limited English proficiency student means a
21 student with limited English proficiency from the most recent data
22 available on November 1 of the school fiscal year preceding the
23 school fiscal year in which aid is to be paid;

24 ~~(29)~~ (30) Local system means a Class VI district and
25 the associated Class I districts or a Class II, III, IV, or V

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

9 ~~(30)~~ (31) Low-income child means:

10 (a) ~~for~~ For school fiscal years prior to 2008-09, a child
 11 under nineteen years of age living in a household having an annual
 12 adjusted gross income of fifteen thousand dollars or less for the
 13 second calendar year preceding the beginning of the school fiscal
 14 year for which aid is being calculated; and

15 (b) ~~for~~ For school fiscal year 2008-09 and each school
 16 fiscal year thereafter, a child under nineteen years of age living
 17 in a household having an annual adjusted gross income for the
 18 second calendar year preceding the beginning of the school fiscal
 19 year for which aid is being calculated equal to or less than the
 20 maximum household income that would allow a student from a family
 21 of four people to be a free lunch and free milk student during the
 22 school fiscal year immediately preceding the school fiscal year for
 23 which aid is being calculated;

24 ~~(31)~~ (32) Low-income students means the number of
 25 low-income children within the local system multiplied by the ratio

1 of the formula students in the local system divided by the total
2 children under nineteen years of age residing in the local system
3 as derived from income tax information;

4 ~~(32)~~ (33) Most recently available complete data year
5 means the most recent single school fiscal year for which the
6 annual financial report, fall school district membership report,
7 annual statistical summary, Nebraska income tax liability by school
8 district for the calendar year in which the majority of the school
9 fiscal year falls, and adjusted valuation data are available;

10 ~~(33)~~ (34) Poverty students means the number of low-income
11 students or the number of formula students who are free lunch and
12 free milk students in a local system, whichever is greater;

13 ~~(34)~~ (35) 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 if:

20 (a) The program is receiving a grant pursuant to such
21 section for the third year;

22 (b) ~~the~~ The program has already received grants pursuant
23 to such section for three years; or

24 (c) ~~the~~ The program has been approved pursuant to
25 subsection (5) of section 79-1103 for such school year and the

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

5 ~~(35)~~ (36) Qualified early childhood education fall
6 membership means the product of membership on the last Friday in
7 September 2006 and each year thereafter of students who will be
8 eligible to attend kindergarten the following school year and are
9 enrolled in an early childhood education program approved by the
10 department pursuant to section 79-1103 for such school district for
11 such school year if:

12 (a) The program is receiving a grant pursuant to such
13 section for the third year;

14 (b) ~~the~~ The program has already received grants pursuant
15 to such section for three years; or

16 (c) ~~the~~ The program has been approved pursuant to
17 subsection (5) of section 79-1103 for such school year and the
18 two preceding school years, including any such students in portions
19 of any of such programs receiving an expansion grant, multiplied by
20 the ratio of the planned instructional hours of the program divided
21 by one thousand thirty-two;

22 ~~(36)~~ (37) Regular route transportation means the
23 transportation of students on regularly scheduled daily routes to
24 and from the attendance center;

25 ~~(37)~~ (38) Reorganized district means any district

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

3 ~~(38)~~ (39) School year or school fiscal year means the
4 fiscal year of a school district as defined in section 79-1091;

5 (40) 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)~~ (41) Special education means specially designed

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

3 (42) Special education allowance means eighty-five
4 percent of the excess cost as defined in section 79-1119 for the
5 most recently available complete data year;

6 ~~(40)~~ (43) Special grant funds means the budgeted receipts
7 for grants, including, but not limited to, Title I funds, Title
8 VI funds, funds from the Education Innovation Fund, reimbursements
9 for wards of the court, short-term borrowings including, but
10 not limited to, registered warrants and tax anticipation notes,
11 interfund loans, insurance settlements, and reimbursements to
12 county government for previous overpayment. The state board shall
13 approve a listing of grants that qualify as special grant funds;

14 ~~(41)~~ (44) Special receipts allowance means:

15 (a) For school fiscal years prior to school fiscal
16 year 2008-09, the amount of special education, state ward, and
17 accelerated or differentiated curriculum program receipts included
18 in local system formula resources under subdivisions (7), (8),
19 (16), and (17) of section 79-1018.01 attributable to the school
20 district; and

21 (b) For school fiscal year 2008-09 and each school
22 fiscal year thereafter, the amount of state ward and accelerated
23 and differentiated curriculum program receipts included in local
24 system formula resources under subdivisions (8) and (17) of section
25 79-1018.01 attributable to the school district;

1 ~~(42)~~ (45) State aid means the amount of assistance
 2 paid to a district pursuant to the Tax Equity and Educational
 3 Opportunities Support Act;

4 ~~(43)~~ (46) State board means the State Board of Education;

5 ~~(44)~~ (47) State support means all funds provided to
 6 districts by the State of Nebraska for the general fund support of
 7 elementary and secondary education;

8 (48) Statewide average basic funding per formula student
 9 means the statewide total basic funding for all districts divided
 10 by the statewide total formula students for all districts;

11 (49) Statewide average general fund operating
 12 expenditures per formula student means the statewide total
 13 general fund operating expenditures for all districts divided by
 14 the statewide total formula students for all districts;

15 (50) Teacher has the definition found in section 79-101;

16 ~~(45)~~ (51) Temporary aid adjustment factor means:

17 (a) ~~for~~ For school fiscal years before school fiscal
 18 year 2007-08, one and one-fourth percent of the sum of the
 19 local system's transportation allowance, the local system's special
 20 receipts allowance, and the product of the local system's adjusted
 21 formula students multiplied by the average formula cost per student
 22 in the local system's cost grouping; and

23 (b) ~~for~~ For school fiscal year 2007-08 and each school
 24 fiscal year thereafter, one and one-fourth percent of the sum
 25 of the local system's transportation allowance, special receipts

1 allowance, and distance education and telecommunications allowance
2 and the product of the local system's adjusted formula students
3 multiplied by the average formula cost per student in the local
4 system's cost grouping;

5 ~~(46)~~ (52) Transportation allowance means the lesser of:

6 (a) ~~each~~ Each local system's general fund expenditures
7 for regular route transportation and in lieu of transportation
8 expenditures pursuant to section 79-611 in the second school fiscal
9 year immediately preceding the school fiscal year in which aid
10 is to be paid, but not including special education transportation
11 expenditures or other expenditures previously excluded from general
12 fund operating expenditures; 7 or

13 (b) ~~the~~ The number of miles traveled in the second school
14 fiscal year immediately preceding the school fiscal year in which
15 aid is to be paid by vehicles owned, leased, or contracted by the
16 district or the districts in the local system for the purpose of
17 regular route transportation multiplied by four hundred percent of
18 the mileage rate established by the Department of Administrative
19 Services pursuant to section 81-1176 as of January 1 of the
20 most recently available complete data year added to in lieu of
21 transportation expenditures pursuant to section 79-611 from the
22 same data year;

23 ~~(47)~~ (53) Tuition receipts from converted contracts means
24 tuition receipts received by a district from another district
25 in the most recently available complete data year pursuant to a

1 converted contract prior to the expiration of the contract; ~~and~~

2 ~~(48)~~ (54) Tuitioned students means students in
 3 kindergarten through grade twelve of the district whose tuition is
 4 paid by the district to some other district or education agency;
 5 and -

6 (55) Very sparse local system means a local system that
 7 has:

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

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

19 Sec. 3. Section 79-1007.02, Revised Statutes Cumulative
 20 Supplement, 2006, is amended to read:

21 79-1007.02 For state aid calculated for school fiscal
 22 ~~year 1998-99 and each school fiscal year thereafter;~~ years prior to
 23 school fiscal year 2008-09:

24 (1) Using data from the annual financial reports for the
 25 second school fiscal year immediately preceding the school fiscal

1 year in which aid is to be paid, the annual statistical summary
2 reports for the school fiscal year immediately preceding the school
3 fiscal year in which aid is to be paid, the fall membership reports
4 and supplements thereto for the school fiscal year immediately
5 preceding the school fiscal year in which aid is to be paid,
6 and the school district census as reported under sections 79-524
7 and 79-578 for the second school fiscal year preceding the school
8 fiscal year in which aid is to be paid, the department shall
9 divide the local systems into three cost groupings prior to the
10 certification of state aid based upon the following criteria:

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

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

1 (i) (A) Less than two students per square mile in the
2 county in which each high school is located, based on the school
3 district census, (B) less than one formula student per square mile
4 in the local system, and (C) more than ten miles between each
5 high school attendance center and the next closest high school
6 attendance center on paved roads;

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

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

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

19 (c) The standard cost grouping will consist of local
20 systems that do not qualify for the very sparse or the sparse cost
21 groupings.

22 For purposes of subdivision (1) of this section, if a
23 local system did not operate and offer instruction in grades nine
24 through twelve within the boundaries of the local system during the
25 school fiscal year immediately preceding the school fiscal year in

1 which aid is to be paid, the local system shall not be considered
2 to have a high school attendance center;

3 (2) (a) The department shall calculate the average formula
4 cost per student in each cost grouping by dividing the total
5 estimated general fund operating expenditures for the cost grouping
6 by the difference between the total adjusted formula students for
7 all local systems in the cost grouping minus (i) the adjusted
8 formula students attributed to early childhood education programs
9 approved by the department pursuant to section 79-1103 for the
10 first two school fiscal years for which students attributed to
11 early childhood education programs approved by the department
12 pursuant to section 79-1103 are being included in the calculation
13 of state aid for the local system and (ii) for the first two
14 school fiscal years immediately following the school fiscal year in
15 which a district in the local system received an expansion grant
16 pursuant to section 79-1103, the difference between the adjusted
17 formula students attributed to early childhood education programs
18 approved by the department pursuant to section 79-1103 for the
19 school fiscal year immediately following the school fiscal year in
20 which a district in the local system received an expansion grant
21 minus the adjusted formula students attributed to early childhood
22 education programs approved by the department pursuant to section
23 79-1103 for the school fiscal year in which a district in the
24 local system received an expansion grant. For the calculation of
25 state aid for school fiscal year 1999-00 and for each school fiscal

1 year thereafter, the average formula cost per student in each cost
2 grouping shall not be recalculated for the final calculation of
3 state aid pursuant to section 79-1065. The calculation of total
4 adjusted formula students for purposes of this subdivision shall
5 take into account the requirements of subdivision (2) of section
6 79-1007.01. For school fiscal years prior to school fiscal year
7 2008-09, the total estimated general fund operating expenditures
8 for the cost grouping is equal to the total adjusted general fund
9 operating expenditures for all local systems in the cost grouping
10 multiplied by a cost growth factor. For school fiscal year 2008-09
11 and each school fiscal year thereafter, the total estimated general
12 fund operating expenditures for the cost grouping is equal to the
13 total adjusted general fund operating expenditures for all local
14 systems in the cost grouping.

15 (b) The cost growth factor for each cost grouping is
16 equal to the sum of: (i) One; plus (ii) the product of two
17 times the ratio of the difference between the formula students
18 attributable to the cost grouping without weighting or adjustment
19 pursuant to section 79-1007.01 and the sum of the average
20 daily membership plus tuitioned students attributable to the cost
21 grouping for the most recently available complete data year divided
22 by the sum of the average daily membership plus tuitioned students
23 attributable to the cost grouping for the most recently available
24 complete data year, except that the ratio shall not be less than
25 zero; plus (iii) the basic allowable growth rate pursuant to

1 section 79-1025 for the school fiscal year in which the aid is to
2 be distributed; plus (iv) the basic allowable growth rate pursuant
3 to section 79-1025 for the school fiscal year immediately preceding
4 the school fiscal year in which the aid is to be distributed;
5 plus (v) one-half of any additional growth rate allowed by special
6 action of school boards for the school fiscal year in which the
7 aid is to be distributed as determined for the school fiscal
8 year immediately preceding the school fiscal year when aid is to
9 be distributed; plus (vi) one-half of any additional growth rate
10 allowed by special action of the school boards for the school
11 fiscal year immediately preceding the school fiscal year when the
12 aid is to be distributed;

13 (3) For school fiscal years 2002-03 through 2006-07, each
14 local system's formula need shall be calculated by subtracting
15 the temporary aid adjustment factor from the sum of the local
16 system's transportation allowance, the local system's special
17 receipts allowance, and the product of the local system's adjusted
18 formula students multiplied by the average formula cost per student
19 in the local system's cost grouping. The calculation of total
20 adjusted formula students for purposes of this subdivision shall
21 take into account the requirements of subdivision (2) of section
22 79-1007.01; and

23 (4) For school fiscal year 2007-08, each local system's
24 formula need shall be calculated by subtracting the temporary aid
25 adjustment factor from the sum of the local system's transportation

1 allowance, special receipts allowance, and distance education and
 2 telecommunications allowance and the product of the local system's
 3 adjusted formula students multiplied by the average formula cost
 4 per student in the local system's cost grouping. The calculation
 5 of total adjusted formula students for purposes of this subdivision
 6 shall take into account the requirements of subdivision (2) of
 7 section 79-1007.01. ~~and~~

8 ~~(5) For school fiscal year 2008-09 and each school fiscal~~
 9 ~~year thereafter, each school district's formula need shall equal~~
 10 ~~the greater of (a) the sum of the school district's transportation~~
 11 ~~allowance, elementary class size allowance, focus school and~~
 12 ~~program allowance, limited English proficiency allowance, poverty~~
 13 ~~allowance, special receipts allowance, and distance education~~
 14 ~~and telecommunications allowance plus the product of the school~~
 15 ~~district's adjusted formula students multiplied by the average~~
 16 ~~formula cost per student in the school district's local system cost~~
 17 ~~grouping or (b) if the school district's general fund levy was at~~
 18 ~~or above ninety-nine cents per one hundred dollars of valuation~~
 19 ~~for the previous year, the school district's prior year formula~~
 20 ~~need multiplied by one hundred percent. The calculation of total~~
 21 ~~adjusted formula students for purposes of this subdivision shall~~
 22 ~~take into account the requirements of subdivision (2) of section~~
 23 ~~79-1007.03.~~

24 Sec. 4. For school fiscal year 2008-09 and each school
 25 fiscal year thereafter, each school district's formula need shall

1 equal the greater of (a) the difference of the sum of the school
2 district's basic funding, poverty allowance, limited English
3 proficiency allowance, elementary class size allowance, focus
4 school and program allowance, special education allowance, special
5 receipts allowance, transportation allowance, elementary site
6 allowance, distance education and telecommunications allowance,
7 averaging adjustment, teacher education adjustment, and student
8 growth adjustment minus the sum of the limited English proficiency
9 allowance correction, poverty allowance correction, local choice
10 adjustment, and student growth correction or (b) if the school
11 district's general fund levy was at or above ninety-nine cents per
12 one hundred dollars of valuation for the previous year, the school
13 district's prior year formula need.

14 Sec. 5. For school fiscal year 2008-09 and each school
15 fiscal year thereafter:

16 (1) The department shall calculate an elementary site
17 allowance for any district in which (a) the district has more than
18 one building in which elementary grades are offered, (b) at least
19 one of the buildings in which elementary grades are offered does
20 not offer any other grades, (c) the square miles in the district
21 divided by the number of buildings in which elementary grades are
22 offered in the local system equals one hundred square miles or more
23 per building in which elementary grades are offered, and (d) the
24 fall membership in elementary grades in the district divided by the
25 number of elementary grades then divided again by the number of

1 buildings in which elementary grades are offered equals fifteen or
2 fewer students per grade per building in which elementary grades
3 are offered;

4 (2) The elementary site allowance for each such district
5 shall equal the sum of the elementary site allowances for buildings
6 in which only elementary grades are offered in the district with an
7 average of fifteen or fewer students per elementary grade, except
8 that an allowance for the primary elementary site shall not be
9 included. The elementary site allowance for each building to be
10 included shall equal five hundred percent of the statewide average
11 general fund operating expenditures per formula student multiplied
12 by the result of rounding the ratio of students attributed to the
13 building divided by eight up to the next whole number if the result
14 was not a whole number, except that if the resulting whole number
15 is greater than the number of elementary grades offered in the
16 building, the whole number shall be reduced to equal the number of
17 elementary grades offered in the building;

18 (3) Each district determine which grades are considered
19 elementary grades for purposes of this section, except that (a)
20 all grades designated as elementary grades shall be offered in
21 each building in the district which offers kindergarten and (b)
22 elementary grades shall not include grades nine, ten, eleven, or
23 twelve. The primary elementary site shall be the building in which
24 elementary grades are offered to which the most formula students
25 are attributed.

1 Sec. 6. For school fiscal year 2008-09 and each school
2 fiscal year thereafter, the department shall calculate basic
3 funding for the districts in each local system as follows:

4 (1) A comparison group shall be established for each
5 local system consisting of the local system for which basic funding
6 is being calculated, the five larger local systems that are closest
7 in size to the local system for which basic funding is being
8 calculated as measured by formula students, and the five smaller
9 local systems that are closest in size to the local system for
10 which basic funding is being calculated as measured by formula
11 students. If there are not five local systems that are larger than
12 the local system for which basic funding is being calculated or if
13 there are not five local systems that are smaller than the local
14 system for which basic funding is being calculated, the comparison
15 group shall consist of only as many local systems as fit the
16 criteria. If more than one local system has exactly the same number
17 of formula students within two decimal places as the largest or
18 smallest local systems in a comparison group, all of the systems
19 with exactly the same number of formula students as the largest or
20 smallest local systems in the comparison group will be included in
21 the comparison group;

22 (2) For local systems with nine hundred or more formula
23 students, basic funding shall equal the formula students multiplied
24 by the average of the adjusted general fund operating expenditures
25 per formula student for each local system in the comparison group

1 excluding both the local system with the highest adjusted general
2 fund operating expenditures per formula student and the local
3 system with the lowest adjusted general fund operating expenditures
4 per formula student of the local systems which would otherwise be
5 in the comparison group; and

6 (3) For local systems with fewer than nine hundred
7 formula students, basic funding shall equal the average of the
8 adjusted general fund operating expenditures for each local system
9 in the comparison group, excluding both the local system with the
10 highest adjusted general fund operating expenditures and the local
11 system with the lowest adjusted general fund operating expenditures
12 of the local systems which would otherwise be in the comparison
13 group.

14 Sec. 7. For school fiscal year 2008-09 and each school
15 fiscal year thereafter, the department shall calculate a local
16 choice adjustment for each district in a local system that:

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

18 (2) Is not a sparse local system or a very sparse local
19 system; and

20 (3) Has a high school district that did not receive
21 federal funds in excess of twenty-five percent of its general fund
22 budget of expenditures in the most recently available complete data
23 year or in either of the two school fiscal years preceding the most
24 recently available complete data year.

25 The local choice adjustment for each district in such

1 local systems shall equal fifty percent of the difference between
2 the basic funding per formula student for the local system for
3 which the adjustment is being calculated and the basic funding per
4 formula student for the local system that has the closest to three
5 hundred ninety formula students multiplied by the formula students
6 for the local system for which the adjustment is being calculated,
7 except that the adjustment shall equal zero if the basic funding
8 per formula student for the local system for which the adjustment
9 is being calculated is less than the basic funding per formula
10 student for the local system that has the closest to three hundred
11 ninety formula students. If more than one local system has exactly
12 the same number of formula students within two decimal places as
13 the local system that has the closest to three hundred ninety
14 formula students, the basic funding representing the local system
15 that has the closest to three hundred ninety formula students shall
16 equal the average of the basic funding calculations for each local
17 system with exactly the same number of formula students as the
18 local system that has the closest to three hundred ninety formula
19 students.

20 Sec. 8. For school fiscal year 2008-09 and each school
21 fiscal year thereafter, the department shall calculate an averaging
22 adjustment for districts whose basic funding per formula student
23 is less than the statewide average basic funding per formula
24 student. The averaging adjustment shall equal the district's
25 formula students multiplied by fifty percent of the difference

1 between such district's basic funding per formula student and the
2 statewide average basic funding per formula student.

3 Sec. 9. For school fiscal year 2008-09 and each school
4 fiscal year thereafter, the department shall calculate a teacher
5 education adjustment for each district as follows:

6 (1) Teacher education points shall be calculated for each
7 district by the department. Each district shall receive one point
8 for each full-time equivalent teacher who has earned and been
9 awarded a master's degree or the equivalent of a master's degree
10 as determined by the department and one additional point for each
11 full-time equivalent teacher who has earned and been awarded a
12 doctoral degree;

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

19 (3) The teacher education adjustment for each district
20 shall equal thirteen and seventy-five one-hundredths percent of
21 the district's basic funding multiplied by the difference of the
22 district's teacher education index minus 1, except that if the
23 result is less than zero, the teacher education adjustment shall
24 equal zero.

25 Sec. 10. (1) For school fiscal year 2008-09 and each

1 school fiscal year thereafter, the qualifying district may apply
2 for a student growth adjustment, on a form prescribed by the
3 department, on or before October 1 of the school fiscal year
4 immediately preceding the school fiscal year for which aid is
5 being calculated. If the application meets the requirements of this
6 section, the application shall be approved by the department and
7 the department shall notify the district of the approval or denial
8 of the student growth adjustment on or before November 1 of the
9 same school fiscal year.

10 (2) The student growth adjustment for each qualifying
11 district shall equal the statewide average general fund operating
12 expenditures per formula student multiplied by the difference of
13 the district's projected average daily membership for such school
14 fiscal year minus the sum of the formula students used in the
15 calculation of aid for such school fiscal year plus twenty-five.

16 (3) For school fiscal year 2010-11 and each school fiscal
17 year thereafter, the department shall determine if any district in
18 the most recently available complete data year had an average daily
19 membership less than the projected average daily membership used to
20 calculate a student growth adjustment. A student growth correction
21 shall be calculated for such systems equal to the statewide average
22 general fund operating expenditures per formula student used in the
23 final calculation of aid pursuant to section 79-1065 for the most
24 recently available complete data year multiplied by the difference
25 of the projected average daily membership used to calculate the

1 student growth adjustment used in the final calculation of aid
2 pursuant to section 79-1065 for such data year minus the average
3 daily membership for the school fiscal year for which aid was
4 calculated.

5 (4) For purposes of this section, qualifying district
6 means a district in which:

7 (a) The district projects an average daily membership for
8 such school fiscal year that is greater than the sum of twenty-five
9 students plus the formula students to be used in the calculation of
10 aid for such school fiscal year; and

11 (b) The district will not have a student growth
12 correction applied for such school fiscal year.

13 Sec. 11. Section 79-1007.10, Revised Statutes Cumulative
14 Supplement, 2006, is amended to read:

15 79-1007.10 For state aid calculated for school fiscal
16 year 2008-09 and each school fiscal year thereafter, the cost
17 growth factor for each cost grouping is equal to the sum of: (1)
18 One; plus (2) the product of two times the ratio of the difference
19 between the formula students attributable to the cost grouping
20 without weighting or adjustment pursuant to section 79-1007.03
21 and the sum of the average daily membership plus tuitioned
22 students attributable to the cost grouping for the most recently
23 available complete data year divided by the sum of the average
24 daily membership plus tuitioned students attributable to the cost
25 grouping for the most recently available complete data year, except

1 ~~that the ratio shall not be less than zero, plus (3)~~ the basic
2 allowable growth rate pursuant to section 79-1025 for the school
3 fiscal year in which the aid is to be distributed; plus ~~(4)~~ (3)
4 the basic allowable growth rate pursuant to section 79-1025 for
5 the school fiscal year immediately preceding the school fiscal
6 year in which the aid is to be distributed; plus ~~(5)~~ (4) any
7 additional growth rate allowed by special action of school boards
8 for the school fiscal year in which the aid is to be distributed
9 as determined for the school fiscal year immediately preceding the
10 school fiscal year when aid is to be distributed; plus ~~(6)~~ (5)
11 any additional growth rate allowed by special action of the school
12 boards for the school fiscal year immediately preceding the school
13 fiscal year when the aid is to be distributed.

14 Sec. 12. Section 79-1008.01, Revised Statutes Cumulative
15 Supplement, 2006, is amended to read:

16 79-1008.01 (1) Except as provided in subsection (2) of
17 this section and sections 79-1008.02 to 79-1010, each local system
18 shall receive equalization aid in the amount that the total formula
19 need of each local system, as determined pursuant to sections
20 79-1007.01 to 79-1007.10 and section 4 of this act, exceeds
21 its total formula resources as determined pursuant to sections
22 79-1015.01 to 79-1018.01.

23 (2) Except as provided in section 79-1008.02, a local
24 system shall not receive state aid for any school fiscal year,
25 except school fiscal years 2002-03 through 2007-08, which is less

1 than an amount equal to the difference of eighty-five percent of
2 the amount of aid certified in the preceding school fiscal year
3 minus an amount equal to any increase in the adjusted valuation
4 between the adjusted valuation used for the certification of aid in
5 the preceding school fiscal year and the adjusted valuation used
6 for the aid being calculated multiplied by the maximum levy, for
7 the school fiscal year for which aid is being certified, pursuant
8 to subdivision (2)(a) or (b) of section 77-3442 without a vote
9 pursuant to section 77-3444.

10 (3) Except as provided in section 79-1008.02, a local
11 system shall not receive state aid for school fiscal years
12 2002-03 through 2007-08 which is less than an amount equal to
13 the difference of eighty-three and three-fourths percent of the
14 amount of aid certified in the preceding school fiscal year minus
15 an amount equal to any increase in the adjusted valuation between
16 the adjusted valuation used for the certification of aid in the
17 preceding school fiscal year and the adjusted valuation used for
18 the aid being calculated multiplied by the maximum levy, for the
19 school fiscal year for which aid is being certified, pursuant to
20 subdivision (2)(a) of section 77-3442 without a vote pursuant to
21 section 77-3444.

22 (4) Except as provided in subsection (2) or (3) of this
23 section, no local system may receive equalization aid such that,
24 when total aid is added to a levy ten cents less than the maximum
25 levy, for the school fiscal year for which aid is being certified,

1 pursuant to subdivision (2) (a) or (b) of section 77-3442 without a
2 vote pursuant to section 77-3444, multiplied by the local system's
3 adjusted valuation, would result in total local system revenue from
4 state aid plus property tax receipts which exceeds the total of:

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

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

19 (c) The difference between the other actual receipts
20 included in local system formula resources for the certification
21 of state aid in the preceding school fiscal year and other
22 actual receipts included in local system formula resources for the
23 certification of state aid for the current school fiscal year,
24 except that such difference shall not be less than zero; and

25 (d) The absolute value of any negative prior year

1 adjustment pursuant to section 79-1065.

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

9 ~~(5) For all school fiscal years except school fiscal~~
10 ~~years 2002-03 through 2007-08, the aid that is not distributed~~
11 ~~through equalization based on subsection (4) of this section~~
12 ~~shall be distributed through this subsection to the extent local~~
13 ~~systems qualify for such distributions. Local systems qualify~~
14 ~~for distribution under this subsection if they have nine hundred~~
15 ~~or less formula students and adjusted general fund operating~~
16 ~~expenditures per formula student less than the average for all~~
17 ~~local systems with nine hundred or less formula students. The aid~~
18 ~~shall be distributed proportionally to qualifying districts based~~
19 ~~on the dollar amount each local system's calculated state aid plus~~
20 ~~the product of a levy of one dollar multiplied by the assessed~~
21 ~~valuation divided by one hundred is below ninety percent of state~~
22 ~~aid plus property tax receipts received by the local system during~~
23 ~~the preceding school fiscal year. No system shall receive aid~~
24 ~~pursuant to this subsection such that the calculated state aid plus~~
25 ~~the product of a levy of one dollar multiplied by the assessed~~

1 valuation divided by one hundred is ninety percent or more of state
2 aid plus property tax receipts received by the local system during
3 the preceding school fiscal year.

4 ~~(6)~~ (5) For school fiscal years 2002-03 through 2007-08,
5 the aid that is not distributed through equalization based on
6 subsection (3) of this section shall be distributed through
7 this subsection to the extent local systems qualify for such
8 distributions. Local systems qualify for distribution under this
9 subsection if they have nine hundred or less formula students and
10 adjusted general fund operating expenditures per formula student
11 less than the average for all local systems with nine hundred or
12 less formula students. The aid shall be distributed proportionally
13 to qualifying districts based on the dollar amount each local
14 system's calculated state aid plus the product of a levy equal to
15 the maximum levy, for the school fiscal year for which aid is being
16 certified, pursuant to subdivision (2)(a) or (b) of section 77-3442
17 without a vote pursuant to section 77-3444, multiplied by the
18 assessed valuation is below eighty-eight and three-fourths percent
19 of state aid plus property tax receipts received by the local
20 system during the preceding school fiscal year. No system shall
21 receive aid pursuant to this subsection such that the calculated
22 state aid plus the product of a levy equal to the maximum levy, for
23 the school fiscal year for which aid is being certified, pursuant
24 to subdivision (2)(a) or (b) of section 77-3442 without a vote
25 pursuant to section 77-3444, multiplied by the assessed valuation

1 is eighty-eight and three-fourths percent or more of state aid
2 plus property tax receipts received by the local system during the
3 preceding school fiscal year.

4 Sec. 13. Section 79-1009, Revised Statutes Cumulative
5 Supplement, 2006, is amended to read:

6 79-1009 (1) A district shall receive net option funding
7 if option students as defined in section 79-233 ~~(a)~~ were actually
8 enrolled in the school year immediately preceding the school year
9 in which the aid is to be paid or ~~(b)~~ will be enrolled in the
10 school year in which the aid is to be paid as converted contract
11 option students. The determination of the net number of option
12 students shall be based on (a) the number of option students
13 enrolled in the district or enrolled in another district as of
14 the day of the fall membership count pursuant to section 79-528,
15 for the school fiscal year immediately preceding the school fiscal
16 year in which aid is to be paid and (b) the number of option
17 students that will be enrolled in the district or enrolled in
18 another district as converted contract option students for the
19 school fiscal year in which aid is to be paid. Net number of
20 option students means the difference of the sum of the number
21 of option students enrolled in the district plus the number of
22 option students that will be enrolled in the district as converted
23 contract option students minus the sum of the number of students
24 residing in the district but enrolled in another district as option
25 students plus the number of option students that will be enrolled

1 in another district as converted contract option students.

2 (2) For purposes of this section:

3 (a) For all school fiscal years except school fiscal
4 years 2002-03 through 2007-08, net option funding means the sum of
5 the products of the net number of option students in each grade
6 range multiplied by the statewide average cost grouping cost per
7 student multiplied by the weighting factor for the corresponding
8 grade range pursuant to section 79-1007.01; and (b) for school
9 fiscal years 2002-03 through 2007-08, net option funding shall be
10 calculated by subtracting the temporary aid adjustment factor from
11 the sum of the products of the net number of option students
12 in each grade range multiplied by the statewide average cost
13 grouping cost per student multiplied by the weighting factor for
14 the corresponding grade range pursuant to section 79-1007.01; and

15 (b) For school fiscal year 2008-09 and each school fiscal
16 year thereafter, net option funding shall be the sum of the product
17 of the net number of option students multiplied by the statewide
18 average basic cost per formula student. 7 except that a local
19 system's net option funding shall not be less than zero. Net number
20 of option students means the number of option students actually
21 enrolled in a grade range in the current data year minus the
22 number of students residing in the district but enrolled in another
23 district in the same grade range in the current data year as
24 option students as defined in section 79-233. A district's net
25 option funding shall be zero if the calculation produces a negative

1 result.

2 (3) The determination of the net number of option
3 students shall be based on (a) the number of option students
4 enrolled in the district or enrolled in another district as of
5 the day of the fall membership count pursuant to section 79-528,
6 for the school fiscal year immediately preceding the school fiscal
7 year in which the aid is to be paid and (b) the number of option
8 students that will be enrolled in the district or enrolled in
9 another district as converted contract option students for the
10 school fiscal year in which the aid is to be paid. Payments made
11 under this section shall be made from the funds to be disbursed
12 under section 79-1005.01 or 79-1005.02.

13 (4) Payments made pursuant to this section shall go
14 directly to the option school district but shall count as a formula
15 resource for the local system.

16 Sec. 14. Section 79-1022, Revised Statutes Cumulative
17 Supplement, 2006, as affected by Referendum 2006, No. 422, is
18 amended to read:

19 79-1022 (1) On or before June 15, 2003, and on or before
20 each February 1, for each year thereafter, the department shall
21 determine the amounts to be distributed to each local system
22 and each district pursuant to the Tax Equity and Educational
23 Opportunities Support Act and shall certify the amounts to
24 the Director of Administrative Services, the Auditor of Public
25 Accounts, each learning community, and each district. The amount

1 to be distributed to each district that is not a member of a
2 learning community from the amount certified for a local system
3 shall be proportional based on: (a) For school fiscal years prior
4 to school fiscal year 2008-09, the weighted formula students
5 attributed to each district in the local system and (b) for
6 school fiscal year 2008-09 and each school fiscal year thereafter,
7 the formula students attributed to each district in the local
8 system. The amount to be distributed to each district that is
9 a member of a learning community from the amount certified for
10 the local system shall be proportional based on the formula needs
11 calculated for each district in the local system. On ~~or before~~
12 ~~June 15,~~ 2003, ~~and on~~ or before each February 1, ~~for~~ each year
13 ~~thereafter,~~ the department shall report the necessary funding level
14 to the Governor, the Appropriations Committee of the Legislature,
15 and the Education Committee of the Legislature. Certified state
16 aid amounts, including adjustments pursuant to section 79-1065.02,
17 shall be shown as budgeted non-property-tax receipts and deducted
18 prior to calculating the property tax request in the district's
19 general fund budget statement as provided to the Auditor of Public
20 Accounts pursuant to section 79-1024.

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

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

6 Sec. 15. Section 79-1083.03, Revised Statutes Cumulative
7 Supplement, 2006, as affected by Referendum 2006, No. 422, is
8 amended to read:

9 79-1083.03 (1) (a) If the primary high school district
10 designated pursuant to section 79-1083.02 is a Class VI district,
11 the Class I district's total allowable general fund budget of
12 expenditures minus the special education budget of expenditures
13 shall be determined by the school board of such Class VI district
14 and shall be certified to the Class I district ~~on or before June~~
15 ~~24, 2003,~~ and on or before March 1 ~~each year thereafter~~ for the
16 following school fiscal year.

17 (b) The Class VI primary high school district shall
18 certify the total allowable general fund budget of expenditures
19 minus the special education budget of expenditures for the Class I
20 district to the State Department of Education ~~on or before August~~
21 ~~1, 2003,~~ and on or before each April 20. ~~each year thereafter.~~

22 (2) If the primary high school district is not a Class
23 VI district, the Class I district's total allowable general fund
24 budget of expenditures minus the special education budget of
25 expenditures shall be determined by the department as follows and

1 certified ~~on or before June 15, 2003,~~ and on or before February 1
2 each year thereafter, for the following school fiscal year:

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

15 ~~(b)~~ The (b)(i) For school fiscal years prior to school
16 fiscal year 2008-09, the total allowable general fund budget of
17 expenditures minus the special education budget of expenditures
18 for the primary high school district in the school fiscal year
19 immediately preceding the school fiscal year for which the budget
20 is prepared shall be divided by the formula students as defined
21 in section 79-1003 in the primary high school district weighted
22 by the grade weighting factors contained in subdivision (1)(a)
23 of section 79-1007.01, and the result shall be multiplied by the
24 kindergarten through grade eight formula students weighted by the
25 grade weighting factors contained in subdivision (1)(a) of section

1 79-1007.01 to calculate the total allowable general fund budget
2 of expenditures minus the special education budget of expenditures
3 for kindergarten through grade eight in the primary high school
4 district. The total allowable general fund budget of expenditures
5 minus the special education budget of expenditures for kindergarten
6 through grade eight shall be divided by the kindergarten through
7 grade eight formula students without weighting. The result shall be
8 increased by the applicable allowable growth rate for the primary
9 high school district's local system for the ensuing school fiscal
10 year calculated pursuant to section 79-1026, as determined on or
11 before February 1 of the school fiscal year immediately preceding
12 the school fiscal year for which the budget is prepared; and

13 (ii) For school fiscal year 2008-09 and each school
14 fiscal year thereafter, the total allowable general fund budget
15 of expenditures minus the special education budget of expenditures
16 for the primary high school district in the school fiscal year
17 immediately preceding the school fiscal year for which the budget
18 is prepared shall be divided by the formula students as defined
19 in section 79-1003 in the primary high school district, and the
20 weighted by the grade weighting factors contained in subdivision
21 (1)(a) of section 79-1007.01, and the result shall be multiplied by
22 the kindergarten through grade eight formula students as defined in
23 section 79-1003 weighted by the grade weighting factors contained
24 in subdivision (1)(a) of section 79-1007.01 to calculate the total
25 allowable general fund budget of expenditures minus the special

1 education budget of expenditures for kindergarten through grade
2 eight in the primary high school district. The total allowable
3 general fund budget of expenditures minus the special education
4 budget of expenditures for kindergarten through grade eight shall
5 be divided by the kindergarten through grade eight formula students
6 without weighting. The result shall be increased by the applicable
7 allowable growth rate for the primary high school district's local
8 system for the ensuing school fiscal year calculated pursuant to
9 section 79-1026₁ as determined on or before June 15, 2003, and on
10 or before February 1 each year thereafter, of the school fiscal
11 year immediately preceding the school fiscal year for which the
12 budget is prepared;

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

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

1 ensuing school fiscal year except as provided in subsection (3) of
2 this section.

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

21 (b) The high school district shall approve or deny the
22 request ~~on or before July 15, 2003,~~ and on or before April 10 ~~each~~
23 ~~year thereafter~~ following the receipt of such request and shall
24 forward written notification to the Class I district of approval
25 or denial. A request for additional budget authority shall be

1 considered approved if (i) no action is taken by the high school
2 district or (ii) the high school district fails to send written
3 notification to the Class I district of the denial of a request for
4 additional budget authority.

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

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

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

25 Sec. 16. Original sections 79-1001, 79-1007.02,

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1 79-1007.10, 79-1008.01, and 79-1009, Revised Statutes Cumulative
2 Supplement, 2006, and sections 79-1003, 79-1022, and 79-1083.03,
3 Revised Statutes Cumulative Supplement, 2006, as affected by
4 Referendum 2006, No. 422, are repealed.

5 Sec. 17. The following section is outright repealed:

6 Section 79-1007.03, Revised Statutes Cumulative Supplement, 2006.