

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 988**

Introduced by Raikes, 25.

Read first time January 16, 2008

Committee: Education

A BILL

1 FOR AN ACT relating to state aid to schools; to amend sections  
2 79-1023, 79-1025, 79-1029, 79-1065, and 79-1229,  
3 Reissue Revised Statutes of Nebraska, sections 79-233,  
4 79-1008.01, 79-1009, 79-1010, 79-1026.01, 79-1030, and  
5 79-1065.02, Revised Statutes Cumulative Supplement,  
6 2006, and sections 77-1327, 77-3442, 79-4,108, 79-1001,  
7 79-1003, 79-1003.01, 79-1007.02, 79-1007.03, 79-1007.04,  
8 79-1007.06, 79-1007.07, 79-1007.08, 79-1007.09,  
9 79-1007.10, 79-1008.02, 79-1013, 79-1014, 79-1015.01,  
10 79-1016, 79-1018.01, 79-1022, 79-1028, 79-1031.01,  
11 79-1073, 79-1083.03, and 79-1241.03, Revised Statutes  
12 Supplement, 2007; to change provisions relating to a tax  
13 levy for learning communities; to redefine terms; to  
14 provide for elementary class size restrictions; to change

LB 988

LB 988

1 provisions relating to the Tax Equity and Educational  
2 Opportunities Support Act; to harmonize provisions; to  
3 eliminate a provision relating to recalculation; to  
4 repeal the original sections; and to outright repeal  
5 section 79-1022.02, Reissue Revised Statutes of Nebraska.

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

1           Section 1. Section 77-1327, Revised Statutes Supplement,  
2 2007, is amended to read:

3           77-1327 (1) It is the intent of the Legislature that  
4 accurate and comprehensive information be developed by the Property  
5 Tax Administrator and made accessible to the taxing officials  
6 and property owners in order to ensure the uniformity and  
7 proportionality of the assessments of real property valuations  
8 in the state in accordance with law and to provide the statistical  
9 and narrative reports pursuant to section 77-5027.

10           (2) All transactions of real property for which the  
11 statement required in section 76-214 is filed shall be available  
12 for development of a sales file by the Property Tax Administrator.  
13 All transactions with stated consideration of more than one hundred  
14 dollars or upon which more than two dollars and twenty-five  
15 cents in documentary stamp taxes are paid shall be considered  
16 sales. All sales shall be deemed to be arm's length transactions  
17 unless determined to be otherwise under professionally accepted  
18 mass appraisal techniques. The Department of Revenue shall not  
19 overturn a determination made by a county assessor regarding the  
20 qualification of a sale unless the department reviews the sale and  
21 determines through the review that the determination made by the  
22 county assessor is incorrect.

23           (3) The Property Tax Administrator annually shall make  
24 and issue comprehensive assessment ratio studies of the average  
25 level of assessment, the degree of assessment uniformity, and the

1 overall compliance with assessment requirements for each major  
2 class of real property subject to the property tax in each county.  
3 The comprehensive assessment ratio studies shall be developed in  
4 compliance with professionally accepted mass appraisal techniques  
5 and shall employ such statistical analysis as deemed appropriate  
6 by the Property Tax Administrator, including measures of central  
7 tendency and dispersion. The comprehensive assessment ratio studies  
8 shall be based upon the sales file as developed in subsection  
9 (2) of this section and shall be used by the Property Tax  
10 Administrator for the analysis of the level of value and quality  
11 of assessment for purposes of section 77-5027. ~~and by the Property~~  
12 ~~Tax Administrator in establishing the adjusted valuations required~~  
13 ~~by section 79-1016.~~ Such studies may also be used by assessing  
14 officials in establishing assessed valuations.

15 (4) For purposes of determining the level of value of  
16 agricultural and horticultural land subject to special valuation  
17 under sections 77-1343 to 77-1348, the Property Tax Administrator  
18 shall annually make and issue a comprehensive study developed in  
19 compliance with professionally accepted mass appraisal techniques  
20 to establish the level of value if in his or her opinion the level  
21 of value cannot be developed through the use of the comprehensive  
22 assessment ratio studies developed in subsection (3) of this  
23 section.

24 (5) The Property Tax Administrator may require assessors  
25 and other taxing officials to report data on the assessed valuation

1 and other features of the property assessment for such periods and  
2 in such form and content as the Property Tax Administrator shall  
3 deem appropriate. The Property Tax Administrator shall so construct  
4 and maintain the system used to collect and analyze the data to  
5 enable him or her to make intracounty comparisons of assessed  
6 valuation, including school districts, as well as intercounty  
7 comparisons of assessed valuation, including school districts. The  
8 Property Tax Administrator shall include analysis of real property  
9 sales pursuant to land contracts and similar transfers at the time  
10 of execution of the contract or similar transfer.

11           Sec. 2. Section 77-3442, Revised Statutes Supplement,  
12 2007, is amended to read:

13           77-3442 (1) Property tax levies for the support of local  
14 governments for fiscal years beginning on or after July 1, 1998,  
15 shall be limited to the amounts set forth in this section except as  
16 provided in section 77-3444.

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

23           (b) For each fiscal year, learning communities may levy  
24 a maximum levy for the general fund budgets of member school  
25 districts ~~equal to the local effort rate prescribed in section~~

1 ~~79-1015.01~~ for such fiscal year. of ninety-five cents per one  
2 hundred dollars of taxable valuation of property subject to the  
3 levy. The proceeds from the levy pursuant to this subdivision shall  
4 be distributed pursuant to section 79-1073.

5 (c) Except as provided in subdivision (2)(e) of this  
6 section, for each fiscal year, school districts that are members  
7 of learning communities may levy for purposes of such districts'  
8 general fund budget and special building funds a maximum combined  
9 levy of the difference of one dollar and five cents on each one  
10 hundred dollars of taxable property subject to the levy minus  
11 the learning community levies pursuant to subdivisions (2)(b) and  
12 (2)(g) of this section for such learning community.

13 (d) Excluded from the limitations in subdivisions (2)(a)  
14 and (2)(c) of this section are amounts levied to pay for  
15 sums agreed to be paid by a school district to certificated  
16 employees in exchange for a voluntary termination of employment  
17 and amounts levied to pay for special building funds and sinking  
18 funds established for projects commenced prior to April 1, 1996,  
19 for construction, expansion, or alteration of school district  
20 buildings. For purposes of this subsection, commenced means any  
21 action taken by the school board on the record which commits  
22 the board to expend district funds in planning, constructing, or  
23 carrying out the project.

24 (e) Federal aid school districts may exceed the maximum  
25 levy prescribed by subdivision (2)(a) or (2)(c) of this section

1 only to the extent necessary to qualify to receive federal aid  
2 pursuant to Title VIII of Public Law 103-382, as such title existed  
3 on September 1, 2001. For purposes of this subdivision, federal  
4 aid school district means any school district which receives ten  
5 percent or more of the revenue for its general fund budget from  
6 federal government sources pursuant to Title VIII of Public Law  
7 103-382, as such title existed on September 1, 2001.

8 (f) For school fiscal year 2002-03 through school fiscal  
9 year 2007-08, school districts and multiple-district school systems  
10 may, upon a three-fourths majority vote of the school board of  
11 the school district, the board of the unified system, or the  
12 school board of the high school district of the multiple-district  
13 school system that is not a unified system, exceed the maximum  
14 levy prescribed by subdivision (2)(a) of this section in an amount  
15 equal to the net difference between the amount of state aid that  
16 would have been provided under the Tax Equity and Educational  
17 Opportunities Support Act without the temporary aid adjustment  
18 factor as defined in section 79-1003 for the ensuing school fiscal  
19 year for the school district or multiple-district school system  
20 and the amount provided with the temporary aid adjustment factor.  
21 The State Department of Education shall certify to the school  
22 districts and multiple-district school systems the amount by which  
23 the maximum levy may be exceeded for the next school fiscal year  
24 pursuant to this subdivision (f) of this subsection on or before  
25 February 15 for school fiscal years 2004-05 through 2007-08.

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

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

12           (3) Community colleges may levy a maximum levy calculated  
13 pursuant to the Community College Foundation and Equalization Aid  
14 Act on each one hundred dollars of taxable property subject to the  
15 levy.

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

19           (b) Natural resources districts shall also have the power  
20 and authority to levy a tax equal to the dollar amount by which  
21 their restricted funds budgeted to administer and implement ground  
22 water management activities and integrated management activities  
23 under the Nebraska Ground Water Management and Protection Act  
24 exceed their restricted funds budgeted to administer and implement  
25 ground water management activities and integrated management

1 activities for FY2003-04, not to exceed one cent on each one  
2 hundred dollars of taxable valuation annually on all of the taxable  
3 property within the district.

4 (c) In addition, natural resources districts located in  
5 a river basin, subbasin, or reach that has been determined to  
6 be fully appropriated pursuant to section 46-714 or designated  
7 as overappropriated pursuant to section 46-713 by the Department  
8 of Natural Resources shall also have the power and authority to  
9 levy a tax equal to the dollar amount by which their restricted  
10 funds budgeted to administer and implement ground water management  
11 activities and integrated management activities under the Nebraska  
12 Ground Water Management and Protection Act exceed their restricted  
13 funds budgeted to administer and implement ground water management  
14 activities and integrated management activities for FY2005-06, not  
15 to exceed three cents on each one hundred dollars of taxable  
16 valuation on all of the taxable property within the district for  
17 fiscal year 2006-07 and each fiscal year thereafter through fiscal  
18 year 2011-12.

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

22 (6)(a) Incorporated cities and villages which are not  
23 within the boundaries of a municipal county may levy a maximum levy  
24 of forty-five cents per one hundred dollars of taxable valuation  
25 of property subject to the levy plus an additional five cents per

1 one hundred dollars of taxable valuation to provide financing for  
2 the municipality's share of revenue required under an agreement  
3 or agreements executed pursuant to the Interlocal Cooperation Act  
4 or the Joint Public Agency Act. The maximum levy shall include  
5 amounts levied to pay for sums to support a library pursuant  
6 to section 51-201, museum pursuant to section 51-501, visiting  
7 community nurse, home health nurse, or home health agency pursuant  
8 to section 71-1637, or statue, memorial, or monument pursuant to  
9 section 80-202.

10 (b) Incorporated cities and villages which are within the  
11 boundaries of a municipal county may levy a maximum levy of ninety  
12 cents per one hundred dollars of taxable valuation of property  
13 subject to the levy. The maximum levy shall include amounts paid  
14 to a municipal county for county services, amounts levied to pay  
15 for sums to support a library pursuant to section 51-201, a museum  
16 pursuant to section 51-501, a visiting community nurse, home health  
17 nurse, or home health agency pursuant to section 71-1637, or a  
18 statue, memorial, or monument pursuant to section 80-202.

19 (7) Sanitary and improvement districts which have been in  
20 existence for more than five years may levy a maximum levy of forty  
21 cents per one hundred dollars of taxable valuation of property  
22 subject to the levy, and sanitary and improvement districts which  
23 have been in existence for five years or less shall not have  
24 a maximum levy. Unconsolidated sanitary and improvement districts  
25 which have been in existence for more than five years and are

1 located in a municipal county may levy a maximum of eighty-five  
2 cents per hundred dollars of taxable valuation of property subject  
3 to the levy.

4 (8) Counties may levy or authorize a maximum levy of  
5 fifty cents per one hundred dollars of taxable valuation of  
6 property subject to the levy, except that five cents per one  
7 hundred dollars of taxable valuation of property subject to the  
8 levy may only be levied to provide financing for the county's  
9 share of revenue required under an agreement or agreements executed  
10 pursuant to the Interlocal Cooperation Act or the Joint Public  
11 Agency Act. The maximum levy shall include amounts levied to pay  
12 for sums to support a library pursuant to section 51-201 or museum  
13 pursuant to section 51-501. The county may allocate up to fifteen  
14 cents of its authority to other political subdivisions subject  
15 to allocation of property tax authority under subsection (1) of  
16 section 77-3443 and not specifically covered in this section to  
17 levy taxes as authorized by law which do not collectively exceed  
18 fifteen cents per one hundred dollars of taxable valuation on any  
19 parcel or item of taxable property. The county may allocate to  
20 one or more other political subdivisions subject to allocation  
21 of property tax authority by the county under subsection (1) of  
22 section 77-3443 some or all of the county's five cents per one  
23 hundred dollars of valuation authorized for support of an agreement  
24 or agreements to be levied by the political subdivision for the  
25 purpose of supporting that political subdivision's share of revenue

1 required under an agreement or agreements executed pursuant to the  
2 Interlocal Cooperation Act or the Joint Public Agency Act. If an  
3 allocation by a county would cause another county to exceed its  
4 levy authority under this section, the second county may exceed the  
5 levy authority in order to levy the amount allocated.

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

11 (10) Property tax levies for judgments, except judgments  
12 or orders from the Commission of Industrial Relations, obtained  
13 against a political subdivision which require or obligate a  
14 political subdivision to pay such judgment, to the extent such  
15 judgment is not paid by liability insurance coverage of a  
16 political subdivision, for preexisting lease-purchase contracts  
17 approved prior to July 1, 1998, for bonded indebtedness approved  
18 according to law and secured by a levy on property, and for  
19 payments by a public airport to retire interest-free loans from the  
20 Department of Aeronautics in lieu of bonded indebtedness at a lower  
21 cost to the public airport are not included in the levy limits  
22 established by this section.

23 (11) The limitations on tax levies provided in this  
24 section are to include all other general or special levies  
25 provided by law. Notwithstanding other provisions of law, the

1 only exceptions to the limits in this section are those provided by  
 2 or authorized by sections 77-3442 to 77-3444.

3 (12) Tax levies in excess of the limitations in this  
 4 section shall be considered unauthorized levies under section  
 5 77-1606 unless approved under section 77-3444.

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

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

11 79-233 For purposes of sections 79-232 to 79-246:

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

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

19 (3) Option student means a student that has chosen to  
 20 attend an option school district, including a student who resides  
 21 in a learning community and who has chosen to attend an option  
 22 school district in such learning community prior to the effective  
 23 date of the establishment of such learning community, but not  
 24 including a student who resides in a learning community and who  
 25 enrolls pursuant to section 79-2110 in another school district in

1 such learning community;

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

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

7 Sec. 4. Beginning with school year 2013-14, students in  
8 kindergarten through grade three shall spend at least fifty percent  
9 of their school day in one or more classrooms with twenty or fewer  
10 students. Up to ten days each school year may be designated for  
11 any student or group of students as special activity days to which  
12 the requirements of this section do not apply. School districts may  
13 also apply to the State Board of Education for a hardship waiver  
14 to waive the requirements of this section for a specified period of  
15 time due to circumstances that would cause the school district a  
16 substantial hardship to meet the requirements of this section for  
17 such period of time.

18 Sec. 5. Section 79-4,108, Revised Statutes Supplement,  
19 2007, is amended to read:

20 79-4,108 (1) Unified system means two or more Class II or  
21 III school districts participating in an interlocal agreement  
22 under the Interlocal Cooperation Act with approval from the  
23 State Committee for the Reorganization of School Districts. The  
24 interlocal agreement may include Class I districts if the entire  
25 valuation is included in the unified system. The interlocal

1 agreement shall provide for a minimum term of three school  
2 years. The agreement shall provide that all property tax and  
3 state aid resources shall be shared by the unified system and  
4 that a board composed of school board members, with at least  
5 one school board member from each district, shall determine  
6 the general fund levy, within the limitations placed on school  
7 districts and multiple-district school systems pursuant to section  
8 77-3442, to be applied in all participating districts and shall  
9 determine the distribution of property tax and state aid resources  
10 within the unified system. For purposes of section 77-3442, the  
11 multiple-district school system shall include all of the Class I,  
12 II, and III districts participating in the unified system and the  
13 Class I districts or portions thereof affiliated with any of the  
14 participating Class II and III districts. The interlocal agreement  
15 shall also provide that certificated staff will be employees  
16 of the unified system. For any certificated staff employed by  
17 the unified system, tenure and seniority as of the effective  
18 date of the interlocal agreement shall be transferred to the  
19 unified system and tenure and seniority provisions shall continue  
20 in the unified system except as provided in sections 79-850 to  
21 79-858. If a district withdraws from the unified system or if  
22 the interlocal agreement expires and is not renewed, certificated  
23 staff employed by a participating district immediately prior to  
24 the unification shall be reemployed by the original district and  
25 tenure and seniority as of the effective date of the withdrawal

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

13 (2) Application for unification shall be made to the  
14 state committee. The application shall contain a copy of the  
15 interlocal agreement signed by the president of each participating  
16 school board. The state committee shall approve or disapprove  
17 applications for unification within forty days after receipt  
18 of the application. If the interlocal agreement complies with  
19 subsection (1) of this section and all school boards of the  
20 participating districts have approved the interlocal agreement,  
21 the state committee shall approve the application. Unification  
22 agreements shall be effective on June 1 following approval from  
23 the state committee for status as a unified system or on the date  
24 specified in the interlocal agreement, except that the date shall  
25 be on or after June 1 and on or before September 1 for a specified

1 year. The board established in the interlocal agreement may begin  
2 meeting any time after the application has been approved by the  
3 state committee.

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

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

25 Sec. 6. Section 79-1001, Revised Statutes Supplement,

1 2007, is amended to read:

2 79-1001 Sections 79-1001 to 79-1033 and sections 10 to  
3 21, 23, and 44 of this act shall be known and may be cited as the  
4 Tax Equity and Educational Opportunities Support Act.

5 Sec. 7. Section 79-1003, Revised Statutes Supplement,  
6 2007, is amended to read:

7 79-1003 For purposes of the Tax Equity and Educational  
8 Opportunities Support Act:

9 (1) Adjusted general fund operating expenditures means  
10 (a) for school fiscal years before school fiscal year 2007-08,  
11 general fund operating expenditures as calculated pursuant to  
12 subdivision ~~(24)~~ (23) of this section minus the transportation  
13 allowance and minus the special receipts allowance, (b) for  
14 school fiscal year 2007-08, general fund operating expenditures  
15 as calculated pursuant to subdivision ~~(24)~~ (23) of this section  
16 minus the sum of the transportation, special receipts, and  
17 distance education and telecommunications allowances, and (c)  
18 for school fiscal year 2008-09, and each school fiscal year  
19 thereafter, the difference of the product of the general fund  
20 operating expenditures as calculated pursuant to subdivision  
21 ~~(24)~~ (23) of this section multiplied by the cost growth factor  
22 for the school district's cost grouping calculated pursuant to  
23 section 79-1007.10 minus the transportation allowance, special  
24 receipts allowance, poverty allowance, limited English proficiency  
25 allowance, distance education and telecommunications allowance,

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

19 (2) Adjusted valuation means the assessed valuation of  
20 taxable property of each local system in the state, adjusted  
21 pursuant to the adjustment factors described in section 79-1016.  
22 Adjusted valuation means the adjusted valuation for the property  
23 tax year ending during the school fiscal year immediately preceding  
24 the school fiscal year in which the aid based upon that value is  
25 to be paid. For purposes of determining the local effort rate yield

1 pursuant to section 79-1015.01, adjusted valuation does not include  
2 the value of any property which a court, by a final judgment from  
3 which no appeal is taken, has declared to be nontaxable or exempt  
4 from taxation;

5 (3) Allocated income tax funds means the amount of  
6 assistance paid to a local system pursuant to section 79-1005.01 or  
7 79-1005.02 as adjusted by the minimum levy adjustment pursuant to  
8 section 79-1008.02;

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

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

19 (6) Base fiscal year means the first school fiscal year  
20 following the school fiscal year in which the reorganization or  
21 unification occurred;

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

23 (8) Categorical funds means funds limited to a specific  
24 purpose by federal or state law, including, but not limited to,  
25 Title I funds, Title VI funds, federal vocational education funds,

1 federal school lunch funds, Indian education funds, Head Start  
2 funds, and funds from the Education Innovation Fund;

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

6 (10) Converted contract means an expired contract that  
7 was in effect for at least fifteen years for the education of  
8 students in a nonresident district in exchange for tuition from  
9 the resident district when the expiration of such contract results  
10 in the nonresident district educating students who would have been  
11 covered by the contract if the contract were still in effect  
12 as option students pursuant to the enrollment option program  
13 established in section 79-234;

14 (11) Converted contract option students means students  
15 who will be option students pursuant to the enrollment option  
16 program established in section 79-234 for the school fiscal year  
17 for which aid is being calculated and who would have been covered  
18 by a converted contract if the contract were still in effect and  
19 such school fiscal year is the first school fiscal year for which  
20 such contract is not in effect;

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

22 ~~(13) Distance education and telecommunications allowance~~  
23 ~~means, for state aid calculated for school fiscal year 2007-08~~  
24 ~~and each school fiscal year thereafter, eighty-five percent of~~  
25 ~~the difference of the costs for (a) telecommunications services,~~

1 ~~(b)~~ access to data transmission networks that transmit data to  
2 and from the school district, and ~~(c)~~ the transmission of data  
3 on such networks paid by the school districts in the local  
4 system as reported on the annual financial report for the most  
5 recently available complete data year minus the receipts from the  
6 federal Universal Service Fund pursuant to section 254 of the  
7 Telecommunications Act of 1996, 47 U.S.C. 254, as such section  
8 existed on January 1, 2006, for the school districts in the local  
9 system as reported on the annual financial report for the most  
10 recently available complete data year;

11 ~~(14)~~ (13) District means any Class I, II, III, IV, V, or  
12 VI school district;

13 ~~(15)~~ (14) Ensuing school fiscal year means the school  
14 fiscal year following the current school fiscal year;

15 ~~(16)~~ (15) Equalization aid means the amount of assistance  
16 calculated to be paid to a local system pursuant to sections  
17 79-1008.01 to 79-1022; and ~~79-1022.02~~;

18 ~~(17)~~ (16) Fall membership means the total membership in  
19 kindergarten through grade twelve attributable to the local system  
20 as reported on the fall school district membership reports for each  
21 district pursuant to section 79-528;

22 ~~(18)~~ (17) Fiscal year means the state fiscal year which  
23 is the period from July 1 to the following June 30;

24 ~~(19)~~ (18) Formula students means:

25 (a) For school fiscal years prior to school fiscal year

1 2009-10, (i) for state aid certified pursuant to section 79-1022,  
2 the sum of fall membership from the school fiscal year immediately  
3 preceding the school fiscal year in which the aid is to be paid,  
4 multiplied by the average ratio of average daily membership to fall  
5 membership for the second school fiscal year immediately preceding  
6 the school fiscal year in which aid is to be paid and the prior  
7 two school fiscal years, plus qualified early childhood education  
8 fall membership plus tuitioned students from the school fiscal year  
9 immediately preceding the school fiscal year in which the aid is to  
10 be paid and ~~(b)~~ (ii) for final calculation of state aid pursuant to  
11 section 79-1065, the sum of average daily membership plus qualified  
12 early childhood education average daily membership plus tuitioned  
13 students from the school fiscal year immediately preceding the  
14 school fiscal year in which the aid was paid; and

15 (b) For school fiscal year 2009-10 and each school fiscal  
16 year thereafter, (i) for state aid certified pursuant to section  
17 79-1022, the sum of the product of fall membership from the school  
18 fiscal year immediately preceding the school fiscal year in which  
19 the aid is to be paid multiplied by the average ratio of average  
20 daily membership to fall membership for the second school fiscal  
21 year immediately preceding the school fiscal year in which the aid  
22 is to be paid and the prior two school fiscal years plus qualified  
23 early childhood education fall membership plus tuitioned students  
24 from the school fiscal year immediately preceding the school fiscal  
25 year in which aid is to be paid minus the product of the number of

1 students enrolled in kindergarten that is not full-day kindergarten  
2 from the fall membership multiplied by 0.5 and (ii) for final  
3 calculation of state aid pursuant to section 79-1065, (A) for  
4 school districts that did not receive a student growth adjustment  
5 for such school fiscal year, the sum of average daily membership  
6 plus qualified early childhood education average daily membership  
7 plus tuitioned students minus the product of the number of students  
8 enrolled in kindergarten that is not full-day kindergarten from the  
9 average daily membership multiplied by 0.5 from the school fiscal  
10 year immediately preceding the school fiscal year in which aid  
11 was paid and (B) for school districts that did receive a student  
12 growth adjustment for such school fiscal year, the difference of  
13 the sum of average daily membership plus qualified early childhood  
14 education average daily membership plus tuitioned students minus  
15 the sum of the product of the number of students enrolled in  
16 kindergarten that is not full-day kindergarten from the average  
17 daily membership multiplied by 0.5 from the school fiscal year in  
18 which aid was paid plus the greater of twenty-five students or one  
19 percent of the fall membership used in the certification of state  
20 aid pursuant to section 79-1022 for such school fiscal year;

21 ~~(20)~~ (19) Free lunch and free milk student means a  
22 student who qualified for free lunches or free milk from the most  
23 recent data available on November 1 of the school fiscal year  
24 immediately preceding the school fiscal year in which aid is to be  
25 paid;

1           ~~(21)~~ (20) Full-day kindergarten means kindergarten  
2 offered by a district for at least one thousand thirty-two  
3 instructional hours;

4           ~~(22)~~ (21) General fund budget of expenditures means  
5 the total budget of disbursements and transfers for general fund  
6 purposes as certified in the budget statement adopted pursuant  
7 to the Nebraska Budget Act, except that for purposes of the  
8 limitation imposed in section 79-1023, the calculation of Class I  
9 total allowable general fund budget of expenditures minus the  
10 special education budget of expenditures pursuant to section  
11 79-1083.03, and the calculation pursuant to subdivision (2) of  
12 section 79-1027.01, the general fund budget of expenditures does  
13 not include any special grant funds, exclusive of local matching  
14 funds, received by a district; ~~subject to the approval of the~~  
15 ~~department;~~

16           ~~(23)~~ (22) General fund expenditures means all  
17 expenditures from the general fund;

18           ~~(24)~~ (23) General fund operating expenditures means:

19           (a) For state aid calculated for school fiscal years  
20 prior to school fiscal year 2009-10, the total general fund  
21 expenditures minus categorical funds, tuition paid, transportation  
22 fees paid to other districts, adult education, summer school,  
23 community services, redemption of the principal portion of general  
24 fund debt service, retirement incentive plans, staff development  
25 assistance, and transfers from other funds into the general fund

1 for the second school fiscal year immediately preceding the school  
2 fiscal year in which aid is to be paid as reported on the annual  
3 financial report prior to December 1 of the school fiscal year  
4 immediately preceding the school fiscal year in which aid is to be  
5 paid; and

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

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

5 ~~(25)~~ (24) High school district means a school district  
6 providing instruction in at least grades nine through twelve;

7 ~~(26)~~ (25) Income tax liability means the amount of the  
8 reported income tax liability for resident individuals pursuant to  
9 the Nebraska Revenue Act of 1967 less all nonrefundable credits  
10 earned and refunds made;

11 ~~(27)~~ (26) Income tax receipts means the amount of income  
12 tax collected pursuant to the Nebraska Revenue Act of 1967 less all  
13 nonrefundable credits earned and refunds made;

14 ~~(28)~~ (27) Limited English proficiency student means a  
15 ~~student~~ students means (a) for school fiscal years prior to school  
16 fiscal year 2009-10, the number of students with limited English  
17 proficiency in a district from the most recent data available on  
18 November 1 of the school fiscal year preceding the school fiscal  
19 year in which aid is to be paid and (b) for school fiscal year  
20 2009-10 and each school fiscal year thereafter, the number of  
21 students with limited English proficiency in a district from the  
22 most recent data available on November 1 of the school fiscal year  
23 preceding the school fiscal year in which aid is paid plus the  
24 difference of such students with limited English proficiency minus  
25 the average number of limited English proficiency students for

1 such district, prior to such addition, for the three immediately  
 2 preceding school fiscal years if such difference is greater than  
 3 zero;

4 ~~(29)~~ (28) Local system means a learning community, a  
 5 unified system, a Class VI district and the associated Class I  
 6 districts, or a Class II, III, IV, or V district and any affiliated  
 7 Class I districts or portions of Class I districts, and for school  
 8 fiscal year 2008-09 and each school fiscal year thereafter, a  
 9 learning community or a Class II, III, IV, or V district that is  
 10 not a member of a learning community. The membership, expenditures,  
 11 and resources of Class I districts that are affiliated with  
 12 multiple high school districts will be attributed to local systems  
 13 based on the percent of the Class I valuation that is affiliated  
 14 with each high school district;

15 ~~(30)~~ (29) Low-income child means (a) for school fiscal  
 16 years prior to 2008-09, a child under nineteen years of age living  
 17 in a household having an annual adjusted gross income of fifteen  
 18 thousand dollars or less for the second calendar year preceding  
 19 the beginning of the school fiscal year for which aid is being  
 20 calculated and (b) for school fiscal year 2008-09 and each school  
 21 fiscal year thereafter, a child under nineteen years of age living  
 22 in a household having an annual adjusted gross income for the  
 23 second calendar year preceding the beginning of the school fiscal  
 24 year for which aid is being calculated equal to or less than the  
 25 maximum household income that would allow a student from a family

1 of four people to be a free lunch and free milk student during the  
2 school fiscal year immediately preceding the school fiscal year for  
3 which aid is being calculated;

4 ~~(31)~~ (30) Low-income students means the number of  
5 low-income children within the ~~local system~~ district multiplied by  
6 the ratio of the formula students in the ~~local system~~ district  
7 divided by the total children under nineteen years of age  
8 residing in the ~~local system~~ district as derived from income tax  
9 information;

10 ~~(32)~~ (31) Most recently available complete data year  
11 means the most recent single school fiscal year for which the  
12 annual financial report, fall school district membership report,  
13 annual statistical summary, Nebraska income tax liability by school  
14 district for the calendar year in which the majority of the school  
15 fiscal year falls, and adjusted valuation data are available;

16 ~~(33)~~ (32) Poverty students means (a) for school fiscal  
17 years prior to school fiscal year 2009-10, the number of low-income  
18 students or the number of students who are free lunch and free  
19 milk students in a ~~local system,~~ district, whichever is greater,  
20 and (b) for school fiscal year 2009-10 and each school fiscal year  
21 thereafter, the number of low-income students or the number of  
22 students who are free lunch and free milk students in a district  
23 plus the difference of the number of low-income students or the  
24 number of students who are free lunch and free milk students in a  
25 district, whichever is greater, minus the average number of poverty

1 students for such district, prior to such addition, for the three  
 2 immediately preceding school fiscal years if such difference is  
 3 greater than zero;

4 ~~(34)~~ (33) Qualified early childhood education average  
 5 daily membership means the product of the average daily membership  
 6 for school fiscal year 2006-07 and each school fiscal year  
 7 thereafter of students who will be eligible to attend kindergarten  
 8 the following school year and are enrolled in an early childhood  
 9 education program approved by the department pursuant to section  
 10 79-1103 for such school district for such school year multiplied by  
 11 the ratio of the actual instructional hours of the program divided  
 12 by one thousand thirty-two if: (a) The program is receiving a grant  
 13 pursuant to such section for the third year; (b) the program has  
 14 already received grants pursuant to such section for three years;  
 15 or (c) the program has been approved pursuant to subsection (5) of  
 16 section 79-1103 for such school year and the two preceding school  
 17 years, including any such students in portions of any of such  
 18 programs receiving an expansion grant; ~~7~~ multiplied by the ratio  
 19 of the actual instructional hours of the program divided by one  
 20 thousand thirty-two;

21 ~~(35)~~ (34) Qualified early childhood education fall  
 22 membership means the product of membership on the last Friday  
 23 in September 2006 and each year thereafter of students who will  
 24 be eligible to attend kindergarten the following school year and  
 25 are enrolled in an early childhood education program approved

1 by the department pursuant to section 79-1103 for such school  
 2 district for such school year multiplied by the ratio of the  
 3 planned instructional hours of the program divided by one thousand  
 4 thirty-two if: (a) The program is receiving a grant pursuant to  
 5 such section for the third year; (b) the program has already  
 6 received grants pursuant to such section for three years; or (c)  
 7 the program has been approved pursuant to subsection (5) of section  
 8 79-1103 for such school year and the two preceding school years,  
 9 including any such students in portions of any of such programs  
 10 receiving an expansion grant;  multiplied by the ratio of the  
 11 planned instructional hours of the program divided by one thousand  
 12 thirty-two;

13 ~~(36)~~ (35) Regular route transportation means the  
 14 transportation of students on regularly scheduled daily routes to  
 15 and from the attendance center;

16 ~~(37)~~ (36) Reorganized district means any district  
 17 involved in a consolidation and currently educating students  
 18 following consolidation;

19 ~~(38)~~ (37) School year or school fiscal year means the  
 20 fiscal year of a school district as defined in section 79-1091;

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

23 (a)(i) Less than two students per square mile in the  
 24 county in which each high school is located, based on the school  
 25 district census, (ii) less than one formula student per square

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

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

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

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

16 (39) Special education means specially designed  
17 kindergarten through grade twelve instruction pursuant to section  
18 79-1125, and includes special education transportation;

19 (40) Special grant funds means the budgeted receipts for  
20 grants, including, but not limited to, Title I funds, Title VI  
21 funds, funds from the Education Innovation Fund, reimbursements  
22 for wards of the court, short-term borrowings including, but  
23 not limited to, registered warrants and tax anticipation notes,  
24 interfund loans, insurance settlements, and reimbursements to  
25 county government for previous overpayment. The state board shall

1 approve a listing of grants that qualify as special grant funds;

2 ~~(41) Special receipts allowance means the amount of~~  
3 ~~special education, state ward, and accelerated or differentiated~~  
4 ~~curriculum program receipts included in local system formula~~  
5 ~~resources under subdivisions (7), (8), (16), and (17) of section~~  
6 ~~79-1018.01 attributable to the school district;~~

7 ~~(42)~~ (41) State aid means the amount of assistance  
8 paid to a district pursuant to the Tax Equity and Educational  
9 Opportunities Support Act;

10 ~~(43)~~ (42) State board means the State Board of Education;

11 ~~(44)~~ (43) State support means all funds provided to  
12 districts by the State of Nebraska for the general fund support of  
13 elementary and secondary education;

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

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

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

23 ~~(45)~~ (47) Temporary aid adjustment factor means (a) for  
24 school fiscal years before school fiscal year 2007-08, one and  
25 one-fourth percent of the sum of the local system's transportation

1 allowance, the local system's special receipts allowance, and the  
2 product of the local system's adjusted formula students multiplied  
3 by 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)~~ (48) 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)~~ (49) Tuitioned students means students in  
7 kindergarten through grade twelve of the district whose tuition is  
8 paid by the district to some other district or education agency;  
9 and ~~and~~

10 (50) Very sparse local system means a local system that  
11 has:

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

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

23 Sec. 8. Section 79-1003.01, Revised Statutes Supplement,  
24 2007, is amended to read:

25 79-1003.01 For purposes of this section and section

1 79-1007.03 and section 23 of this act, summer school student unit  
2 ~~means one~~ units shall be calculated for each student enrolled in  
3 summer school in a school district who attends such summer school  
4 for at least twelve days, whether or not the student is in the  
5 membership of the school district. The initial number of units for  
6 each such student shall equal the sum of the ratios, each rounded  
7 down to the nearest whole number, of the number of days for which  
8 the student attended summer school classes in such district for at  
9 least three hours and less than six hours per day divided by twelve  
10 days and of two times the number of days for which the student  
11 attended summer school classes in such district for six or more  
12 hours per day divided by twelve days. ~~7 for (1) at least three~~  
13 ~~hours but fewer than six hours per day and (2) at least twelve~~  
14 ~~days but fewer than twenty-four days.~~ Each school district shall  
15 receive a summer school student unit for each qualified time period  
16 for which a student is enrolled, up to six units per student per  
17 summer.

18           Each school district shall receive an additional summer  
19 school student unit for each summer school student unit attributed  
20 to remedial math or reading programs. Each school district shall  
21 also receive an additional summer school student unit for each  
22 summer school student unit attributed to a free lunch and free  
23 milk student. This section does not prevent school districts from  
24 requiring and collecting fees for summer school, except that summer  
25 school student units shall not be calculated for summer school

1 programs for which fees are collected from students who qualify  
2 for free or reduced-price lunches under United States Department of  
3 Agriculture child nutrition programs.

4 Sec. 9. Section 79-1007.02, Revised Statutes Supplement,  
5 2007, is amended to read:

6 79-1007.02 For state aid calculated for school fiscal  
7 ~~year 1998-99 and each school fiscal year thereafter;~~ years prior to  
8 school fiscal year 2009-10:

9 (1) Using data from the annual financial reports for the  
10 second school fiscal year immediately preceding the school fiscal  
11 year in which aid is to be paid, the annual statistical summary  
12 reports for the school fiscal year immediately preceding the school  
13 fiscal year in which aid is to be paid, the fall membership reports  
14 and supplements thereto for the school fiscal year immediately  
15 preceding the school fiscal year in which aid is to be paid,  
16 and the school district census as reported under sections 79-524  
17 and 79-578 for the second school fiscal year preceding the school  
18 fiscal year in which aid is to be paid, the department shall  
19 divide the local systems into three cost groupings prior to the  
20 certification of state aid based upon the following criteria:

21 (a) The very sparse cost grouping will consist of local  
22 systems that have (i) (A) less than one-half student per square  
23 mile in each county in which each high school attendance center  
24 is located, based on the school district census, (B) less than  
25 one formula student per square mile in the local system, and (C)

1 more than fifteen miles between the high school attendance center  
2 and the next closest high school attendance center on paved roads  
3 or (ii) (A) more than four hundred fifty square miles in the local  
4 system, (B) less than one-half student per square mile in the local  
5 system, and (C) more than fifteen miles between each high school  
6 attendance center and the next closest high school attendance  
7 center on paved roads;

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

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

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

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

24 (iv) (A) Less than two formula students per square mile in  
25 the local system and (B) the local system includes an area equal

1 to ninety-five percent or more of the square miles in the largest  
2 county in which a high school attendance center is located in the  
3 local system; and

4 (c) The standard cost grouping will consist of local  
5 systems that do not qualify for the very sparse or the sparse cost  
6 groupings.

7 For purposes of subdivision (1) of this section, if a  
8 local system did not operate and offer instruction in grades nine  
9 through twelve within the boundaries of the local system during the  
10 school fiscal year immediately preceding the school fiscal year in  
11 which aid is to be paid, the local system shall not be considered  
12 to have a high school attendance center;

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

1 pursuant to section 79-1103, the difference between the adjusted  
2 formula students attributed to early childhood education programs  
3 approved by the department pursuant to section 79-1103 for the  
4 school fiscal year immediately following the school fiscal year in  
5 which a district in the local system received an expansion grant  
6 minus the adjusted formula students attributed to early childhood  
7 education programs approved by the department pursuant to section  
8 79-1103 for the school fiscal year in which a district in the  
9 local system received an expansion grant. For the calculation of  
10 state aid for school fiscal year 1999-00 and for each school fiscal  
11 year thereafter, the average formula cost per student in each cost  
12 grouping shall not be recalculated for the final calculation of  
13 state aid pursuant to section 79-1065. The calculation of total  
14 adjusted formula students for purposes of this subdivision shall  
15 take into account the requirements of subdivision (2) of section  
16 79-1007.01. For school fiscal years prior to school fiscal year  
17 2008-09, the total estimated general fund operating expenditures  
18 for the cost grouping is equal to the total adjusted general fund  
19 operating expenditures for all local systems in the cost grouping  
20 multiplied by a cost growth factor. For school fiscal year 2008-09,  
21 ~~and each school fiscal year thereafter,~~ the total estimated general  
22 fund operating expenditures for the cost grouping is equal to the  
23 total adjusted general fund operating expenditures for all local  
24 systems in the cost grouping.

25 (b) For school fiscal years prior to school fiscal year

1 2008-09, the cost growth factor for each cost grouping is equal to  
2 the sum of: (i) One; plus (ii) the product of two times the ratio  
3 of the difference of (A) the formula students attributable to the  
4 cost grouping without weighting or adjustment pursuant to section  
5 79-1007.01 minus the qualified early childhood education fall  
6 membership attributable to the cost grouping without such weighting  
7 or adjustment for state aid certified pursuant to section 79-1022  
8 minus (B) the difference of the sum of the average daily membership  
9 plus tuitioned students attributable to the cost grouping for the  
10 most recently available complete data year minus the qualified  
11 early childhood education average daily membership attributable to  
12 the cost grouping without such weighting or adjustment for the most  
13 recently available complete data year divided by the difference of  
14 the sum of the average daily membership plus tuitioned students  
15 attributable to the cost grouping for the most recently available  
16 complete data year minus the qualified early childhood education  
17 average daily membership attributable to the cost grouping without  
18 such weighting or adjustment for the most recently available  
19 complete data year, except that the ratio shall not be less than  
20 zero; plus (iii) the basic allowable growth rate pursuant to  
21 section 79-1025 for the school fiscal year in which the aid is to  
22 be distributed; plus (iv) the basic allowable growth rate pursuant  
23 to section 79-1025 for the school fiscal year immediately preceding  
24 the school fiscal year in which the aid is to be distributed;  
25 plus (v) one-half of any additional growth rate allowed by special

1 action of school boards for the school fiscal year in which the  
2 aid is to be distributed as determined for the school fiscal  
3 year immediately preceding the school fiscal year when aid is to  
4 be distributed; plus (vi) one-half of any additional growth rate  
5 allowed by special action of the school boards for the school  
6 fiscal year immediately preceding the school fiscal year when the  
7 aid is to be distributed;

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

18 (4) For school fiscal year 2007-08, each local system's  
19 formula need shall be calculated by subtracting the temporary aid  
20 adjustment factor from the sum of the local system's transportation  
21 allowance, special receipts allowance, and distance education and  
22 telecommunications allowance and the product of the local system's  
23 adjusted formula students multiplied by the average formula cost  
24 per student in the local system's cost grouping. The calculation  
25 of total adjusted formula students for purposes of this subdivision

1 shall take into account the requirements of subdivision (2) of  
2 section 79-1007.01; and

3 (5) For school fiscal year 2008-09, ~~and each school~~  
4 ~~fiscal year thereafter,~~ each school district's formula need  
5 shall equal the greater of (a) the difference of the sum of  
6 the school district's transportation allowance, elementary class  
7 size allowance, focus school and program allowance, limited  
8 English proficiency allowance, poverty allowance, special receipts  
9 allowance, and distance education and telecommunications allowance  
10 plus the product of the school district's adjusted formula students  
11 multiplied by the average formula cost per student in the school  
12 district's local system cost grouping minus the sum of the limited  
13 English proficiency allowance correction and poverty allowance  
14 correction or (b) if the school district's general fund levy was  
15 at or above ninety-five percent of the school district's maximum  
16 levy pursuant to section 77-3442, the school district's prior year  
17 formula need multiplied by one hundred percent. The calculation of  
18 total adjusted formula students for purposes of this subdivision  
19 shall take into account the requirements of subdivision (2) of  
20 section 79-1007.03.

21 Sec. 10. (1) For school fiscal years 2009-10  
22 through 2012-13, each school district's formula need shall  
23 equal the difference of the sum of the school district's  
24 basic funding, poverty allowance, limited English proficiency  
25 allowance, elementary class size allowance, focus school and

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

9 (2) For school fiscal year 2013-14 and each school  
10 fiscal year thereafter, each school district's formula need  
11 shall equal the difference of the sum of the school district's  
12 basic funding, poverty allowance, limited English proficiency  
13 allowance, focus school and program allowance, special receipts  
14 allowance, transportation allowance, elementary site allowance,  
15 distance education and telecommunications allowance, averaging  
16 adjustment, teacher education adjustment, new learning community  
17 transportation adjustment, student growth adjustment, and new  
18 school adjustment, minus the sum of the limited English proficiency  
19 allowance correction, poverty allowance correction, and local  
20 choice adjustment.

21 (3) Student growth adjustments shall not be included in  
22 formula need for the final calculation of state aid pursuant to  
23 section 79-1065 for school districts receiving a student growth  
24 adjustment.

25 Sec. 11. The department shall calculate a transportation

1 allowance for each district equal to the lesser of:

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

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

19 Sec. 12. The department shall calculate a special  
20 receipts allowance for each district equal to the amount of special  
21 education, state ward, and accelerated or differentiated curriculum  
22 program receipts included in local system formula resources under  
23 subdivisions (7), (8), (16), and (17) of section 79-1018.01  
24 attributable to the school district.

25 Sec. 13. The department shall calculate a distance

1 education and telecommunications allowance for each school district  
2 equal to eighty-five percent of the difference of the costs for  
3 (a) telecommunications services, (b) access to data transmission  
4 networks that transmit data to and from the school district, and  
5 (c) the transmission of data on such networks paid by the school  
6 districts in the local system as reported on the annual financial  
7 report for the most recently available complete data year minus  
8 the receipts from the federal Universal Service Fund pursuant  
9 to section 254 of the Telecommunications Act of 1996, 47 U.S.C.  
10 254, as such section existed on January 1, 2008, for the school  
11 districts in the local system as reported on the annual financial  
12 report for the most recently available complete data year.

13           Sec. 14. (1) For school fiscal year 2009-10 and each  
14 school fiscal year thereafter:

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

1 fewer students per grade per building in which elementary grades  
2 are offered; and

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

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

25 Sec. 15. For school fiscal year 2009-10 and each school

1 fiscal year thereafter, the department shall calculate basic  
2 funding for each district as follows:

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

25 (2) For districts with nine hundred or more formula

1 students, basic funding shall equal the adjusted formula students  
2 multiplied by the average of the adjusted general fund operating  
3 expenditures per adjusted formula student for each district in  
4 the comparison group, excluding both the district with the  
5 highest adjusted general fund operating expenditures per adjusted  
6 formula student and the district with the lowest adjusted general  
7 fund operating expenditures per adjusted formula student of the  
8 districts in the comparison group; and

9 (3) For districts with fewer than nine hundred formula  
10 students, basic funding shall equal the product of the average  
11 of the adjusted general fund operating expenditures for each  
12 district in the comparison group, excluding both the district  
13 with the highest adjusted general fund operating expenditures  
14 and the district with the lowest adjusted general fund operating  
15 expenditures of the districts in the comparison group, multiplied  
16 by the ratio of the adjusted formula students for the district  
17 divided by the formula students for such district.

18 Sec. 16. For school fiscal year 2009-10 and each school  
19 fiscal year thereafter, the department shall calculate a local  
20 choice adjustment for each district that:

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

22 (2) Is not in a sparse local system or a very sparse  
23 local system; and

24 (3) Did not receive federal funds in excess of  
25 twenty-five percent of is general fund budget of expenditures in

1 the most recently available complete data year or in either of  
2 the two school fiscal years preceding the most recently available  
3 complete data year.

4 The local choice adjustment for each such district shall  
5 equal fifty percent of the difference between the basic funding  
6 per adjusted formula student for the district for which the local  
7 choice adjustment is being calculated and the basic funding per  
8 adjusted formula student for the district that has the closest to  
9 three hundred ninety formula students multiplied by the formula  
10 students for the district for which the local choice adjustment  
11 is being calculated, except that the local choice adjustment  
12 shall equal zero if the basic funding per adjusted formula  
13 student for the district for which the local choice adjustment  
14 is being calculated is less than the basic funding per adjusted  
15 formula student for the district that has the closest to three  
16 hundred ninety formula students. If more than one district has the  
17 closest to three hundred ninety formula students, the basic funding  
18 representing the district that has the closest to three hundred  
19 ninety formula students shall equal the average of the basic  
20 funding per adjusted formula student for each such district. The  
21 closest to three hundred ninety formula students shall be measured  
22 using the absolute value of the difference of three hundred ninety  
23 students minus the district formula students with the difference  
24 rounded to the nearest whole number.

25 Sec. 17. For school fiscal year 2009-10 and each school

1 fiscal year thereafter, the department shall calculate an averaging  
2 adjustment for districts whose basic funding per adjusted formula  
3 student is less than the statewide average basic funding per  
4 adjusted formula student. The averaging adjustment shall equal the  
5 district's adjusted formula students multiplied by fifty percent  
6 of the difference between the statewide average basic funding per  
7 adjusted formula student minus such district's basic funding per  
8 adjusted formula student.

9           Sec. 18. For school fiscal year 2009-10 and each school  
10 fiscal year thereafter, the department shall calculate a teacher  
11 education adjustment for each district as follows:

12           (1) Teacher education points shall be calculated for each  
13 district by the department. Each district shall receive one point  
14 for each full-time equivalent teacher who has earned and been  
15 awarded a master's degree or the equivalent of a master's degree  
16 as determined by the department and one additional point for each  
17 full-time equivalent teacher who has earned and been awarded a  
18 doctoral degree;

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

25           (3) The teacher education adjustment for each district

1 shall equal thirteen and seventy-five one-hundredths percent of  
2 the district's basic funding multiplied by the difference of the  
3 product of the district's teacher education index minus 1, except  
4 that if the result is less than zero, the teacher education  
5 adjustment shall equal zero.

6           Sec. 19. (1) For school fiscal year 2009-10 and each  
7 school fiscal year thereafter, school districts may apply to the  
8 state board for a student growth adjustment, on a form prescribed  
9 by the department, on or before October 10 of the school fiscal  
10 year immediately preceding the school fiscal year for which aid  
11 is being calculated. Such form shall require an estimate of the  
12 average daily membership for the school fiscal year for which aid  
13 is being calculated, the estimated student growth calculated by  
14 subtracting the fall membership of the current school fiscal year  
15 from the estimated average daily membership for the school fiscal  
16 year for which aid is being calculated, and evidence supporting  
17 the estimates. At the immediately following November state board  
18 meeting, the state board shall approve the estimated student  
19 growth, approve a modified student growth, or deny the application  
20 based on the requirements of this section, the evidence submitted  
21 on the application, and any other information provided by the  
22 department. The department shall notify each school district of  
23 the action taken by the state board within five days following the  
24 November state board meeting. School districts may appeal denials  
25 and modifications at the December state board meeting if notice is

1 given to the state board by the school district within ten days  
2 following the November state board meeting on a form prescribed by  
3 the department. Such appeal shall include a public hearing before  
4 the state board.

5 (2) The student growth adjustment for each approved  
6 district shall equal the school district's basic funding per  
7 adjusted formula student multiplied by the difference of the  
8 approved student growth minus the greater of twenty-five students  
9 or one percent of the fall membership for the school fiscal year  
10 immediately preceding the school fiscal year for which aid is being  
11 calculated. The student growth adjustment shall not be included for  
12 the final calculation of state aid pursuant to section 79-1065 for  
13 school districts receiving a student growth adjustment.

14 Sec. 20. (1) For school fiscal year 2009-10 and each  
15 school fiscal year thereafter, school districts may apply to the  
16 state board for a two-year new school adjustment, on a form  
17 prescribed by the department, on or before October 10 of the  
18 school fiscal year immediately preceding the school fiscal year for  
19 which the first-year new school adjustment would be included in  
20 the calculation of state aid. Such form shall require evidence of  
21 recent and expected student growth, evidence that a new building  
22 is being constructed in response to such growth and not to replace  
23 an existing building, evidence that the school fiscal year for  
24 which the district would receive the first-year adjustment will be  
25 the first full school fiscal year for which students will attend

1 such building, and evidence of the estimated student capacity of  
2 such building. At the immediately following November state board  
3 meeting, the state board shall approve the estimated capacity  
4 for use in the adjustment, approve a modified estimated capacity  
5 for use in the adjustment, or deny the application based on  
6 the requirements of this section, the evidence submitted on the  
7 application, and any other information provided by the department.  
8 Each approval shall include an approved estimated student capacity  
9 for the new building. The department shall notify each school  
10 district of the action taken by the state board within five  
11 days following the November state board meeting. School districts  
12 may appeal denials and modifications at the December state board  
13 meeting if notice is given to the state board by the school  
14 district within ten days following the November state board meeting  
15 on a form prescribed by the department. Such appeal shall include a  
16 public hearing before the state board.

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

25 Sec. 21. (1) For state aid calculated for each of the

1 first two full school fiscal years of a new learning community,  
2 each member school district may apply to the state board for a new  
3 learning community transportation adjustment, on a form prescribed  
4 by the department, on or before October 10 of the school fiscal  
5 year immediately preceding the school fiscal year for which the  
6 new learning community transportation adjustment would be included  
7 in the calculation of state aid. Such form shall require evidence  
8 supporting estimates of increased transportation costs for the  
9 district due to the provisions of subsection (2) of section 79-611.  
10 At the immediately following November state board meeting, the  
11 state board shall approve the estimate of increased transportation  
12 costs for use in the adjustment, approve a modified estimate of  
13 increased transportation costs for use in the adjustment, or deny  
14 the application based on the requirements of this section, the  
15 evidence submitted on the application, and any other information  
16 provided by the department. The department shall notify each school  
17 district of the action taken by the state board within five  
18 days following the November state board meeting. School districts  
19 may appeal denials and modifications at the December state board  
20 meeting if notice is given to the state board by the school  
21 district within ten days following the November state board meeting  
22 on a form prescribed by the department. Such appeal shall include a  
23 public hearing before the state board.

24 (2) The new learning community transportation adjustment  
25 shall equal the approved estimate of increased transportation

1 costs due to the provisions of subsection (2) of section 79-611.  
2 School districts shall submit evidence of the actual increase in  
3 transportation costs due to the provisions of subsection (2) of  
4 section 79-611, and the department shall recalculate the adjustment  
5 using such actual costs pursuant to 79-1065.

6           Sec. 22. Section 79-1007.03, Revised Statutes Supplement,  
7 2007, is amended to read:

8           79-1007.03 For state aid calculated for school fiscal  
9 year 2008-09; ~~and each school fiscal year thereafter;~~

10           (1) The adjusted formula students for each school  
11 district shall be calculated by:

12           (a) Multiplying the formula students in each grade range  
13 by the corresponding weighting factors to calculate the weighted  
14 formula students for each grade range as follows:

15           (i) The weighting factor for early childhood education  
16 programs is six-tenths;

17           (ii) The weighting factor for kindergarten is  
18 five-tenths;

19           (iii) The weighting factor for grades one through six,  
20 including full-day kindergarten, is one;

21           (iv) The weighting factor for grades seven and eight is  
22 one and two-tenths; and

23           (v) The weighting factor for grades nine through twelve  
24 is one and four-tenths;

25           (b) Adding the weighted formula students for each grade

1 range to calculate the weighted formula students for the local  
2 system; and

3 (c) Adjusting the weighted formula students by adding the  
4 following demographic factors:

5 (i) The Indian-land factor shall equal 0.25 times the  
6 average daily attendance of students who reside on Indian land  
7 as reported by the United States Department of Education in  
8 calculating the local system's payment pursuant to 20 U.S.C. 7701  
9 et seq., as such sections existed on January 1, 2006;

10 (ii) The extreme remoteness factor shall equal 0.125  
11 times the formula students in the school district for each school  
12 district that has fewer than two hundred formula students, more  
13 than six hundred square miles in the school district, less than  
14 three-tenths formula student per square mile in the local system,  
15 and more than twenty-five miles between the high school attendance  
16 center and the next closest high school attendance center on paved  
17 roads; and

18 (iii) The summer school factor shall equal 0.025 times  
19 the number of summer school student units ~~as defined in~~ calculated  
20 pursuant to section 79-1003.01; and

21 (2) The total adjusted formula students for each  
22 school district shall equal the weighted formula students plus  
23 the demographic factors, except that (a) for school districts  
24 qualifying for the extreme remoteness factor, the total adjusted  
25 formula students shall be greater than or equal to one hundred

1 fifty adjusted formula students, (b) the total adjusted formula  
2 students for a school district shall not include the summer  
3 school factor, the extreme remoteness factor, or any adjustment  
4 to the adjusted formula students resulting from qualification for  
5 the extreme remoteness factor for the calculation of the average  
6 formula cost per student in each cost grouping pursuant to section  
7 79-1007.02, and (c) the total adjusted formula students for a  
8 school district shall include the summer school factor, the extreme  
9 remoteness factor, and any adjustment to the adjusted formula  
10 students resulting from qualification for the extreme remoteness  
11 factor for the calculation of the school district's formula need  
12 pursuant to section 79-1007.02.

13 Sec. 23. For state aid calculated for school fiscal year  
14 2009-10 and each school fiscal year thereafter:

15 (1) The adjusted formula students for each school  
16 district shall be calculated by (a) multiplying the number of  
17 formula students by the instructional time factor and (b) adding  
18 the summer school component.

19 (2) The instructional time factor shall equal the ratio  
20 of the district's average hours of instruction for each full-time  
21 student during the regular school year for the most recently  
22 available complete data year divided by the comparison group  
23 average hours of instruction for each full-time student during  
24 the regular school year for the most recently available complete  
25 data year. The summer school component shall equal 0.025 times

1 the number of summer school student units calculated pursuant to  
 2 section 79-1003.01.

3 (3) The department shall develop a form for determining  
 4 the district's average hours of instruction for each full-time  
 5 student. The comparison group average hours of instruction for each  
 6 full-time student shall be an average of the averages for the  
 7 school districts in the comparison group.

8 Sec. 24. Section 79-1007.04, Revised Statutes Supplement,  
 9 2007, is amended to read:

10 79-1007.04 (1) For school fiscal year years 2008-09  
 11 through 2012-13, and each school fiscal year thereafter, the  
 12 department shall determine the elementary class size allowance for  
 13 each school district.

14 (2) For school fiscal year 2008-09, the The allowance  
 15 shall equal the statewide average general fund operating  
 16 expenditures per formula student multiplied by 0.20 then multiplied  
 17 by the number of students in the school district in kindergarten  
 18 through grade eight who qualify for free or reduced-price lunches  
 19 and who spend at least fifty percent of the school day in a  
 20 ~~classroom~~ one or more classrooms with a minimum of ten students and  
 21 a maximum of twenty students as ~~reported on the fall membership~~  
 22 ~~report from the school fiscal year immediately preceding the~~  
 23 ~~school fiscal year in which the aid is to be paid for state aid~~  
 24 ~~certified pursuant to section 79-1022~~ and as reported on the annual  
 25 statistical summary report from the school fiscal year immediately

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

3 (3) For school fiscal years 2009-10 through 2012-13, the  
4 allowance shall equal the statewide average general fund operating  
5 expenditures per adjusted formula student multiplied by the number  
6 of students in the school district in kindergarten through grade  
7 three who spend at least fifty percent of the school day in one  
8 or more classrooms with a minimum of ten students and a maximum of  
9 twenty students as reported on the fall membership report from the  
10 school fiscal year immediately preceding the school fiscal year in  
11 which the aid is to be paid for state aid certified pursuant to  
12 section 79-1022 and as reported on the annual statistical summary  
13 report from the school fiscal year immediately preceding the school  
14 fiscal year in which the aid was paid for the final calculation of  
15 state aid pursuant to section 79-1065.

16 Sec. 25. Section 79-1007.06, Revised Statutes Supplement,  
17 2007, is amended to read:

18 79-1007.06 (1) For school fiscal year 2008-09 and each  
19 school fiscal year thereafter, the department shall determine  
20 the poverty allowance for each school district that meets the  
21 requirements of this section and has not been disqualified pursuant  
22 to section 79-1007.07. Each school district shall designate a  
23 maximum poverty allowance on a form prescribed by the department  
24 on or before ~~November 1~~ October 10 of the school fiscal year  
25 immediately preceding the school fiscal year for which aid is

1 being calculated. The school district may decline to participate  
 2 in the poverty allowance by providing the department with a  
 3 maximum poverty allowance of zero dollars on such form on or  
 4 before ~~November 1~~ October 10 of the school fiscal year immediately  
 5 preceding the school fiscal year for which aid is being calculated.  
 6 Each school district designating a maximum poverty allowance  
 7 greater than zero dollars shall submit a poverty plan pursuant  
 8 to section 79-1013.

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

12 (a) The maximum amount designated pursuant to subsection  
 13 (1) of this section by the school district in the local system, if  
 14 such school district designated a maximum amount, for the school  
 15 fiscal year for which aid is being calculated; or

16 (b) ~~Sixty-one~~ For school fiscal year 2008-09, sixty-one  
 17 percent of, and for each school fiscal year thereafter,  
 18 seventy-five percent of, the sum of:

19 (i) The statewide average general fund operating  
 20 expenditures per formula student multiplied by 0.05 then multiplied  
 21 by the poverty students comprising more than five percent and  
 22 not more than ten percent of the formula students in the school  
 23 district; plus

24 (ii) The statewide average general fund operating  
 25 expenditures per formula student multiplied by 0.10 then multiplied

1 by the poverty students comprising more than ten percent and not  
2 more than fifteen percent of the formula students in the school  
3 district; plus

4 (iii) The statewide average general fund operating  
5 expenditures per formula student multiplied by 0.15 then multiplied  
6 by the poverty students comprising more than fifteen percent and  
7 not more than twenty percent of the formula students in the school  
8 district; plus

9 (iv) The statewide average general fund operating  
10 expenditures per formula student multiplied by 0.20 then multiplied  
11 by the poverty students comprising more than twenty percent and not  
12 more than twenty-five percent of the formula students in the school  
13 district; plus

14 (v) The statewide average general fund operating  
15 expenditures per formula student multiplied by 0.25 then multiplied  
16 by the poverty students comprising more than twenty-five percent  
17 and not more than thirty percent of the formula students in the  
18 school district; plus

19 (vi) The statewide average general fund operating  
20 expenditures per formula student multiplied by 0.30 then multiplied  
21 by the poverty students comprising more than thirty percent of the  
22 formula students in the school district.

23 Sec. 26. Section 79-1007.07, Revised Statutes Supplement,  
24 2007, is amended to read:

25 79-1007.07 (1) (a) For school fiscal year 2007-08, the

1 annual financial report required pursuant to section 79-528 shall  
2 include:

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

5 (ii) The expenditures and sources of funding for each  
6 program related to poverty with a narrative description of the  
7 program and the method used to allocate money to the program and  
8 within the program.

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

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

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

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

1 (iii) The expenditures and sources of funding for each  
2 program related to poverty with a narrative description of the  
3 program, the method used to allocate money to the program and  
4 within the program, and the program's relationship to the poverty  
5 plan submitted pursuant to section 79-1013 for such school fiscal  
6 year; ~~and~~

7 (iv) The expenditures and sources of funding for support  
8 costs directly attributable to implementing the district's poverty  
9 plan; and

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

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

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

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

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

16 (5) For school fiscal year 2010-11 and each school fiscal  
17 year thereafter, if the department determines that the school  
18 district did not meet the required elements of the poverty plan  
19 for the most recently available complete data year, the department  
20 shall calculate a poverty allowance correction equal to fifty  
21 percent of the poverty allowance for such school fiscal year and  
22 the school district shall also be disqualified from receiving a  
23 poverty allowance for the school fiscal year for which aid is being  
24 calculated. Any poverty allowance correction calculated pursuant to  
25 this subsection shall be added to any poverty allowance correction

1 calculated pursuant to subsection (4) of this section to arrive at  
2 the total poverty allowance correction.

3 (6) The department may request additional information  
4 from any school district to assist with calculations and  
5 determinations pursuant to this section. If the school district  
6 does not provide information upon the request of the department  
7 pursuant to this section, the school district shall be disqualified  
8 from receiving a poverty allowance for the school fiscal year for  
9 which aid is being calculated.

10 (7) The department shall annually provide the Legislature  
11 with a report containing a general description of the expenditures  
12 and funding sources for programs related to poverty statewide and  
13 specific descriptions of the expenditures and funding sources for  
14 programs related to poverty for each school district.

15 (8) The state board shall establish a procedure for  
16 appeal of decisions of the department to the state board for a  
17 final determination.

18 Sec. 27. Section 79-1007.08, Revised Statutes Supplement,  
19 2007, is amended to read:

20 79-1007.08 (1) For school fiscal year 2008-09 and each  
21 school fiscal year thereafter, the department shall determine the  
22 limited English proficiency allowance for each school district  
23 that meets the requirements of this section and has not been  
24 disqualified pursuant to section 79-1007.09. Each school district  
25 shall designate a maximum limited English proficiency allowance

1 on or before ~~November 1~~ October 10 of the school fiscal year  
2 immediately preceding the school fiscal year for which aid is  
3 being calculated. The school district may decline to participate  
4 in the limited English proficiency allowance by providing the  
5 department with a maximum limited English proficiency allowance of  
6 zero dollars on such form on or before ~~November 1~~ October 10 of  
7 the school fiscal year immediately preceding the school fiscal year  
8 for which aid is being calculated. Each school district designating  
9 a maximum limited English proficiency allowance greater than zero  
10 dollars shall submit a limited English proficiency plan pursuant to  
11 section 79-1014.

12 (2) The limited English proficiency allowance for each  
13 school district that has not been disqualified pursuant to section  
14 79-1007.09 shall equal the lesser of:

15 (a) The amount designated pursuant to subsection (1)  
16 of this section by the school district, if such school district  
17 designated a maximum amount, for the school fiscal year for which  
18 aid is being calculated; or

19 (b) The statewide average general fund operating  
20 expenditures per formula student multiplied by 0.25 then multiplied  
21 by:

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

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

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

9           Sec. 28. Section 79-1007.09, Revised Statutes Supplement,  
10 2007, is amended to read:

11           79-1007.09 (1)(a) For school fiscal year 2007-08, the  
12 annual financial report required pursuant to section 79-528 shall  
13 include:

14           (i) The amount of federal funds received based on  
15 students who are limited English proficient as defined by the  
16 federal program providing the funds; and

17           (ii) The expenditures and sources of funding for each  
18 program related to limited English proficiency with a narrative  
19 description of the program and the method used to allocate money to  
20 the program and within the program.

21           (b) The department shall set up accounting codes for the  
22 receipts and expenditures required to be reported on the annual  
23 financial report pursuant to this subsection. The department shall  
24 also determine for each school district an amount that shall  
25 be deemed the limited English proficiency allowance for purposes

1 of this section. Such amount shall equal the adjustments to the  
2 weighted formula students pursuant to subdivision (1)(c)(ii) of  
3 section 79-1007.01 multiplied by the average formula cost per  
4 student in the school district's cost grouping.

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

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

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

14 (iii) The expenditures and sources of funding for each  
15 program related to limited English proficiency with a narrative  
16 description of the program, the method used to allocate money to  
17 the program and within the program, and the program's relationship  
18 to the limited English proficiency plan submitted pursuant to  
19 section 79-1014 for such school fiscal year; and

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

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

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

4           (3) For school fiscal year 2009-10 and each school fiscal  
5 year thereafter, the department shall determine the limited English  
6 proficiency allowance expenditures using the reported expenditures  
7 on the annual financial report for the most recently available  
8 complete data year that would only include in the limited English  
9 proficiency allowance expenditures those expenditures that were  
10 used to specifically address issues related to the education of  
11 students with limited English proficiency or to the implementation  
12 of the limited English proficiency plan, that do not replace  
13 expenditures that would have occurred if the students involved in  
14 the program did not have limited English proficiency, that are  
15 not included in other allowances, and that are ~~not paid for with~~  
16 ~~federal funds.~~ paid for with noncategorical funds generated by  
17 state or local taxes. The department shall establish a procedure  
18 to allow school districts to receive preapproval for categories of  
19 expenditures that could be included in limited English proficiency  
20 allowance expenditures.

21           (4) For school fiscal year 2009-10 and each school fiscal  
22 year thereafter, if the limited English proficiency allowance  
23 expenditures do not equal 117.65 percent or more of the limited  
24 English proficiency allowance for the most recently available  
25 complete data year, the department shall calculate a limited

1 English proficiency allowance correction. The limited English  
2 proficiency allowance correction shall equal the limited English  
3 proficiency allowance minus eighty-five percent of the limited  
4 English proficiency allowance expenditures. If the limited English  
5 proficiency allowance expenditures do not equal fifty percent or  
6 more of the allowance for such school fiscal year, the school  
7 district shall also be disqualified from receiving a limited  
8 English proficiency allowance for the school fiscal year for which  
9 aid is being calculated.

10 (5) For school fiscal year 2010-11 and each school fiscal  
11 year thereafter, if the department determines that the school  
12 district did not meet the required elements of the limited English  
13 proficiency plan for the most recently available complete data  
14 year, the department shall calculate a limited English proficiency  
15 allowance correction equal to fifty percent of the limited English  
16 proficiency allowance for such school fiscal year and the school  
17 district shall also be disqualified from receiving a limited  
18 English proficiency allowance for the school fiscal year for which  
19 aid is being calculated. Any limited English proficiency allowance  
20 correction calculated pursuant to this subsection shall be added  
21 to any limited English proficiency allowance correction calculated  
22 pursuant to subsection (4) of this section to arrive at the total  
23 limited English proficiency allowance correction.

24 (6) The department may request additional information  
25 from any school district to assist with calculations and

1 determinations pursuant to this section. If the school district  
2 does not provide information upon the request of the department  
3 pursuant to this section, the school district shall be disqualified  
4 from receiving a limited English proficiency allowance for the  
5 school fiscal year for which aid is being calculated.

6 (7) The department shall annually provide the Legislature  
7 with a report containing a general description of the expenditures  
8 and funding sources for programs related to limited English  
9 proficiency statewide and specific descriptions of the expenditures  
10 and funding sources for programs related to limited English  
11 proficiency for each school district.

12 (8) The state board shall establish a procedure for  
13 appeal of decisions of the department to the state board for a  
14 final determination.

15 Sec. 29. Section 79-1007.10, Revised Statutes Supplement,  
16 2007, is amended to read:

17 79-1007.10 (1) For state aid calculated for school fiscal  
18 year 2008-09, ~~and each school fiscal year thereafter,~~ the cost  
19 growth factor for each cost grouping is equal to the sum of:  
20 ~~(1)~~ (a) One; plus ~~(2)~~ (b) the product of two times the ratio  
21 of the difference of ~~(a)~~ (i) the formula students attributable  
22 to the cost grouping without weighting or adjustment pursuant to  
23 section 79-1007.03 minus the qualified early childhood education  
24 fall membership attributable to the cost grouping without such  
25 weighting or adjustment for state aid certified pursuant to

1 section 79-1022 minus ~~(b)~~ (ii) the difference of the sum of  
2 the average daily membership plus tuitioned students attributable  
3 to the cost grouping for the most recently available complete  
4 data year minus the qualified early childhood education average  
5 daily membership attributable to the cost grouping without such  
6 weighting or adjustment for the most recently available complete  
7 data year divided by the difference of the sum of the average  
8 daily membership plus tuitioned students attributable to the cost  
9 grouping for the most recently available complete data year minus  
10 the qualified early childhood education average daily membership  
11 attributable to the cost grouping without such weighting or  
12 adjustment for the most recently available complete data year,  
13 except that the ratio shall not be less than zero; plus ~~(3)~~ (c)  
14 the basic allowable growth rate pursuant to section 79-1025 for  
15 the school fiscal year in which the aid is to be distributed;  
16 plus ~~(4)~~ (d) the basic allowable growth rate pursuant to section  
17 79-1025 for the school fiscal year immediately preceding the school  
18 fiscal year in which the aid is to be distributed; plus ~~(5)~~ (e) any  
19 additional growth rate allowed by special action of school boards  
20 for the school fiscal year in which the aid is to be distributed  
21 as determined for the school fiscal year immediately preceding the  
22 school fiscal year when aid is to be distributed; plus ~~(6)~~ (f)  
23 any additional growth rate allowed by special action of the school  
24 boards for the school fiscal year immediately preceding the school  
25 fiscal year when the aid is to be distributed.

1           (2) For state aid calculated for school fiscal year  
2 2009-10 and each school fiscal year thereafter, the cost growth  
3 factor shall equal the sum of: (a) One; plus (b) the basic  
4 allowable growth rate pursuant to section 79-1025 for the school  
5 fiscal year in which the aid is to be distributed; plus (c) the  
6 basic allowable growth rate pursuant to section 79-1025 for the  
7 school fiscal year immediately preceding the school fiscal year in  
8 which the aid is to be distributed; plus (d) one percent.

9           Sec. 30. Section 79-1008.01, Revised Statutes Cumulative  
10 Supplement, 2006, is amended to read:

11           79-1008.01 (1) Except as provided in subsection (2) of  
12 this section and sections 79-1008.02 to 79-1010, each local system  
13 shall receive equalization aid in the amount that the total formula  
14 need of each local system, as determined pursuant to sections  
15 79-1007.01 to 79-1007.10 and sections 10 to 21 and 23 of this  
16 act, exceeds its total formula resources as determined pursuant to  
17 sections 79-1015.01 to 79-1018.01.

18           (2) Except as provided in section 79-1008.02, a local  
19 system shall not receive state aid for ~~any school fiscal year,~~  
20 ~~except school fiscal years 2002-03 through 2007-08,~~ school fiscal  
21 year 2008-09 which is less than an amount equal to the difference  
22 of eighty-five percent of the amount of aid certified in the  
23 preceding school fiscal year minus an amount equal to any increase  
24 in the adjusted valuation between the adjusted valuation used for  
25 the certification of aid in the preceding school fiscal year and

1 the adjusted valuation used for the aid being calculated multiplied  
2 by the maximum levy, for the school fiscal year for which aid is  
3 being certified, pursuant to subdivision (2) (a) or (b) of section  
4 77-3442 without a vote pursuant to section 77-3444.

5 (3) Except as provided in section 79-1008.02, a local  
6 system shall not receive state aid for school fiscal years  
7 ~~2002-03 through 2007-08~~ year 2009-10 and each school fiscal year  
8 thereafter which is less than an amount equal to the difference  
9 of ~~eighty-three and three-fourths~~ eighty-five percent of the amount  
10 of aid certified in the preceding school fiscal year minus an  
11 amount equal to any increase in the adjusted valuation between  
12 the adjusted valuation used for the certification of aid in the  
13 preceding school fiscal year and the adjusted assessed valuation  
14 used for the aid being calculated over the assessed valuation for  
15 the immediately preceding valuation year multiplied by the maximum  
16 levy, for the school fiscal year for which aid is being certified,  
17 pursuant to subdivision (2) (a) of section 77-3442 without a vote  
18 pursuant to section 77-3444.

19 (4) Except as provided in subsection (2) or (3) of this  
20 section, no local system may receive equalization aid such that,  
21 when total aid is added to a levy ten cents less than the maximum  
22 levy, for the school fiscal year for which aid is being certified,  
23 pursuant to subdivision (2) (a) or (b) of section 77-3442 without a  
24 vote pursuant to section 77-3444, multiplied by the local system's  
25 adjusted valuation for school fiscal years prior to school fiscal

1 year 2009-10 or assessed valuation for school fiscal year 2009-10  
2 and each school fiscal year thereafter, would result in total local  
3 system revenue from state aid plus property tax receipts which  
4 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,~~ school fiscal year 2008-09, the aid  
11 that is not distributed through equalization based on subsection  
12 (4) of this section shall be distributed through this subsection  
13 to the extent local systems qualify for such distributions. Local  
14 systems qualify for distribution under this subsection if they have  
15 nine hundred or less formula students and adjusted general fund  
16 operating expenditures per formula student less than the average  
17 for all local systems with nine hundred or less formula students.  
18 The aid shall be distributed proportionally to qualifying districts  
19 based on the dollar amount each local system's calculated state aid  
20 plus 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) 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. 31. Section 79-1008.02, Revised Statutes Supplement,  
5 2007, is amended to read:

6 79-1008.02 A minimum levy adjustment shall be calculated  
7 and applied to any local system that has a general fund common levy  
8 for the fiscal year during which aid is certified that is less  
9 than the maximum levy, for such fiscal year for such local system,  
10 allowed pursuant to subdivision (2)(a) or (b) of section 77-3442  
11 without a vote pursuant to section 77-3444 less ~~two~~ five cents  
12 for learning communities and less ten cents for all other local  
13 systems. To calculate the minimum levy adjustment, the department  
14 shall subtract the local system general fund common levy for such  
15 fiscal year for such local system from the maximum levy allowed  
16 pursuant to subdivision (2)(a) or (b) of section 77-3442 without a  
17 vote pursuant to section 77-3444 less ~~two~~ five cents for learning  
18 communities and less ten cents for all other local systems and  
19 multiply the result by the local system's adjusted valuation for  
20 school fiscal years prior to school fiscal year 2009-10 and by the  
21 local system's assessed valuation for school fiscal year 2009-10  
22 and each school fiscal year thereafter divided by one hundred. The  
23 minimum levy adjustment shall be added to the formula resources of  
24 the local system for the determination of equalization aid pursuant  
25 to section 79-1008.01. If the minimum levy adjustment is greater

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

12           Sec. 32. Section 79-1009, Revised Statutes Cumulative  
13 Supplement, 2006, is amended to read:

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

1 of students that will be enrolled in the district as converted  
2 contract option students and the number of students residing in  
3 the district but enrolled in another district as converted contract  
4 option students for the school fiscal year in which aid is to be  
5 paid. Net number of option students means the difference of the sum  
6 of the number of option students enrolled in the district plus the  
7 number of option students that will be enrolled in the district as  
8 converted contract option students minus the sum of the number of  
9 students residing in the district but enrolled in another district  
10 as option students plus the number of option students that will be  
11 enrolled in another district as converted contract option students.

12           (2) For purposes of this section: (a) For all school  
13 fiscal years except school fiscal years 2002-03 through 2007-08,  
14 school fiscal year 2008-09, net option funding means the sum of  
15 the products of the net number of option students in each grade  
16 range multiplied by the statewide average cost grouping cost per  
17 student multiplied by the weighting factor for the corresponding  
18 grade range pursuant to section 79-1007.01; and (b) for school  
19 fiscal years 2002-03 through 2007-08, net option funding shall be  
20 calculated by subtracting the temporary aid adjustment factor from  
21 the sum of the products of the net number of option students  
22 in each grade range multiplied by the statewide average cost  
23 grouping cost per student multiplied by the weighting factor for  
24 the corresponding grade range pursuant to section 79-1007.01; and  
25 (c) for school fiscal year 2009-10 and each school fiscal year

1 thereafter, net option funding shall be the sum of the product  
2 of the net number of option students multiplied by the statewide  
3 average basic funding per adjusted formula student.

4 (3) A district's net option funding shall be zero if  
5 the calculation produces a negative result. ~~7~~ ~~except that a local~~  
6 ~~system's net option funding shall not be less than zero. Net number~~  
7 ~~of option students means the number of option students actually~~  
8 ~~enrolled in a grade range in the current data year minus the~~  
9 ~~number of students residing in the district but enrolled in another~~  
10 ~~district in the same grade range in the current data year as~~  
11 ~~option students as defined in section 79-233. A district's net~~  
12 ~~option funding shall be zero if the calculation produces a negative~~  
13 ~~result.~~ (3) The determination of the net number of option students  
14 shall be based on (a) the number of option students enrolled in  
15 the district or enrolled in another district as of the day of the  
16 fall membership count pursuant to section 79-528, for the school  
17 fiscal year immediately preceding the school fiscal year in which  
18 the aid is to be paid and (b) the number of option students that  
19 will be enrolled in the district or enrolled in another district  
20 as converted contract option students for the school fiscal year in  
21 which the aid is to be paid. Payments made under this section shall  
22 be made from the funds to be disbursed under section 79-1005.01 or  
23 79-1005.02. (4) Payments made pursuant to this section Such payments  
24 shall go directly to the option school district but shall count as  
25 a formula resource for the local system.

1           Sec. 33. Section 79-1010, Revised Statutes Cumulative  
2 Supplement, 2006, is amended to read:

3           79-1010 (1) To encourage consolidation and unification of  
4 school districts, incentives shall be paid to reorganized districts  
5 and unified systems in certain size ranges for a three-year period  
6 to reward the reorganized districts or unified systems for their  
7 efforts to increase efficiency in the delivery of educational  
8 services. This section shall only apply to consolidations and  
9 unifications with an effective date after May 31, 1996, and before  
10 August 2, 2001.

11           (2) To qualify for incentive payments under this section,  
12 the consolidation or unification must be approved for incentive  
13 payments by the State Committee for the Reorganization of School  
14 Districts. For consolidations, when reviewing a petition for the  
15 boundary change pursuant to section 79-413, the state committee  
16 shall issue a preliminary approval or disapproval for incentive  
17 payments along with a notice specifying application procedures. For  
18 consolidations, affected school districts shall file an application  
19 for incentive payments with the state committee within thirty days  
20 following the issuance of the boundary change order pursuant to  
21 subsection (1) of section 79-479. For unifications, the unified  
22 system or participating districts shall file an application for  
23 incentive payments with the state committee either following  
24 approval of the application for unification or in conjunction  
25 with the application for unification. The state committee shall,

1 within thirty days, approve or disapprove incentive payments.  
2 For consolidations, if there are no material changes in the  
3 reorganization plan between a preliminary approval and application  
4 for incentive payments following the boundary change order, the  
5 state committee shall approve the incentive payments. If a  
6 preliminary disapproval was issued or if there was a material  
7 change in the reorganization plan prior to the issuance of the  
8 boundary change order, the state committee shall reconsider the  
9 approval or disapproval of incentive payments. The state committee  
10 shall make the determination regarding whether or not any changes  
11 in a reorganization plan are material for the purpose of approving  
12 or disapproving incentive payments.

13 (3) For incentive payments to be approved for  
14 either consolidations or unifications by the state committee,  
15 a reorganization study, including efficiency, demographic,  
16 curriculum, facility, financial, and community components, must  
17 be completed. If a study containing such elements is completed  
18 and the reorganization plan or unification agreement will most  
19 likely result in more efficiency in the delivery of educational  
20 services or greater educational opportunities, the state committee  
21 may approve incentive payments for the affected districts.

22 (4)(a) Incentive payments shall be based on the number  
23 of students moving from one size range to a lower cost size range  
24 based on the average daily membership in each affected district  
25 in the school fiscal year immediately preceding the first school

1 fiscal year the boundary change or unification is in effect and  
 2 the average daily membership the consolidated district or unified  
 3 system would have had following the boundary change or unification  
 4 if it had occurred in the school fiscal year immediately preceding  
 5 the first school fiscal year the boundary change or unification  
 6 is in effect. The reorganized school districts or unified systems  
 7 existing after the qualified boundary change or unification shall  
 8 receive incentive payments based on the following criteria for each  
 9 student meeting the criteria:

10           For grades one through six, including full-day  
 11 kindergarten:

12	Average daily	Average daily	Incentive payment
13	membership range	membership range with	per student who
14	before	boundary change	moves from the
15	consolidation	or unification	average daily
16	or unification		membership range
17			before
18			consolidation
19			or unification
20			to the
21			average daily
22			membership range
23			with boundary
24			change or
25			unification

	LB 988		LB 988
1	.01 - 101.00	101.01 - 185.00	\$590
2	.01 - 101.00	185.01 - 375.00	890
3	.01 - 101.00	375.01 - 1,000.00	1,190
4	.01 - 101.00	1,000.01 - 1,900.00	1,320
5	101.01 - 185.00	185.01 - 375.00	300
6	101.01 - 185.00	375.01 - 1,000.00	590
7	101.01 - 185.00	1,000.01 - 1,900.00	730
8	185.01 - 375.00	375.01 - 1,000.00	300
9	185.01 - 375.00	1,000.01 - 1,900.00	430
10	375.01 - 1,000.00	1,000.01 - 1,900.00	130

11                   For grades seven and eight:

12	Average daily	Average daily	Incentive payment
13	membership range	membership range with	per student who
14	before	boundary change	moves from the
15	consolidation	or unification	average daily
16	or unification		membership range
17			before
18			consolidation
19			or unification
20			to the
21			average daily
22			membership range
23			with boundary
24			change or
25			unification

	LB 988		LB 988
1	.01 - 31.00	31.01 - 57.00	\$710
2	.01 - 31.00	57.01 - 115.00	1,070
3	.01 - 31.00	115.01 - 308.00	1,430
4	.01 - 31.00	308.01 - 585.00	1,590
5	31.01 - 57.00	57.01 - 115.00	360
6	31.01 - 57.00	115.01 - 308.00	710
7	31.01 - 57.00	308.01 - 585.00	870
8	57.01 - 115.00	115.01 - 308.00	350
9	57.01 - 115.00	308.01 - 585.00	510
10	115.01 - 308.00	308.01 - 585.00	160
11	For grades nine through twelve:		
12	Average daily	Average daily	Incentive payment
13	membership range	membership range with	per student who
14	before consolidation	boundary change	moves from the
15	or unification	or unification	average daily
16			membership range
17			before
18			consolidation
19			or unification
20			to the
21			average daily
22			membership range
23			with boundary
24			change
25			or unification

	LB 988		LB 988
1	.01 - 50.00	50.01 - 75.00	\$1,640
2	.01 - 50.00	75.01 - 100.00	2,550
3	.01 - 50.00	100.01 - 150.00	2,924
4	.01 - 50.00	150.01 - 250.00	3,180
5	.01 - 50.00	250.01 - 500.00	3,450
6	.01 - 50.00	500.01 - 1,000.00	3,750
7	50.01 - 75.00	75.01 - 100.00	910
8	50.01 - 75.00	100.01 - 150.00	1,280
9	50.01 - 75.00	150.01 - 250.00	1,540
10	50.01 - 75.00	250.01 - 500.00	1,810
11	50.01 - 75.00	500.01 - 1,000.00	2,110
12	75.01 - 100.00	100.01 - 150.00	380
13	75.01 - 100.00	150.01 - 250.00	630
14	75.01 - 100.00	250.01 - 500.00	900
15	75.01 - 100.00	500.01 - 1,000.00	1,200
16	100.01 - 150.00	150.01 - 250.00	260
17	100.01 - 150.00	250.01 - 500.00	530
18	100.01 - 150.00	500.01 - 1,000.00	830
19	150.01 - 250.00	250.01 - 500.00	270
20	150.01 - 250.00	500.01 - 1,000.00	570
21	250.01 - 500.00	500.01 - 1,000.00	300

22 (b) For local systems that will receive base fiscal  
23 year incentive payments for school fiscal year 2001-02 for a  
24 consolidation that includes two districts which entered into  
25 an agreement under the Interlocal Cooperation Act in which

1 one district did not offer instruction in either grades seven  
2 through twelve or nine through twelve and contracted with the  
3 other district for the education of seventh through twelfth grade  
4 students or ninth through twelfth grade students for the school  
5 year prior to the consolidation, those seventh through twelfth  
6 grade students or ninth through twelfth grade students who were  
7 being educated outside their resident district pursuant to the  
8 agreement by a school that is in the local system receiving the  
9 incentives shall be included in the average daily membership of the  
10 resident district before consolidation for purposes of calculating  
11 incentive payments under this section.

12 (5) Except as otherwise provided in subsection (6) of  
13 this section, two million dollars shall be set aside for school  
14 fiscal years 1999-00 and 2000-01 and one million six hundred  
15 sixteen thousand three hundred fifty-four dollars shall be set  
16 aside for school fiscal year 2001-02 for base fiscal year incentive  
17 payments pursuant to subsection (6) of this section. All other  
18 payments pursuant to this section shall be paid directly to the  
19 consolidated district or unified system from the Tax Equity and  
20 Educational Opportunities Fund.

21 (6) Base fiscal year incentive payments shall be  
22 calculated as of August 2 immediately preceding the base fiscal  
23 year and shall be paid directly to the consolidated district or  
24 unified system from the amount set aside for such school fiscal  
25 year from the Tax Equity and Educational Opportunities Fund

1 pursuant to subsection (5) of this section. The payments shall  
2 be made in ten as nearly as possible equal payments on the last  
3 business day of each month, beginning in September and ending the  
4 following June, for the base fiscal year. If the total amount of  
5 base fiscal year incentive payments for that school fiscal year  
6 exceeds the amount set aside for such school fiscal year, the base  
7 fiscal year incentive payments shall be reduced proportionately  
8 so that the total amount of base fiscal year incentive payments  
9 equals the amount set aside for such school fiscal year pursuant  
10 to subsection (5) of this section. The base fiscal year incentive  
11 payments shall not be included in local system formula resources as  
12 calculated under section 79-1018.01. No base fiscal year incentive  
13 payments shall be made pursuant to this subsection after July 1,  
14 2002.

15           (7) (a) For consolidations, one hundred percent of the  
16 amount calculated pursuant to subsection (4) of this section shall  
17 be included in the distribution of state aid for each of the  
18 first three consecutive school fiscal years beginning with the base  
19 fiscal year or two consecutive school fiscal years following the  
20 base fiscal year if payments were made in the base fiscal year  
21 pursuant to subsection (6) of this section. For unifications, one  
22 hundred percent of the amount calculated pursuant to subsection  
23 (4) of this section shall be included in the distribution of  
24 state aid for the first school fiscal year beginning with the base  
25 fiscal year, seventy-five percent for the second school fiscal year

1 beginning with the base fiscal year, and fifty percent for the  
2 third school fiscal year beginning with the base fiscal year. If  
3 a unified system consolidates and the boundary change takes effect  
4 before August 2, 2001, the consolidated district will be eligible  
5 to receive seventy-five percent of the amount originally calculated  
6 pursuant to subsection (4) of this section in the base fiscal  
7 year. If a consolidated district is still receiving incentive  
8 payments for a unification in the base fiscal year, the payments  
9 for the remainder of the first three years will be at one hundred  
10 percent of the amount calculated pursuant to subsection (4) of  
11 this section and in the fourth year, the district will receive  
12 the difference between the incentive payments received and three  
13 hundred percent of the amount calculated pursuant to subsection (4)  
14 of this section. If before August 2, 2001, additional districts  
15 are added to the unified system or are added in a consolidation,  
16 the additional incentives shall be calculated by the department and  
17 added to the incentive payments.

18 (b) For local systems that received base fiscal year  
19 incentive payments prior to school fiscal year 2001-02 for a  
20 consolidation that included two districts which entered into an  
21 agreement under the Interlocal Cooperation Act in which one  
22 district did not offer instruction for either grades seven  
23 through twelve or nine through twelve and contracted with the  
24 other district for the education of seventh through twelfth grade  
25 students or ninth through twelfth grade students for the school

1 year prior to the consolidation, a calculation shall be made  
2 for additional incentives. The additional incentives shall be  
3 calculated pursuant to subsection (4) of this section, except that  
4 the average daily membership before consolidation shall equal the  
5 seventh through twelfth grade students or ninth through twelfth  
6 grade students who were being educated outside their resident  
7 district pursuant to the agreement by a school that is in the local  
8 system receiving the incentives. The June 30, 2001, and June 30,  
9 2002, state aid payments for such local system shall include an  
10 amount equal to the additional incentives calculated pursuant to  
11 this subsection. An amount equal to the additional incentives shall  
12 also be included in the reorganization incentives for state aid to  
13 be paid in the 2002-03 school fiscal year, subject to any reduction  
14 that may be required pursuant to subsection (9) of this section.

15 (8) If, prior to the beginning of the eighth school  
16 year of operating as a unified system, the unified system (a)  
17 discontinues its status as a unified system and (b) does not  
18 consolidate, the districts in the unified system shall pay back  
19 the incentives. The total incentives paid to the unified system  
20 shall be divided between the districts based on the adjusted  
21 assessed valuation of each district in the year prior to the  
22 discontinuation of the unified system, and each district's share  
23 shall be paid back through reductions in state aid in equal amounts  
24 for five years unless a lesser number of years is agreed to by the  
25 school district and the department. If a district withdraws from a

1 unified system prior to the beginning of the eighth school year of  
2 participating in the unified system, the district shall pay back  
3 the incentives attributable to the district's participation in the  
4 unified system through reductions in state aid in equal amounts  
5 for five years unless a lesser number of years is agreed to by  
6 the school district and the department. The total incentives paid  
7 shall include interest calculated from the date of payment until  
8 the estimated repayment at the rate specified in section 45-104.02  
9 as of the expiration of the agreement or the effective date of  
10 withdrawal. If the state aid is less than the repayment amount  
11 in any school fiscal year, the remaining repayment will reduce  
12 state aid in future school fiscal years. In entering into any  
13 agreement with a school district for the repayment of incentives,  
14 the department shall take into consideration the ability of the  
15 school district to repay the incentives in the fewest number of  
16 years and meet the educational needs of the students that are  
17 enrolled in the school district while repaying the incentives.

18 (9) If the total amount of incentive payments to  
19 school districts for a school year exceeds one percent of the  
20 appropriation to the Tax Equity and Educational Opportunities Fund  
21 minus two million dollars, the incentive payments shall be reduced  
22 proportionately so that the total amount of incentive payments to  
23 school districts equals one percent of the appropriation to the  
24 Tax Equity and Educational Opportunities Fund minus two million  
25 dollars. The payments shall not be included in local system formula

1 resources as calculated under section 79-1018.01. No incentive  
2 payments shall be made pursuant to this section after July 1, 2004.

3 Sec. 34. Section 79-1013, Revised Statutes Supplement,  
4 2007, is amended to read:

5 79-1013 (1) On or before ~~November 1~~ October 10 of each  
6 year, each school district designating a maximum poverty allowance  
7 greater than zero dollars shall submit a poverty plan for the next  
8 school fiscal year to the department and to the learning community  
9 coordinating council of any learning community of which the school  
10 district is a member. On or before the immediately following  
11 December 1, (a) the department shall approve or disapprove such  
12 plan for school districts that are not members of a learning  
13 community based on the inclusion of the elements required pursuant  
14 to this section. ~~On or before the immediately following December~~  
15 ~~1,~~ and (b) the learning community coordinating council and, as  
16 to the applicable portions thereof, each achievement subcouncil,  
17 shall approve or disapprove such plan for school districts that  
18 are members of such learning community based on the inclusion of  
19 such elements. On or before the immediately following December 5,  
20 each learning community coordinating council shall certify to the  
21 department the approval or disapproval of the poverty plan for each  
22 member school district.

23 (2) In order to be approved pursuant to this section,  
24 a poverty plan shall include an explanation of how the school  
25 district will address the following issues for such school fiscal

1 year:

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

6 (b) Student mobility, including transportation to allow a  
7 student to continue attendance at the same school if the student  
8 moves to another attendance area within the same school district or  
9 within the same learning community;

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

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

16 (e) Class size reduction or maintenance of small class  
17 sizes ~~for students who qualify for free or reduced-price lunches,~~  
18 in elementary grades;

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

21 (g) Access to early childhood education programs for  
22 children in poverty;

23 (h) Student access to social workers;

24 (i) Access to summer school, extended-school-day  
25 programs, or extended-school-year programs;

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

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

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

7 (m) An evaluation to determine the effectiveness of the  
8 elements of the poverty plan.

9 (3) The state board shall establish a procedure for  
10 appeal of decisions of the department and of learning community  
11 coordinating councils to the state board for a final determination.

12 Sec. 35. Section 79-1014, Revised Statutes Supplement,  
13 2007, is amended to read:

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

1 portions thereof, each achievement subcouncil, shall approve or  
2 disapprove such plan for school districts that are members of  
3 such learning community, based on the inclusion of such elements.  
4 On or before the immediately following December 5, each learning  
5 community coordinating council shall certify to the department the  
6 approval or disapproval of the limited English proficiency plan for  
7 each member school district.

8 (2) In order to be approved pursuant to this section,  
9 a limited English proficiency plan must include an explanation of  
10 how the school district will address the following issues for such  
11 school fiscal year:

12 (a) Identification of students with limited English  
13 proficiency;

14 (b) Instructional approaches;

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

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

19 (3) The state board shall establish a procedure for  
20 appeal of decisions of the department to the state board for a  
21 final determination.

22 Sec. 36. Section 79-1015.01, Revised Statutes Supplement,  
23 2007, is amended to read:

24 79-1015.01 (1) Local system formula resources shall  
25 include local effort rate yield which shall be computed as

1 prescribed in this section.

2           (2) For school fiscal years prior to school fiscal year  
3 2009-10: (a) For state aid certified pursuant to section 79-1022,  
4 the local effort rate shall be the maximum levy, for the school  
5 fiscal year for which aid is being certified, authorized pursuant  
6 to subdivision (2)(a) ~~or (e)~~ of section 77-3442 less ten cents;  
7 (b) for ~~For~~ the final calculation of state aid pursuant to  
8 section 79-1065, the local effort rate shall be the rate which,  
9 when multiplied by the total adjusted valuation of all taxable  
10 property in local systems receiving equalization aid pursuant to  
11 the Tax Equity and Educational Opportunities Support Act, will  
12 produce the amount needed to support the total formula need of  
13 such local systems when added to state aid appropriated by the  
14 Legislature and other actual receipts of local systems described in  
15 section 79-1018.01; and (c) the ~~The~~ local effort rate yield shall  
16 be determined by multiplying each local system's total adjusted  
17 valuation by the local effort rate.

18           (3) For school fiscal year 2009-10 and each school fiscal  
19 year thereafter: (a) For state aid certified pursuant to section  
20 79-1022, the local effort rate shall be the maximum levy, for the  
21 school fiscal year for which aid is being certified, authorized  
22 pursuant to subdivision (2)(a) of section 77-3442 less five cents;  
23 (b) for the final calculation of state aid pursuant to section  
24 79-1065, the local effort rate shall be the rate which, when  
25 multiplied by the total assessed valuation of all taxable property

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

9           Sec. 37. Section 79-1016, Revised Statutes Supplement,  
10 2007, is amended to read:

11           79-1016 (1) On or before August 25, the county assessor  
12 shall certify to the Property Tax Administrator the total taxable  
13 value by school district in the county for the current assessment  
14 year on forms prescribed by the Tax Commissioner. The county  
15 assessor may amend the filing for changes made to the taxable  
16 valuation of the school district in the county if corrections or  
17 errors on the original certification are discovered. Amendments  
18 shall be certified to the Property Tax Administrator on or before  
19 September 30.

20           (2) On or before October 10, the Property Tax  
21 Administrator shall compute and certify to the State Department  
22 of Education the adjusted assessed valuation for the current  
23 assessment year for each class of property in each school district  
24 and each local system. ~~The adjusted valuation of property for each~~  
25 ~~school district and each local system, for purposes of determining~~

1 state aid pursuant to the Tax Equity and Educational Opportunities  
2 Support Act, shall reflect as nearly as possible state aid value  
3 as defined in subsection (3) of this section. The Property Tax  
4 Administrator shall notify each school district and each local  
5 system of its adjusted assessed valuation for state aid purposes  
6 for the current assessment year by class of property on or before  
7 October 10. Establishment of the adjusted valuation shall be based  
8 on the taxable value certified by the county assessor for each  
9 school district in the county adjusted by the determination of  
10 the level of value for each school district from an analysis  
11 of the comprehensive assessment ratio study or other studies  
12 developed by the Property Tax Administrator, in compliance with  
13 professionally accepted mass appraisal techniques, as required by  
14 section 77-1327. The Tax Commissioner shall adopt and promulgate  
15 rules and regulations setting forth standards for the determination  
16 of level of assessed value for school state aid purposes.

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

18 (a) For real property other than agricultural and  
19 horticultural land, one hundred percent of actual value;

20 (b) For agricultural and horticultural land, seventy-five  
21 percent of actual value as provided in sections 77-1359 to 77-1363.

22 For agricultural and horticultural land that receives special  
23 valuation pursuant to section 77-1344, seventy-five percent of  
24 special valuation as defined in section 77-1343; and

25 (c) For personal property, the net book value as defined

1 ~~in section 77-120.~~

2           ~~(4)~~ (3) On or before November 10, any local system may  
3 file with the Tax Commissioner written objections to the ~~adjusted~~  
4 assessed valuations prepared by the Property Tax Administrator,  
5 stating the reasons why such ~~adjusted~~ assessed valuations are not  
6 the valuations required by ~~subsection (3)~~ of this section. The Tax  
7 Commissioner shall fix a time for a hearing. Either party shall  
8 be permitted to introduce any evidence in reference thereto. On or  
9 before January 1, the Tax Commissioner shall enter a written order  
10 modifying or declining to modify, in whole or in part, the ~~adjusted~~  
11 assessed valuations and shall certify the order to the State  
12 Department of Education. Modification by the Tax Commissioner shall  
13 be based upon the evidence introduced at hearing and shall not be  
14 limited to the modification requested in the written objections or  
15 at hearing. A copy of the written order shall be mailed to the  
16 local system within seven days after the date of the order. The  
17 written order of the Tax Commissioner may be appealed within thirty  
18 days after the date of the order to the Tax Equalization and Review  
19 Commission in accordance with section 77-5013.

20           ~~(5)~~ (4) On or before November 10, any local system  
21 or county official may file with the Tax Commissioner a written  
22 request for a nonappealable correction of the ~~adjusted~~ assessed  
23 valuation due to clerical error as defined in section 77-128 or,  
24 for agricultural and horticultural land, assessed value changes  
25 by reason of land qualified or disqualified for special use

1 valuation pursuant to sections 77-1343 to 77-1348. On or before the  
2 following January 1, the Tax Commissioner shall approve or deny the  
3 request and, if approved, certify the corrected ~~adjusted~~ assessed  
4 valuations resulting from such action to the State Department of  
5 Education.

6 ~~(6)~~ (5) On or before May 31 of the year following the  
7 certification of ~~adjusted~~ assessed valuation pursuant to subsection  
8 (2) of this section, any local system or county official may file  
9 with the Tax Commissioner a written request for a nonappealable  
10 correction of the ~~adjusted~~ assessed valuation due to changes to  
11 the tax list that change the assessed value of taxable property.  
12 Upon the filing of the written request, the Tax Commissioner shall  
13 require the county assessor to recertify the taxable valuation  
14 by school district in the county on forms prescribed by the Tax  
15 Commissioner. The recertified valuation shall be the valuation  
16 that was certified on the tax list, pursuant to section 77-1613,  
17 increased or decreased by changes to the tax list that change  
18 the assessed value of taxable property in the school district  
19 in the county in the prior assessment year. On or before the  
20 following July 31, the Tax Commissioner shall approve or deny the  
21 request and, if approved, certify the corrected ~~adjusted~~ assessed  
22 valuations resulting from such action to the State Department of  
23 Education.

24 ~~(7)~~ (6) No injunction shall be granted restraining  
25 the distribution of state aid based upon the ~~adjusted~~ assessed

1 valuations pursuant to this section.

2           ~~(8)~~ (7) A school district whose state aid is to be  
 3 calculated pursuant to subsection ~~(5)~~ (4) of this section and whose  
 4 state aid payment is postponed as a result of failure to calculate  
 5 state aid pursuant to such subsection may apply to the state board  
 6 for lump-sum payment of such postponed state aid. Such application  
 7 may be for any amount up to one hundred percent of the postponed  
 8 state aid. The state board may grant the entire amount applied for  
 9 or any portion of such amount. The state board shall notify the  
 10 Director of Administrative Services of the amount of funds to be  
 11 paid in a lump sum and the reduced amount of the monthly payments.  
 12 The Director of Administrative Services shall, at the time of the  
 13 next state aid payment made pursuant to section 79-1022, draw a  
 14 warrant for the lump-sum amount from appropriated funds and forward  
 15 such warrant to the district.

16           Sec. 38. Section 79-1018.01, Revised Statutes Supplement,  
 17 2007, is amended to read:

18           79-1018.01 ~~Local~~ Except as otherwise provided in this  
 19 section, local system formula resources include other actual  
 20 receipts available for the funding of general fund operating  
 21 expenditures as determined by the department for the second school  
 22 fiscal year immediately preceding the school fiscal year in which  
 23 aid is to be paid. Receipts ~~7 except that receipts~~ from the  
 24 Community Improvements Cash Fund, receipts acquired pursuant to the  
 25 Low-Level Radioactive Waste Disposal Act, and ~~7 beginning with the~~

1 ~~calculation of state aid to be distributed in school fiscal year~~  
2 ~~2004-05,~~ tuition receipts from converted contracts shall not be  
3 included. Other actual receipts include:

4 (1) Public power district sales tax revenue;  
5 (2) Fines and license fees;  
6 (3) Tuition receipts from individuals, other districts,  
7 or any other source except receipts derived from adult education,  
8 receipts derived from summer school tuition, receipts derived  
9 from early childhood education tuition, tuition receipts from  
10 converted contracts, and receipts from educational entities as  
11 defined in section 79-1201.01 for providing distance education  
12 courses through the Distance Education Council until July 1, 2008,  
13 and the Educational Service Unit Coordinating Council on and after  
14 July 1, 2008, to such educational entities;

15 (4) Transportation receipts;

16 (5) Interest on investments;

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

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

22 (8) Special education receipts and non-special education  
23 receipts from the state for wards of the court and wards of the  
24 state;

25 (9) All receipts from the temporary school fund.

1 Beginning with the calculation of aid for school fiscal year  
2 2002-03 and each school fiscal year thereafter, receipts from  
3 the temporary school fund shall only include receipts pursuant  
4 to section 79-1035 and the receipt of funds pursuant to section  
5 79-1036 for property leased for a public purpose as set forth in  
6 subdivision (1) (a) of section 77-202;

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

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

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

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

15 (14) All other noncategorical federal receipts;

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

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

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

25 Sec. 39. Section 79-1022, Revised Statutes Supplement,

1 2007, is amended to read:

2           79-1022 (1) On or before February 1 of each year, the  
3 department shall determine the amounts to be distributed to each  
4 local system and each district pursuant to the Tax Equity and  
5 Educational Opportunities Support Act and shall certify the amounts  
6 to the Director of Administrative Services, the Auditor of Public  
7 Accounts, each learning community, and each district. The amount to  
8 be distributed to each district that is not a member of a learning  
9 community from the amount certified for a local system shall be  
10 proportional based on: (a) For school fiscal years prior to school  
11 fiscal year 2008-09, the weighted formula students attributed to  
12 each district in the local system; and (b) for school fiscal  
13 year 2008-09 and each school fiscal year thereafter, the adjusted  
14 formula students attributed to each district in the local system.  
15 For the first five complete school fiscal years for a learning  
16 community, the amount to be distributed to each district that is  
17 a member of such learning community shall be determined pursuant  
18 to section 79-1015. For each school fiscal year thereafter, the  
19 amount to be distributed to each district that is a member of a  
20 learning community from the amount certified for the local system  
21 shall be proportional based on the formula needs calculated for  
22 each district in the local system. On or before February 1 of  
23 each year, the department shall report the necessary funding level  
24 to the Governor, the Appropriations Committee of the Legislature,  
25 and the Education Committee of the Legislature. Certified state

1 aid amounts, including adjustments pursuant to section 79-1065.02,  
2 shall be shown as budgeted non-property-tax receipts and deducted  
3 prior to calculating the property tax request in the district's  
4 general fund budget statement as provided to the Auditor of Public  
5 Accounts pursuant to section 79-1024.

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

16 Sec. 40. Section 79-1023, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18 79-1023 ~~Ne~~ (1) On or before February 1 of each year,  
19 the department shall determine and certify to each school district  
20 the maximum general fund budget of expenditures minus the special  
21 education budget of expenditures for the immediately following  
22 school fiscal year.

23 (2) For school fiscal years prior to 2009-10, no Class  
24 II, III, IV, V, or VI district shall increase its general fund  
25 budget of expenditures more than the local system's applicable

1 allowable growth rate.

2 (3) For school fiscal year 2009-10, no school district  
3 shall have a general fund budget of expenditures minus the  
4 special education budget of expenditures more than the greater  
5 of the product of the difference of the general fund budget of  
6 expenditures minus the special education budget of expenditures for  
7 the immediately preceding school fiscal year multiplied by the sum  
8 of one plus the local system's applicable allowable growth rate  
9 for school fiscal year 2008-09 or the difference of one hundred  
10 twenty percent of formula need for such school fiscal year minus  
11 the product of the sum of one plus the basic allowable growth rate  
12 for such school year multiplied by the special education budget  
13 of expenditures as filed on school district budget statement on  
14 or before September 20 for the immediately preceding school fiscal  
15 year.

16 (4) For school fiscal year 2010-11, no school district  
17 shall have a general fund budget of expenditures minus the  
18 special education budget of expenditures more than the greater  
19 of the product of the difference of the general fund budget of  
20 expenditures minus the special education budget of expenditures  
21 for the immediately preceding school fiscal year multiplied by  
22 the sum of one plus the basic allowable growth rate or the  
23 difference of one hundred twenty percent of formula need for such  
24 school fiscal year minus the product of the sum of one plus the  
25 basic allowable growth rate for such school year multiplied by

1 the special education budget of expenditures as filed on school  
2 district budget statement on or before September 20 for the  
3 immediately preceding school fiscal year.

4 (5) For school fiscal year 2011-12, no school district  
5 shall have a general fund budget of expenditures minus the special  
6 education budget of expenditures more than the greater of the  
7 difference of the prior year general fund budget of expenditures  
8 minus the prior year special education budget of expenditures  
9 or the difference of one hundred twenty percent of formula need  
10 for such school fiscal year minus the product of the sum of  
11 one plus the basic allowable growth rate for such school year  
12 multiplied by the special education budget of expenditures as filed  
13 on school district budget statement on or before September 20 for  
14 the immediately preceding school fiscal year.

15 (6) For school fiscal year 2012-13 and each school fiscal  
16 year thereafter, except as provided in section 44 of this act, no  
17 school district shall have a general fund budget of expenditures  
18 minus the special education budget of expenditures in excess of  
19 the difference of one hundred twenty percent of formula need for  
20 such school fiscal year minus the product of the sum of one plus  
21 the basic allowable growth rate for such school year multiplied  
22 by the special education budget of expenditures as filed on  
23 school district budget statement on or before September 20 for the  
24 immediately preceding school fiscal year.

25 Sec. 41. Section 79-1025, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2           79-1025 The basic allowable growth rate for general  
3 fund expenditures other than expenditures for special education  
4 shall be the base limitation established under section 77-3446  
5 and for school fiscal years prior to school fiscal year 2009-10,  
6 the allowable growth range shall be from the base limitation to  
7 three percent above the base limitation. The budget authority for  
8 special education for all classes of school districts shall be the  
9 actual anticipated expenditures for special education subject to  
10 the approval of the state board. Such budget authority and funds  
11 generated pursuant to such budget authority shall be used only for  
12 special education expenditures.

13           Sec. 42. Section 79-1026.01, Revised Statutes Cumulative  
14 Supplement, 2006, is amended to read:

15           79-1026.01 For school fiscal year 2008-09, ~~and each~~  
16 ~~school fiscal year thereafter,~~ on or before February 1, the  
17 department shall determine and certify to each Class II, III, IV,  
18 or V district an applicable allowable growth rate carried out at  
19 least four decimal places as follows:

20           (1) The department shall establish a target budget level  
21 range of general fund operating expenditure levels for each school  
22 fiscal year for each school district which shall begin at twenty  
23 percent less than the school district's formula need and end at the  
24 school district's formula need. The beginning point of the range  
25 shall be assigned a number equal to the maximum allowable growth

1 rate established in section 79-1025, and the end point of the range  
2 shall be assigned a number equal to the basic allowable growth rate  
3 as prescribed in such section such that the lower end of the range  
4 shall be assigned the maximum allowable growth rate and the higher  
5 end of the range shall be assigned the basic allowable growth rate;  
6 and

7 (2) For each school fiscal year, each school district's  
8 general fund operating expenditures shall be compared to its target  
9 budget level along the range described in subdivision (1) of  
10 this section to arrive at an applicable allowable growth rate  
11 as follows: If each school district's general fund operating  
12 expenditures fall below the lower end of the range, such applicable  
13 allowable growth rate shall be the maximum growth rate identified  
14 in section 79-1025. If each school district's general fund  
15 operating expenditures are greater than the higher end of the  
16 range, the school district's allowable growth rate shall be the  
17 basic allowable growth rate identified in such section. If each  
18 school district's general fund operating expenditures fall between  
19 the lower end and the higher end of the range, the department shall  
20 use a linear interpolation calculation between the end points of  
21 the range to arrive at the applicable allowable growth rate for the  
22 school district.

23 Sec. 43. Section 79-1028, Revised Statutes Supplement,  
24 2007, is amended to read:

25 79-1028 For school fiscal years prior to school fiscal

1 year 2009-10:

2           (1) A Class II, III, IV, V, or VI school district may  
3 exceed its applicable allowable growth rate for (a) expenditures  
4 in support of a service which is the subject of an agreement or  
5 a modification of an existing agreement whether operated by one  
6 of the parties to the agreement or an independent joint entity  
7 or joint public agency, (b) expenditures to pay for repairs to  
8 infrastructure damaged by a natural disaster which is declared a  
9 disaster emergency pursuant to the Emergency Management Act, (c)  
10 expenditures to pay for judgments, except judgments or orders from  
11 the Commission of Industrial Relations, obtained against a school  
12 district which require or obligate a school district to pay such  
13 judgment, to the extent such judgment is not paid by liability  
14 insurance coverage of a school district, (d) expenditures to pay  
15 for sums agreed to be paid by a school district to certificated  
16 employees in exchange for a voluntary termination of employment,  
17 or (e) expenditures to pay for lease-purchase contracts approved  
18 on or after July 1, 1997, and before July 1, 1998, to the extent  
19 the lease payments were not budgeted expenditures for fiscal year  
20 1997-98;\_.

21           (2) A Class II, III, IV, V, or VI district may exceed  
22 its applicable allowable growth rate by a specific dollar amount  
23 if the district projects an increase in formula students in the  
24 district over the current school year greater than twenty-five  
25 students or greater than those listed in the schedule provided in

1 this ~~subsection~~, subdivision, whichever is less. Districts shall  
 2 project increases in formula students on forms prescribed by the  
 3 department. The department shall approve, deny, or modify the  
 4 projected increases.

5	Average daily	Projected increase
6	membership of	of formula students
7	district	by percentage
8	0- 50	10
9	50.01 - 250	5
10	250.01 - 1,000	3
11	1,000.01 and over	1

12 The department shall compute the district's estimated  
 13 allowable budget per pupil using the budgeted general fund  
 14 expenditures found on the budget statement for the current  
 15 school year divided by the number of formula students in the  
 16 current school year and multiplied by the district's applicable  
 17 allowable growth rate. The resulting allowable budget per pupil  
 18 shall be multiplied by the projected formula students to arrive at  
 19 the estimated budget needs for the ensuing year. The department  
 20 shall allow the district to increase its general fund budget of  
 21 expenditures for the ensuing school year by the amount necessary  
 22 to fund the estimated budget needs of the district as computed  
 23 pursuant to this ~~subsection~~. subdivision. On or before July 1,  
 24 the department shall make available to districts which have been  
 25 allowed additional growth pursuant to this ~~subsection~~ subdivision

1 the necessary document to recalculate the actual formula students  
2 of such district. Such document shall be filed with the department  
3 under subsection (1) of section 79-1024; ~~---~~

4 (3) A Class II, III, IV, V, or VI district may exceed  
5 its applicable allowable growth rate by a specific dollar amount  
6 if construction, expansion, or alteration of district buildings  
7 will cause an increase in building operation and maintenance  
8 costs of at least five percent. The department shall document  
9 the projected increase in building operation and maintenance costs  
10 and may allow a Class II, III, IV, V, or VI district to exceed  
11 its applicable allowable growth rate by the amount necessary to  
12 fund such increased costs. The department shall compute the actual  
13 increased costs for the school year and shall notify the district  
14 on or before July 1 of the recovery of the additional growth  
15 pursuant to this ~~subsection.~~ subdivision;

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

1 for that fiscal year;     -

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

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

1 year;     .

2           ~~(7)~~ For school fiscal year 2005-06, a Class II, III, IV,  
3 V, or VI district may exceed its applicable allowable growth rate  
4 by a specific dollar amount not to exceed seventy-four hundredths  
5 percent of the amount budgeted for employee salaries for such  
6 school fiscal year. For school fiscal year 2006-07, a Class II,  
7 III, IV, V, or VI district may exceed its applicable allowable  
8 growth rate by a specific dollar amount not to exceed fifty-nine  
9 hundredths percent of the amount budgeted for employee salaries for  
10 such school fiscal year.

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

25           ~~(9)~~ (7) For school fiscal year 2008-09, a Class II,

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

20           ~~(10) For school fiscal year 2009-10 and each school~~  
21 ~~fiscal year thereafter, a Class II, III, IV, or V district may~~  
22 ~~exceed its applicable allowable growth rate by a specific dollar~~  
23 ~~amount if the sum of the poverty allowance, elementary class size~~  
24 ~~allowance, focus school and program allowance, and limited English~~  
25 ~~proficiency allowance for the school district has grown at a rate~~

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

15 ~~(11)~~ (8) A Class II, III, IV, or V school district may  
 16 exceed its applicable allowable growth rate by a specific dollar  
 17 amount not to exceed the amount received during such school fiscal  
 18 year from educational entities as defined in section 79-1201.01 for  
 19 providing distance education courses through the Distance Education  
 20 Council until July 1, 2008, and the Educational Service Unit  
 21 Coordinating Council on and after July 1, 2008, to such educational  
 22 entities; and

23 ~~(12)~~ (9) A Class II, III, IV, or V school district may  
 24 exceed its applicable allowable growth rate for school fiscal year  
 25 2007-08 by a specific dollar amount equal to the amount paid in

1 school fiscal year 2006-07 to any distance education consortium  
2 in which the school district was participating pursuant to an  
3 interlocal agreement.

4 Sec. 44. For school fiscal year 2009-10 and each school  
5 fiscal year thereafter, a Class II, III, IV, V, or VI school  
6 district may exceed its maximum general fund budget of expenditures  
7 minus the special education budget of expenditures by a specific  
8 dollar amount for:

9 (1) Expenditures for repairs to infrastructure damaged by  
10 a natural disaster which is declared a disaster emergency pursuant  
11 to the Emergency Management Act;

12 (2) Expenditures for judgments, except judgments or  
13 orders from the Commission of Industrial Relations, obtained  
14 against a school district which require or obligate a school  
15 district to pay such judgment, to the extent such judgment is not  
16 paid by liability insurance coverage of a school district;

17 (3) Expenditures pursuant to the Retirement Incentive  
18 Plan authorized in section 79-855 or the Staff Development  
19 Assistance authorized in section 79-856;

20 (4) Expenditures of incentive payments or base fiscal  
21 year incentive payments to be received in such school fiscal year  
22 pursuant to section 79-1011; and

23 (5) Expenditures of amounts received from educational  
24 entities as defined in section 79-1201.01 for providing distance  
25 education courses through the Educational Service Unit Coordinating

1 Council to such educational entities.

2 The state board shall approve, deny, or modify the amount  
3 allowed for any exception to the maximum general fund budget of  
4 expenditures minus the special education budget of expenditures  
5 pursuant to this section.

6 Sec. 45. Section 79-1029, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8 79-1029 (1) A For school fiscal years prior to school  
9 fiscal year 2009-10, a Class II, III, IV, V, or VI district  
10 may exceed the basic allowable growth rate prescribed in section  
11 79-1025 upon an affirmative vote of at least seventy-five percent  
12 of the board. The total growth shall not exceed the applicable  
13 allowable growth rate certified for the local system under section  
14 79-1026 plus one percent. The vote shall be taken at a public  
15 meeting of the board following a special public hearing called for  
16 the purpose of receiving testimony on such proposed increase. The  
17 board shall give at least five calendar days' notice of such public  
18 hearing and shall publish such notice at least once in a newspaper  
19 of general circulation in the local system.

20 (2) A For school fiscal years prior to school fiscal year  
21 2009-10, a Class II, III, IV, V, or VI district may exceed the  
22 applicable allowable growth rate prescribed in section 79-1026 by  
23 an amount approved by a majority of legal voters voting on the  
24 issue at a primary, general, or special election called for such  
25 purpose upon the recommendation of the board or upon the receipt by

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

16 (3) For school fiscal year 2009-10 and each school fiscal  
17 year thereafter, a Class II, III, IV, V, or VI district may exceed  
18 the maximum general fund budget of expenditures minus the special  
19 education budget of expenditures prescribed in section 79-1023  
20 by an amount approved by a majority of legal voters voting on  
21 the issue at a primary, general, or special election called for  
22 such purpose upon the recommendation of the board or upon the  
23 receipt by the county clerk or election commissioner of a petition  
24 requesting an election, signed by at least five percent of the  
25 legal voters of the district. The recommendation of the board or

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

14           Sec. 46. Section 79-1030, Revised Statutes Cumulative  
15 Supplement, 2006, is amended to read:

16           79-1030 A (1) For school fiscal years prior to school  
17 fiscal year 2009-10, a Class II, III, IV, V, or VI district may  
18 choose not to increase its general fund budget of expenditures  
19 by the full amount of its applicable allowable growth rate. In  
20 such cases, the department shall calculate the amount of unused  
21 budget authority which shall be carried forward to future budget  
22 years so a Class II, III, IV, V, or VI district may increase its  
23 general fund budget of expenditures in ~~future budget years~~ school  
24 fiscal years prior to school fiscal year 2009-10 by the amount of  
25 such total unused budget authority in addition to its applicable

1 allowable growth rate for the specific budget year.

2 (2) For school fiscal years 2009-10, 2010-11, and  
3 2011-12, a Class II, III, IV, V, or VI district may increase its  
4 general fund budget of expenditures each year by an amount up  
5 to five percent of the district's formula need for such school  
6 fiscal year, except that such increases over the three-year period  
7 shall not exceed the amount of unused budget authority remaining  
8 following school fiscal year 2008-09 for such school district.

9 Sec. 47. Section 79-1031.01, Revised Statutes Supplement,  
10 2007, is amended to read:

11 79-1031.01 The Appropriations Committee of the  
12 Legislature shall annually include the amount necessary to fund the  
13 state aid certified to school districts ~~on or before February 15,~~  
14 ~~2007,~~ and on or before February 1 for each ~~ensuing~~ school year  
15 ~~thereafter~~ in its recommendations to the Legislature to carry out  
16 the requirements of the Tax Equity and Educational Opportunities  
17 Support Act.

18 Sec. 48. Section 79-1065, Reissue Revised Statutes of  
19 Nebraska, is amended to read:

20 79-1065 The State Department of Education shall adjust  
21 payments provided under Chapter 79 to school districts which, after  
22 final determination, received funds not equal to the appropriate  
23 allocation for the previous school fiscal year such that the  
24 district will receive the funds to which it was finally determined  
25 to be entitled. If the total adjustment cannot be made from

1 the funds to be provided in the current school fiscal year, the  
2 adjustment shall be prorated, with additional adjustments made  
3 to payments for future school fiscal years. The department shall  
4 maintain an accurate account and a record of the reasons the  
5 adjustments were made and the amount of such adjustments. For  
6 purposes of the Tax Equity and Educational Opportunities Support  
7 Act, the final determination of formula students for districts  
8 that do not receive a student growth adjustment shall be completed  
9 prior to the certification of state aid pursuant to section  
10 79-1022 for the immediately following school fiscal year and the  
11 final determination of formula students for districts that receive  
12 a student growth adjustment shall be completed prior to the  
13 certification of state aid pursuant to section 79-1022 for the  
14 second immediately following school fiscal year.

15           Sec. 49. Section 79-1065.02, Revised Statutes Cumulative  
16 Supplement, 2006, is amended to read:

17           79-1065.02 (1) State aid payments shall be adjusted to  
18 reflect transfers of property due to annexation, to any dissolution  
19 of a Class I school district, and to any reorganization involving  
20 one or more Class I school districts.

21           (2) This section applies whenever:

22           (a) A Class I school district dissolves or reorganizes  
23 in such a manner that the parcels of property making up the Class  
24 I district prior to the dissolution or reorganization which were  
25 affiliated with a Class II, III, IV, or V school district do not

1 become part of the Class II, III, IV, or V school district with  
2 which such parcels of property were affiliated; or

3 (b) Property within the boundaries of a Class II, III,  
4 IV, V, or VI school district is transferred to another school  
5 district due to a change in the school district boundaries in  
6 response to annexation of the transferred property by a city or  
7 village.

8 (3) To qualify for additional state aid pursuant to  
9 this section, the school district from which property is being  
10 transferred shall apply on a form prescribed by the State  
11 Department of Education on or before August 20 preceding the first  
12 school fiscal year for which the property will not be available for  
13 taxation for the school district's general fund levy. On or before  
14 such deadline, the applicant school district shall send copies of  
15 the application to the high school districts of the local systems  
16 receiving valuation in the transfer. For purposes of this section,  
17 property is deemed transferred from the school district whether the  
18 property was within the boundaries of the school district or the  
19 property was affiliated with the school district.

20 (4) Upon receipt of the application, the department, with  
21 the assistance of the Property Tax Administrator, shall calculate  
22 the amount of additional state aid, if any, that the local system,  
23 as defined in section 79-1003, for the applicant school district  
24 would have received for such school fiscal year if the adjusted  
25 valuation for the transferred property had not been included in

1 the adjusted valuation of such local system, or if the assessed  
2 valuation for the transferred property had not been included in the  
3 assessed valuation of such local system, as appropriate, for the  
4 calculation of state aid for such school fiscal year. On or before  
5 September 20 of such school fiscal year, the department shall  
6 certify to the applicant school district the amount of additional  
7 state aid, if any, the district will receive. Except as otherwise  
8 provided in this subsection, if such applicant school district  
9 receives a lump-sum payment pursuant to subsection (2) of section  
10 79-1022, such lump-sum payment shall be increased by the amount  
11 of additional state aid. Except as otherwise provided in this  
12 subsection, if such applicant school district does not receive a  
13 lump-sum payment pursuant to such subsection, state aid payments  
14 shall be increased by one-tenth of the amount of additional state  
15 aid for each of the ten state aid payments for such school fiscal  
16 year. If a portion of the total reduction calculated pursuant  
17 to subsection (5) of this section for local systems receiving  
18 valuation in the transfer of property that is the subject of the  
19 application is delayed until future years, the additional state aid  
20 to be paid in the school fiscal year described in subsection (3) of  
21 this section shall be reduced by the amount of the total reduction  
22 that is delayed until future years. The amount of the reduction  
23 shall be paid as additional aid in the next school fiscal year.

24 (5) The state aid payments shall be reduced for the high  
25 school district of each receiving local system. An amount equal to

1 the additional state aid calculated pursuant to subsection (4) of  
2 this section for the local system of an applicant school district  
3 shall be attributed to the local systems receiving valuation  
4 in such transfer based upon the ratio of the ~~adjusted~~ assessed  
5 valuation received by each local system divided by the total  
6 ~~adjusted~~ assessed valuation transferred from the applicant school  
7 district. If such high school district receives a lump-sum payment  
8 pursuant to subsection (2) of section 79-1022, such lump-sum  
9 payment shall be reduced by the amount attributed to the receiving  
10 local system. If the high school district of a receiving local  
11 system does not receive a lump-sum payment pursuant to such  
12 subsection, state aid payments shall be reduced by one-tenth of  
13 the amount attributed to such receiving local system for each of  
14 the ten state aid payments for such school fiscal year. If the  
15 total reduction is greater than the total state aid payments for  
16 such school fiscal year, the remainder shall be subtracted from  
17 state aid payments in future school fiscal years until the total  
18 reduction has been subtracted from state aid payments. On or before  
19 September 20 of such school fiscal year, the department shall  
20 certify to the high school district of the receiving local system  
21 the amount of the reduction in state aid.

22 (6) For purposes of the final calculation of state aid  
23 pursuant to section 79-1065, the adjusted valuation, or assessed  
24 valuation, depending on which was used in the calculation of state  
25 aid, of the property that was transferred shall also be transferred

1 for purposes of adjusted valuation or assessed valuation, as  
2 appropriate for the final calculation of state aid. For determining  
3 adjustments in state aid pursuant to section 79-1065, the final  
4 calculation of state aid shall be compared to the state aid  
5 certified for such school fiscal year combined with any adjustments  
6 in state aid payments and transfers from other districts pursuant  
7 to this section.

8           Sec. 50. Section 79-1073, Revised Statutes Supplement,  
9 2007, is amended to read:

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

1 community coordinating council.

2 Each time a learning community coordinating council  
3 distributes property tax receipts to member school districts,  
4 the amount to be distributed to each district shall be proportional  
5 based on the total amounts to be distributed to each member school  
6 district for the school fiscal year.

7 Sec. 51. Section 79-1083.03, Revised Statutes Supplement,  
8 2007, is amended to read:

9 79-1083.03 For school fiscal years prior to school fiscal  
10 year 2009-10:

11 (1)(a) If the primary high school district designated  
12 pursuant to section 79-1083.02 is a Class VI district, the Class I  
13 district's total allowable general fund budget of expenditures  
14 minus the special education budget of expenditures shall be  
15 determined by the school board of such Class VI district and  
16 shall be certified to the Class I district on or before June  
17 ~~24, 2003, and on or before March 1 each year thereafter~~ for the  
18 following school fiscal year; and -

19 (b) The Class VI primary high school district shall  
20 certify the total allowable general fund budget of expenditures  
21 minus the special education budget of expenditures for the Class I  
22 district to the State Department of Education on or before ~~August~~  
23 ~~1, 2003, and on or before April 20 each year thereafter.~~ April 20;

24 (2) If the primary high school district is not a Class  
25 VI district, the Class I district's total allowable general fund

1 budget of expenditures minus the special education budget of  
2 expenditures shall be determined by the department as follows and  
3 certified on or before ~~June 15, 2003,~~ and ~~on or before~~ February 1  
4 ~~each year thereafter,~~ for the following school fiscal year:

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

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

1 section 79-1003 weighted by the grade weighting factors contained  
2 in subdivision (1)(a) of section 79-1007.01 to calculate the total  
3 allowable general fund budget of expenditures minus the special  
4 education budget of expenditures for kindergarten through grade  
5 eight in the primary high school district. The total allowable  
6 general fund budget of expenditures minus the special education  
7 budget of expenditures for kindergarten through grade eight shall  
8 be divided by the kindergarten through grade eight formula students  
9 without weighting. The result shall be increased by the applicable  
10 allowable growth rate for the primary high school district's local  
11 system for the ensuing school fiscal year calculated pursuant to  
12 section 79-1026 as determined ~~on or before June 15, 2003,~~ and on or  
13 before February 1 ~~each year thereafter,~~ of the school fiscal year  
14 immediately preceding the school fiscal year for which the budget  
15 is prepared;

16 (c) The amounts calculated in subdivisions (2)(a) and  
17 (2)(b) of this section shall be summed and the result divided  
18 by two to arrive at 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; and

21 (d) The total allowable general fund budget of  
22 expenditures minus the special education budget of expenditures per  
23 formula student for the Class I district shall be multiplied by  
24 the formula students as defined in section 79-1003 for the Class  
25 I district as used by the department for certification of the

1 ensuing school fiscal year's state aid, and the result shall be  
 2 the total allowable general fund budget of expenditures minus the  
 3 special education budget of expenditures for the Class I district  
 4 for the ensuing school fiscal year except as provided in ~~subsection~~  
 5 subdivision (3) of this section; ~~and~~

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

24 (b) The high school district shall approve or deny the  
 25 request ~~on or before July 15, 2003, and on or before April 10 each~~

1 ~~year thereafter~~ following the receipt of such request and shall  
2 forward written notification to the Class I district of approval  
3 or denial. A request for additional budget authority shall be  
4 considered approved if (i) no action is taken by the high school  
5 district or (ii) the high school district fails to send written  
6 notification to the Class I district of the denial of a request for  
7 additional budget authority; -

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

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

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

1 certified budget authority and the request has been approved.

2           Sec. 52. Section 79-1229, Reissue Revised Statutes of  
3 Nebraska, is amended to read:

4           79-1229 (1) On or before January 31 of each year, the  
5 administrator of each educational service unit shall submit to  
6 the Commissioner of Education a report described as the annual  
7 financial report showing (a) the amount of money received from all  
8 sources during the year and the amount of money expended by the  
9 educational service unit during the year, (b) other information  
10 as necessary to fulfill the requirements of sections 79-1241  
11 and 79-1243, and (c) such other information as the commissioner  
12 directs.

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

1 Accounts.

2           Sec. 53. Section 79-1241.03, Revised Statutes Supplement,  
3 2007, is amended to read:

4           79-1241.03 For school fiscal year 2008-09 and each school  
5 fiscal year thereafter:

6           (1) One percent of the funds appropriated for core  
7 services and technology infrastructure shall be transferred to  
8 the Educational Service Unit Coordinating Council. The remainder  
9 of such funds shall be distributed pursuant to subdivisions (2)  
10 through (6) of this section;

11           (2)(a) The distance education and telecommunications  
12 allowance for each educational service unit shall equal eighty-five  
13 percent of the difference of the costs for telecommunications  
14 services, for access to data transmission networks that transmit  
15 data to and from the educational service unit, and for the  
16 transmission of data on such networks paid by the educational  
17 service unit as reported on the annual financial report for the  
18 most recently available complete data year minus the receipts from  
19 the federal Universal Service Fund pursuant to 47 U.S.C. 254,  
20 as such section existed on January 1, 2007, for the educational  
21 service unit as reported on the annual financial report for the  
22 most recently available complete data year and minus any receipts  
23 from school districts or other educational entities for payment  
24 of such costs as reported on the annual financial report of the  
25 educational service unit;

1           (b) The base allocation of each educational service unit  
2 shall equal two and one-half percent of the funds appropriated for  
3 distribution pursuant to this section;

4           (c) The satellite office allocation for each educational  
5 service unit shall equal one percent of the funds appropriated  
6 for distribution pursuant to this section for each office of  
7 the educational service unit, except the educational service unit  
8 headquarters, up to the maximum number of satellite offices. The  
9 maximum number of satellite offices used for the calculation of  
10 the satellite office allocation for any educational service unit  
11 shall equal the difference of the ratio of the number of square  
12 miles within the boundaries of the educational service unit divided  
13 by four thousand minus one with the result rounded to the closest  
14 whole number;

15           (d) The statewide adjusted assessed valuation shall equal  
16 the total adjusted assessed valuation for all local systems  
17 pursuant to section 79-1016 used for the calculation of state  
18 aid for school districts pursuant to the Tax Equity and Educational  
19 Opportunities Support Act for the school fiscal year for which the  
20 distribution is being calculated pursuant to this section;

21           (e) The adjusted assessed valuation for each educational  
22 service unit shall equal the total adjusted assessed valuation of  
23 the member school districts pursuant to section 79-1016 used for  
24 the calculation of state aid for school districts pursuant to the  
25 act for the school fiscal year for which the distribution is being

1 calculated pursuant to this section;

2 (f) The local effort rate shall equal ~~\$0.0135~~ \$0.01425  
3 per one hundred dollars of ~~adjusted~~ assessed valuation;

4 (g) Except as provided in subdivision (5) of this  
5 section, the statewide student allocation shall equal the  
6 difference of the sum of the amount appropriated for distribution  
7 pursuant to this section plus the product of the statewide ~~adjusted~~  
8 assessed valuation multiplied by the local effort rate minus  
9 the distance education and telecommunications allowance, base  
10 allocation, and satellite office allocation for all educational  
11 service units;

12 (h) The sparsity adjustment for each educational service  
13 unit shall equal the sum of one plus one-tenth of the ratio of the  
14 square miles within the boundaries of the educational service unit  
15 divided by the fall membership of the member school districts for  
16 the school fiscal year immediately preceding the school fiscal year  
17 for which the distribution is being calculated pursuant to this  
18 section;

19 (i) The adjusted students for each educational service  
20 unit shall equal the fall membership of the member school districts  
21 for the school fiscal year immediately preceding the school fiscal  
22 year for which aid is being calculated pursuant to this section  
23 multiplied by the educational service unit sparsity adjustment;

24 (j) The per student allocation shall equal the statewide  
25 student allocation divided by the total adjusted students for all

1 educational service units;

2 (k) The student allocation for each educational service  
3 unit shall equal the per student allocation multiplied by the  
4 adjusted students for the educational service units;

5 (l) The needs for each educational service unit shall  
6 equal the sum of the distance education and telecommunications  
7 allowance, base allocation, satellite office allocation, and  
8 student allocation for the educational service unit; and

9 (m) The distribution of core services and technology  
10 infrastructure funds for each educational service unit shall equal  
11 the needs for each educational service unit minus the product of  
12 the adjusted assessed valuation for the educational service unit  
13 multiplied by the local effort rate;

14 (3) If an educational service unit is the result of  
15 a merger or received new member school districts from another  
16 educational service unit, such educational service unit shall,  
17 for each of the three fiscal years following the fiscal year in  
18 which the merger takes place or the new member school districts  
19 are received, receive core services and technology infrastructure  
20 funds pursuant to subdivisions (2) through (6) of this section  
21 in an amount not less than the core services and technology  
22 infrastructure funds received in the fiscal year immediately  
23 preceding the merger or receipt of new member school districts,  
24 except that if the total amount available to be distributed  
25 pursuant to subdivisions (2) through (6) of this section for such

1 year is less than the total amount distributed pursuant to such  
2 subdivisions or sections 79-1241 and 79-1243 for the immediately  
3 preceding fiscal year, the minimum core services and technology  
4 infrastructure funds for each educational service unit pursuant to  
5 this subdivision shall be reduced by a percentage equal to the  
6 ratio of the difference of the total amount distributed pursuant  
7 to subdivisions (2) through (6) of this section or sections  
8 79-1241 and 79-1243 for the immediately preceding fiscal year  
9 minus the total amount available to be distributed pursuant to  
10 subdivisions (2) through (6) of this section for the fiscal year  
11 in question divided by the total amount distributed pursuant to  
12 subdivisions (2) through (6) of this section or sections 79-1241  
13 and 79-1243 for the immediately preceding fiscal year. The core  
14 services and technology infrastructure funds received in the fiscal  
15 year immediately preceding a merger or receipt of new member  
16 school districts for an educational service unit shall equal the  
17 amount received in such fiscal year pursuant to subdivisions (2)  
18 through (6) of this section or sections 79-1241 and 79-1243 by any  
19 educational service unit affected by the merger or the transfer  
20 of school districts multiplied by a ratio equal to the valuation  
21 that was transferred to or retained by the educational service unit  
22 for which the minimum is being calculated divided by the total  
23 valuation of the educational service unit transferring or retaining  
24 the territory;

25 (4) For fiscal years 2008-09 through 2013-14, each

1 educational service unit shall receive core services and technology  
2 infrastructure funds under this section in an amount not less  
3 than ninety-five percent of the total of the core services and  
4 technology infrastructure funds that the educational service unit  
5 received in the immediately preceding fiscal year either pursuant  
6 to subdivisions (2) through (6) of this section or pursuant to  
7 sections 79-1241 and 79-1243, except that if the total amount  
8 available to be distributed pursuant to subdivisions (2) through  
9 (6) of this section for such year is less than the total amount  
10 distributed pursuant to such subdivisions or sections 79-1241 and  
11 79-1243 for the immediately preceding fiscal year, the minimum core  
12 services and technology infrastructure funds for each educational  
13 service unit pursuant to this subdivision shall be reduced by  
14 a percentage equal to the ratio of the difference of the total  
15 amount distributed pursuant to subdivisions (2) through (6) of  
16 this section or sections 79-1241 and 79-1243 for the immediately  
17 preceding fiscal year minus the total amount available to be  
18 distributed pursuant to subdivisions (2) through (6) of this  
19 section for the fiscal year in question divided by the total  
20 amount distributed pursuant to subdivisions (2) through (6) of  
21 this section or sections 79-1241 and 79-1243 for the immediately  
22 preceding fiscal year;

23 (5) If the minimum core services and technology  
24 infrastructure funds pursuant to subdivision (3) or (4) of this  
25 section for any educational service unit exceed the amount that

1 would otherwise be distributed to such educational service unit  
2 pursuant to subdivision (2) of this section, the statewide student  
3 allocation shall be reduced such that the total amount to be  
4 distributed pursuant to this section equals the appropriation  
5 for core services and technology infrastructure funds and no  
6 educational service unit receives less than the greater of any  
7 minimum amounts calculated for such educational service unit  
8 pursuant to subdivisions (3) and (4) of this section; and

9 (6) The State Department of Education shall certify the  
10 distribution of core services and technology infrastructure funds  
11 pursuant to subdivisions (2) through (6) of this section to each  
12 educational service unit on or before July 1, 2008, for school  
13 fiscal year 2008-09 and on or before July 1 of each year thereafter  
14 for the following school fiscal year. Any funds appropriated for  
15 distribution pursuant to this section shall be distributed in ten  
16 as nearly as possible equal payments on the first business day  
17 of each month beginning in September of each school fiscal year  
18 and ending in June. Funds distributed pursuant to this section  
19 shall be used for core services and technology infrastructure with  
20 the approval of representatives of two-thirds of the member school  
21 districts of the educational service unit, representing a majority  
22 of the students in the member school districts.

23 Sec. 54. Original sections 79-1023, 79-1025, 79-1029,  
24 79-1065, and 79-1229, Reissue Revised Statutes of Nebraska,  
25 sections 79-233, 79-1008.01, 79-1009, 79-1010, 79-1026.01, 79-1030,

LB 988

LB 988

1 and 79-1065.02, Revised Statutes Cumulative Supplement, 2006, and  
2 sections 77-1327, 77-3442, 79-4,108, 79-1001, 79-1003, 79-1003.01,  
3 79-1007.02, 79-1007.03, 79-1007.04, 79-1007.06, 79-1007.07,  
4 79-1007.08, 79-1007.09, 79-1007.10, 79-1008.02, 79-1013, 79-1014,  
5 79-1015.01, 79-1016, 79-1018.01, 79-1022, 79-1028, 79-1031.01,  
6 79-1073, 79-1083.03, and 79-1241.03, Revised Statutes Supplement,  
7 2007, are repealed.

8           Sec. 55. The following section is outright repealed:

9 Section 79-1022.02, Reissue Revised Statutes of Nebraska.