

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 235

Introduced by Adams, 24.

Read first time January 11, 2011

Committee: Education

A BILL

1 FOR AN ACT relating to the Tax Equity and Educational Opportunities
2 Support Act; to amend sections 79-413, 79-1008.02,
3 79-1009, 79-1015.01, 79-1025, and 79-1029, Reissue
4 Revised Statutes of Nebraska, and sections 77-3446,
5 79-1003, 79-1005.01, 79-1007.04, 79-1007.07, 79-1007.09,
6 79-1007.10, 79-1007.11, 79-1007.16, 79-1007.18,
7 79-1008.01, 79-1017.01, 79-1023, and 79-1030, Revised
8 Statutes Cumulative Supplement, 2010; to change and
9 eliminate provisions relating to state aid to schools; to
10 harmonize provisions; to repeal the original sections; to
11 outright repeal sections 79-1005.02, 79-1007.01,
12 79-1007.02, 79-1010, 79-1022.02, 79-1026, 79-1028, and
13 79-1083.03, Reissue Revised Statutes of Nebraska, and
14 sections 79-1007.19, 79-1007.24, and 79-1026.01, Revised
15 Statutes Cumulative Supplement, 2010; and to declare an
16 emergency.

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

1 Section 1. Section 77-3446, Revised Statutes Cumulative
2 Supplement, 2010, is amended to read:

3 77-3446 Base limitation means the budget limitation rate
4 applicable to school districts and the limitation on growth of
5 restricted funds applicable to other political subdivisions prior to
6 any increases in the rate as a result of special actions taken by a
7 supermajority of any governing board or of any exception allowed by
8 law. The base limitation is two and one-half percent until adjusted,
9 except that the base limitation for school districts for school
10 fiscal years ~~2009-10, 2011-12,~~ and 2012-13 is ~~one and one-half~~ of one
11 percent and the base limitation for school districts for school
12 fiscal year 2010-11 is twenty-five hundredths of one percent. The
13 base limitation may be adjusted annually by the Legislature to
14 reflect changes in the prices of services and products used by school
15 districts and political subdivisions.

16 Sec. 2. Section 79-413, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 79-413 (1) The State Committee for the Reorganization of
19 School Districts created under section 79-435 may create a new school
20 district from other districts, change the boundaries of any district
21 that is not a member of a learning community, or affiliate a Class I
22 district or portion thereof with one or more existing Class II, III,
23 IV, or V districts upon receipt of petitions signed by sixty percent
24 of the legal voters of each district affected. If the petitions
25 contain signatures of at least sixty-five percent of the legal voters

1 of each district affected, the state committee shall approve the
2 petitions. When area is added to a Class VI district or when a Class
3 I district which is entirely or partially within a Class VI district
4 is taken from the Class VI district, the Class VI district shall be
5 deemed to be an affected district.

6 Any petition of the legal voters of a Class I district in
7 which no city or village is situated which is commenced after January
8 1, 1996, and proposes the dissolution of the Class I district and the
9 attachment of a portion of it to two or more districts shall require
10 signatures of more than fifty percent of the legal voters of such
11 Class I district. If the state committee determines that such
12 petition contains valid signatures of more than fifty percent of the
13 legal voters of such Class I district, the state committee shall
14 grant the petition.

15 (2)(a) Petitions proposing to change the boundaries of
16 existing school districts that are not members of a learning
17 community through the transfer of a parcel of land, not to exceed six
18 hundred forty acres, shall be approved by the state committee when
19 the petitions involve the transfer of land between Class I, II, III,
20 or IV school districts or when there would be an exchange of parcels
21 of land between Class I, II, III, or IV school districts and the
22 petitions have the approval of at least sixty-five percent of the
23 school board of each affected district. If the transfer of the parcel
24 of land is from a Class I school district to one or more Class II,
25 III, IV, V, or VI school districts of which the parcel is not a part

1 or with which the parcel is not affiliated, any Class II, III, IV, V,
2 or VI school district of which the parcel is not a part or with which
3 the parcel is affiliated shall be deemed an affected district.

4 (b) The state committee shall not approve a change of
5 boundaries pursuant to this section relating to affiliation of school
6 districts if twenty percent or more of any tract of land under common
7 ownership which is proposing to affiliate is not contiguous to the
8 high school district with which affiliation is proposed unless (i)
9 one or more resident students of the tract of land under common
10 ownership has attended the high school program of the high school
11 district within the immediately preceding ten-year period or (ii)
12 approval of the petition or plan would allow siblings of such
13 resident students to attend the same school as the resident students
14 attended.

15 (3)(a) Petitions proposing to create a new school
16 district, to change the boundary lines of existing school districts
17 that are not members of a learning community, to create an affiliated
18 school system, or to affiliate a Class I district in part and to join
19 such district in part with a Class VI district, any of which involves
20 the transfer of more than six hundred forty acres, shall, when signed
21 by at least sixty percent of the legal voters in each district
22 affected, be submitted to the state committee. In the case of a
23 petition for affiliation or a petition to affiliate in part and in
24 part to join a Class VI district, the state committee shall review
25 the proposed affiliation subject to sections 79-425 and 79-426. The

1 state committee shall, within forty days after receipt of the
2 petition, hold one or more public hearings and review and approve or
3 disapprove such proposal.

4 ~~(b) The state committee shall also review and approve or~~
5 ~~disapprove incentive payments under section 79-1010.~~

6 ~~(e)~~(b) If there is a bond election to be held in
7 conjunction with the petition, the state committee shall hold the
8 petition until the bond election has been held, during which time
9 names may be added to or withdrawn from the petitions. The results of
10 the bond election shall be certified to the state committee.

11 ~~(d)~~(c) If the bond election held in conjunction with the
12 petition is unsuccessful, no further action on the petition is
13 required. If the bond election is successful, within fifteen days
14 after receipt of the certification of the bond election results, the
15 state committee shall approve the petition and notify the county
16 clerk to effect the changes in district boundary lines as set forth
17 in the petitions.

18 (4) Any person adversely affected by the changes made by
19 the state committee may appeal to the district court of any county in
20 which the real estate or any part thereof involved in the dispute is
21 located. If the real estate is located in more than one county, the
22 court in which an appeal is first perfected shall obtain jurisdiction
23 to the exclusion of any subsequent appeal.

24 (5) A signing petitioner may withdraw his or her name
25 from a petition and a legal voter may add his or her name to a

1 petition at any time prior to the end of the period when the petition
2 is held by the state committee. Additions and withdrawals of
3 signatures shall be by notarized affidavit filed with the state
4 committee.

5 Sec. 3. Section 79-1003, Revised Statutes Cumulative
6 Supplement, 2010, 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 (21) of this section minus the transportation allowance~~
13 ~~and minus the special receipts allowance, (b) for school fiscal year~~
14 ~~2007-08, general fund operating expenditures as calculated pursuant~~
15 ~~to subdivision (21) of this section minus the sum of the~~
16 ~~transportation, special receipts, and distance education and~~
17 ~~telecommunications allowances, (c) for school fiscal year 2008-09,~~
18 ~~the difference of the product of the general fund operating~~
19 ~~expenditures as calculated pursuant to subdivision (21) of this~~
20 ~~section multiplied by the cost growth factor calculated pursuant to~~
21 ~~section 79-1007.10 minus the transportation allowance, special~~
22 ~~receipts allowance, poverty allowance, limited English proficiency~~
23 ~~allowance, distance education and telecommunications allowance,~~
24 ~~elementary site allowance, elementary class size allowance, summer~~
25 ~~school allowance, and focus school and program allowance, (d) for~~

1 ~~school fiscal year 2009-10, the difference of the product of the~~
2 ~~general fund operating expenditures as calculated pursuant to~~
3 ~~subdivision (21) of this section multiplied by the cost growth factor~~
4 ~~calculated pursuant to section 79-1007.10 minus the transportation~~
5 ~~allowance, special receipts allowance, poverty allowance, limited~~
6 ~~English proficiency allowance, distance education and~~
7 ~~telecommunications allowance, elementary site allowance, elementary~~
8 ~~class size allowance, summer school allowance, instructional time~~
9 ~~allowance, and focus school and program allowance, (e) for school~~
10 ~~fiscal years 2010-11 through 2012-13, the difference of the product~~
11 ~~of the general fund operating expenditures as calculated pursuant to~~
12 ~~subdivision (21)-(20) of this section multiplied by increased by, or~~
13 ~~for aid calculated for school fiscal year 2010-11 multiplied by, the~~
14 ~~cost growth factor calculated pursuant to section 79-1007.10, minus~~
15 ~~the transportation allowance, special receipts allowance, poverty~~
16 ~~allowance, limited English proficiency allowance, distance education~~
17 ~~and telecommunications allowance, elementary site allowance,~~
18 ~~elementary class size allowance, summer school allowance,~~
19 ~~instructional time allowance, teacher education allowance, and focus~~
20 ~~school and program allowance; , and (f) for school fiscal year~~
21 ~~2013-14 and each school fiscal year thereafter, the difference of the~~
22 ~~product of the general fund operating expenditures as calculated~~
23 ~~pursuant to subdivision (21) of this section multiplied by the cost~~
24 ~~growth factor calculated pursuant to section 79-1007.10 minus the~~
25 ~~transportation allowance, special receipts allowance, poverty~~

1 ~~allowance, limited English proficiency allowance, distance education~~
2 ~~and telecommunications allowance, elementary site allowance, summer~~
3 ~~school allowance, instructional time allowance, teacher education~~
4 ~~allowance, and focus school and program allowance;~~

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

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

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

23 ~~(5)~~ (4) Average daily membership means the average daily
24 membership for grades kindergarten through twelve attributable to the
25 local system, as provided in each district's annual statistical

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

3 ~~(6)~~—(5) Base fiscal year means the first school fiscal
4 year following the school fiscal year in which the reorganization or
5 unification occurred;

6 ~~(7)~~—(6) Board means the school board of each school
7 district;

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

13 ~~(9)~~—(8) Consolidate means to voluntarily reduce the
14 number of school districts providing education to a grade group and
15 does not include dissolution pursuant to section 79-498;

16 ~~(10)~~—(9) Department means the State Department of
17 Education;

18 ~~(11)~~—(10) District means any Class I, II, III, IV, V, or
19 VI school district and, beginning with the calculation of state aid
20 for school fiscal year 2011-12 and each school fiscal year
21 thereafter, a unified system as defined in section 79-4,108;

22 ~~(12)~~—(11) Ensuing school fiscal year means the school
23 fiscal year following the current school fiscal year;

24 ~~(13)~~—(12) Equalization aid means the amount of assistance
25 calculated to be paid to a local system pursuant to sections

1 79-1007.11 to 79-1007.23, 79-1007.25, and 79-1008.01 to 79-1022; ~~7~~
2 ~~and 79-1022.02;~~

3 ~~(14)~~-(13) Fall membership means the total membership in
4 kindergarten through grade twelve attributable to the local system as
5 reported on the fall school district membership reports for each
6 district pursuant to section 79-528;

7 ~~(15)~~-(14) Fiscal year means the state fiscal year which
8 is the period from July 1 to the following June 30;

9 ~~(16)~~-(15) Formula students means:

10 ~~(a) For school fiscal years prior to school fiscal year~~
11 ~~2008-09, (i) for state aid certified pursuant to section 79-1022, the~~
12 ~~sum of fall membership from the school fiscal year immediately~~
13 ~~preceding the school fiscal year in which the aid is to be paid,~~
14 ~~multiplied by the average ratio of average daily membership to fall~~
15 ~~membership for the second school fiscal year immediately preceding~~
16 ~~the school fiscal year in which aid is to be paid and the prior two~~
17 ~~school fiscal years, plus qualified early childhood education fall~~
18 ~~membership plus tuitioned students from the school fiscal year~~
19 ~~immediately preceding the school fiscal year in which the aid is to~~
20 ~~be paid and (ii) for final calculation of state aid pursuant to~~
21 ~~section 79-1065, the sum of average daily membership plus qualified~~
22 ~~early childhood education average daily membership plus tuitioned~~
23 ~~students from the school fiscal year immediately preceding the school~~
24 ~~fiscal year in which the aid was paid; and~~

25 ~~(b) For school fiscal year 2008-09 and each school fiscal~~

1 ~~year thereafter, (i) for (a)~~ For state aid certified pursuant to
2 section 79-1022, the sum of the product of fall membership from the
3 school fiscal year immediately preceding the school fiscal year in
4 which the aid is to be paid multiplied by the average ratio of
5 average daily membership to fall membership for the second school
6 fiscal year immediately preceding the school fiscal year in which the
7 aid is to be paid and the prior two school fiscal years plus sixty
8 percent of the qualified early childhood education fall membership
9 plus tuitioned students from the school fiscal year immediately
10 preceding the school fiscal year in which aid is to be paid minus the
11 product of the number of students enrolled in kindergarten that is
12 not full-day kindergarten from the fall membership multiplied by 0.5
13 and

14 (b) For the (ii) for final calculation of state aid
15 pursuant to section 79-1065, the sum of average daily membership plus
16 sixty percent of the qualified early childhood education average
17 daily membership plus tuitioned students minus the product of the
18 number of students enrolled in kindergarten that is not full-day
19 kindergarten from the average daily membership multiplied by 0.5 from
20 the school fiscal year immediately preceding the school fiscal year
21 in which aid was paid;

22 ~~(17)~~ (16) Free lunch and free milk student means a
23 student who qualified for free lunches or free milk from the most
24 recent data available on November 1 of the school fiscal year
25 immediately preceding the school fiscal year in which aid is to be

1 paid;

2 ~~(18)~~—(17) Full-day kindergarten means kindergarten
3 offered by a district for at least one thousand thirty-two
4 instructional hours;

5 ~~(19)~~—(18) General fund budget of expenditures means the
6 total budget of disbursements and transfers for general fund purposes
7 as certified in the budget statement adopted pursuant to the Nebraska
8 Budget Act, except that for purposes of the limitation imposed in
9 section 79-1023 and the calculation pursuant to subdivision (2) of
10 section 79-1027.01, the general fund budget of expenditures does not
11 include any special grant funds, exclusive of local matching funds,
12 received by a district;

13 ~~(20)~~—(19) General fund expenditures means all
14 expenditures from the general fund;

15 ~~(21)~~—(20) General fund operating expenditures means ~~the~~ ÷
16 ~~(a) For state aid calculated for school fiscal years prior to school~~
17 ~~fiscal year 2008-09, the total general fund expenditures minus~~
18 ~~categorical funds, tuition paid, transportation fees paid to other~~
19 ~~districts, adult education, summer school, community services,~~
20 ~~redemption of the principal portion of general fund debt service,~~
21 ~~retirement incentive plans, staff development assistance, and~~
22 ~~transfers from other funds into the general fund for the second~~
23 ~~school fiscal year immediately preceding the school fiscal year in~~
24 ~~which aid is to be paid as reported on the annual financial report~~
25 ~~prior to December 1 of the school fiscal year immediately preceding~~

1 ~~the school fiscal year in which aid is to be paid; (b) For state aid~~
2 ~~calculated for school fiscal year 2008-09, as reported for the second~~
3 ~~school fiscal year immediately preceding the school fiscal year in~~
4 ~~which aid is to be paid on the annual financial report submitted~~
5 ~~prior to December 1 of the school fiscal year immediately preceding~~
6 ~~the school fiscal year in which aid is to be paid, the total general~~
7 ~~fund expenditures minus (i) the amount of all receipts to the general~~
8 ~~fund, to the extent that such receipts are not included in local~~
9 ~~system formula resources, from early childhood education tuition,~~
10 ~~summer school tuition, educational entities as defined in section~~
11 ~~79-1201.01 for providing distance education courses through the~~
12 ~~Educational Service Unit Coordinating Council to such educational~~
13 ~~entities, private foundations, individuals, associations, charitable~~
14 ~~organizations, the textbook loan program authorized by section~~
15 ~~79-734, and federal impact aid, (ii) the amount of expenditures for~~
16 ~~categorical funds, tuition paid, transportation fees paid to other~~
17 ~~districts, adult education, community services, redemption of the~~
18 ~~principal portion of general fund debt service, retirement incentive~~
19 ~~plans authorized by section 79-855, and staff development assistance~~
20 ~~authorized by section 79-856, and (iii) the amount of any transfers~~
21 ~~from the general fund to any bond fund and transfers from other funds~~
22 ~~into the general fund; (c) For state aid calculated for school fiscal~~
23 ~~year 2009-10, as reported on the annual financial report for the~~
24 ~~second school fiscal year immediately preceding the school fiscal~~
25 ~~year in which aid is to be paid, the total general fund expenditures~~

1 ~~minus (i) the amount of all receipts to the general fund, to the~~
2 ~~extent that such receipts are not included in local system formula~~
3 ~~resources, from early childhood education tuition, summer school~~
4 ~~tuition, educational entities as defined in section 79-1201.01 for~~
5 ~~providing distance education courses through the Educational Service~~
6 ~~Unit Coordinating Council to such educational entities, private~~
7 ~~foundations, individuals, associations, charitable organizations, the~~
8 ~~textbook loan program authorized by section 79-734, and federal~~
9 ~~impact aid, (ii) the amount of expenditures for categorical funds,~~
10 ~~tuition paid, transportation fees paid to other districts, adult~~
11 ~~education, community services, redemption of the principal portion of~~
12 ~~general fund debt service, retirement incentive plans authorized by~~
13 ~~section 79-855, and staff development assistance authorized by~~
14 ~~section 79-856, (iii) the amount of any transfers from the general~~
15 ~~fund to any bond fund and transfers from other funds into the general~~
16 ~~fund, and (iv) any legal expenses in excess of fifteen hundredths of~~
17 ~~one percent of the formula need for the school fiscal year in which~~
18 ~~the expenses occurred; and (d) For state aid calculated for school~~
19 ~~fiscal year 2010-11 and each school fiscal year thereafter, as~~
20 ~~reported on the annual financial report for the second school fiscal~~
21 ~~year immediately preceding the school fiscal year in which aid is to~~
22 ~~be paid, the total general fund expenditures minus (i)-(a) the amount~~
23 ~~of all receipts to the general fund, to the extent that such receipts~~
24 ~~are not included in local system formula resources, from early~~
25 ~~childhood education tuition, summer school tuition, educational~~

1 entities as defined in section 79-1201.01 for providing distance
2 education courses through the Educational Service Unit Coordinating
3 Council to such educational entities, private foundations,
4 individuals, associations, charitable organizations, the textbook
5 loan program authorized by section 79-734, federal impact aid, and
6 levy override elections pursuant to section 77-3444, ~~(ii)~~(b) the
7 amount of expenditures for categorical funds, tuition paid,
8 transportation fees paid to other districts, adult education,
9 community services, redemption of the principal portion of general
10 fund debt service, retirement incentive plans authorized by section
11 79-855, and staff development assistance authorized by section
12 79-856, ~~(iii)~~(c) the amount of any transfers from the general fund
13 to any bond fund and transfers from other funds into the general
14 fund, ~~(iv)~~(d) any legal expenses in excess of fifteen-hundredths of
15 one percent of the formula need for the school fiscal year in which
16 the expenses occurred, ~~(v)~~(e) expenditures to pay for sums agreed to
17 be paid by a school district to certificated employees in exchange
18 for a voluntary termination occurring prior to July 1, 2009, and ~~(vi)~~
19 ~~(A)~~(f)(i) expenditures in school fiscal years 2009-10 through
20 2013-14 to pay for employer contributions pursuant to subsection (2)
21 of section 79-958 to the School Retirement System of the State of
22 Nebraska to the extent that such expenditures exceed the employer
23 contributions under such subsection that would have been made at a
24 contribution rate of seven and thirty-five hundredths percent or ~~(B)~~
25 (ii) expenditures in school fiscal years 2009-10 through 2013-14 to

1 pay for school district contributions pursuant to subdivision (1)(c)
2 (i) of section 79-9,113 to the Class V School Employees Retirement
3 System to the extent that such expenditures exceed the school
4 district contributions under such subdivision that would have been
5 made at a contribution rate of seven and thirty-seven hundredths
6 percent.

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

14 ~~(22)~~ (21) High school district means a school district
15 providing instruction in at least grades nine through twelve;

16 ~~(23)~~ (22) Income tax liability means the amount of the
17 reported income tax liability for resident individuals pursuant to
18 the Nebraska Revenue Act of 1967 less all nonrefundable credits
19 earned and refunds made;

20 ~~(24)~~ (23) Income tax receipts means the amount of income
21 tax collected pursuant to the Nebraska Revenue Act of 1967 less all
22 nonrefundable credits earned and refunds made;

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

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

12 ~~(26)~~ (25) Local system means a learning community for
13 purposes of calculation of state aid for the second full school
14 fiscal year after becoming a learning community and each school
15 fiscal year thereafter, a unified system, a Class VI district and the
16 associated Class I districts, or a Class II, III, IV, or V district
17 and any affiliated Class I districts or portions of Class I
18 districts. The membership, expenditures, and resources of Class I
19 districts that are affiliated with multiple high school districts
20 will be attributed to local systems based on the percent of the Class
21 I valuation that is affiliated with each high school district;

22 ~~(27)~~ (26) Low-income child means ~~(a) for school fiscal~~
23 ~~years prior to 2008-09, a child under nineteen years of age living in~~
24 ~~a household having an annual adjusted gross income of fifteen~~
25 ~~thousand dollars or less for the second calendar year preceding the~~

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

10 ~~(28)~~ (27) Low-income students means the number of low-
11 income children within the district multiplied by the ratio of the
12 formula students in the district divided by the total children under
13 nineteen years of age residing in the district as derived from income
14 tax information;

15 ~~(29)~~ (28) Most recently available complete data year
16 means the most recent single school fiscal year for which the annual
17 financial report, fall school district membership report, annual
18 statistical summary, Nebraska income tax liability by school district
19 for the calendar year in which the majority of the school fiscal year
20 falls, and adjusted valuation data are available;

21 ~~(30)~~ (29) Poverty students means ~~(a) for school fiscal~~
22 ~~years prior to school fiscal year 2009-10, the number of low income~~
23 ~~students or the number of students who are free lunch and free milk~~
24 ~~students in a district, whichever is greater, and (b) for school~~
25 ~~fiscal year 2009-10 and each school fiscal year thereafter, the~~

1 number of low-income students or the number of students who are free
2 lunch and free milk students in a district plus the difference of the
3 number of low-income students or the number of students who are free
4 lunch and free milk students in a district, whichever is greater,
5 minus the average number of poverty students for such district, prior
6 to such addition, for the three immediately preceding school fiscal
7 years if such difference is greater than zero;

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

23 ~~(32)~~(31) Qualified early childhood education fall
24 membership means the product of membership on the last Friday in
25 September 2006 and each year thereafter of students who will be

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

12 ~~(33)~~—(32) Regular route transportation means the
13 transportation of students on regularly scheduled daily routes to and
14 from the attendance center;

15 ~~(34)~~—(33) Reorganized district means any district
16 involved in a consolidation and currently educating students
17 following consolidation;

18 ~~(35)~~—(34) School year or school fiscal year means the
19 fiscal year of a school district as defined in section 79-1091;

20 ~~(36)~~—(35) Sparse local system means a local system that
21 is not a very sparse local system but which meets the following
22 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 mile

1 in the local system, and (iii) more than ten miles between each high
2 school attendance center and the next closest high school attendance
3 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 high
7 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 to
13 ninety-five percent or more of the square miles in the largest county
14 in which a high school attendance center is located in the local
15 system;

16 ~~(37)~~ (36) Special education means specially designed
17 kindergarten through grade twelve instruction pursuant to section
18 79-1125, and includes special education transportation;

19 ~~(38)~~ (37) Special grant funds means the budgeted receipts
20 for grants, including, but not limited to, ~~Title I funds, Title VI~~
21 ~~funds, funds from the Education Innovation Fund, categorical funds,~~
22 reimbursements for wards of the court, short-term borrowings
23 including, but not limited to, registered warrants and tax
24 anticipation notes, interfund loans, insurance settlements, and
25 reimbursements to county government for previous overpayment. The

1 state board shall approve a listing of grants that qualify as special
2 grant funds;

3 ~~(39)~~ (38) State aid means the amount of assistance paid
4 to a district pursuant to the Tax Equity and Educational
5 Opportunities Support Act;

6 ~~(40)~~ (39) State board means the State Board of Education;

7 ~~(41)~~ (40) State support means all funds provided to
8 districts by the State of Nebraska for the general fund support of
9 elementary and secondary education;

10 ~~(42)~~ (41) Statewide average basic funding per formula
11 student means the statewide total basic funding for all districts
12 divided by the statewide total formula students for all districts;

13 ~~(43)~~ (42) Statewide average general fund operating
14 expenditures per formula student means the statewide total general
15 fund operating expenditures for all districts divided by the
16 statewide total formula students for all districts;

17 ~~(44)~~ (43) Teacher has the definition found in section
18 79-101;

19 ~~(45)~~ (44) Temporary aid adjustment factor means (a) for
20 school fiscal years before school fiscal year 2007-08, one and one-
21 fourth percent of the sum of the local system's transportation
22 allowance, the local system's special receipts allowance, and the
23 product of the local system's adjusted formula students multiplied by
24 the average formula cost per student in the local system's cost
25 grouping and (b) for school fiscal year 2007-08, one and one-fourth

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

6 ~~(46)~~—(45) 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; and
 9 ~~(47)~~—(46) Very sparse local system means a local system
 10 that has:

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

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

22 Sec. 4. Section 79-1005.01, Revised Statutes Cumulative
 23 Supplement, 2010, is amended to read:

24 79-1005.01 ~~For state aid calculated for all school fiscal~~
 25 ~~years except school fiscal years 2002-03 through 2007-08:~~

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

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

18 (3) Using the data certified by the Tax Commissioner
19 pursuant to ~~subdivision~~subsection (2) of this section, the
20 department shall calculate the allocation percentage and each local
21 system's allocated income tax funds. The allocation percentage shall
22 be an amount equal to the amount appropriated to the School District
23 Income Tax Fund for distribution in school fiscal year 1992-93 minus
24 the total amount paid for option students pursuant to section 79-1009
25 and, (a) for aid calculated for school fiscal year 2010-11, minus

1 twenty million dollars and (b) for aid calculated for school fiscal
2 years 2011-12 and 2012-13, minus twenty-one million dollars with the
3 difference divided by the aggregate statewide income tax liability of
4 all resident individuals certified pursuant to ~~subdivision~~ subsection
5 (2) of this section. Each local system's allocated income tax funds
6 shall be calculated by multiplying the allocation percentage times
7 the local system's income tax liability certified pursuant to
8 ~~subdivision~~ subsection (2) of this section.

9 Sec. 5. Section 79-1007.04, Revised Statutes Cumulative
10 Supplement, 2010, is amended to read:

11 79-1007.04 ~~(1) For school fiscal years 2008-09 through~~
12 ~~2012-13, the~~ The department shall determine the elementary class size
13 allowance for each school district from information submitted by a
14 school district on a form prescribed by the department on or before
15 October 15 of the school fiscal year preceding the school fiscal year
16 for which aid is being calculated. ~~(2) For school fiscal year~~
17 ~~2008-09, the allowance shall equal the statewide average general fund~~
18 ~~operating expenditures per formula student multiplied by 0.20 then~~
19 ~~multiplied by the number of students in the school district in~~
20 ~~kindergarten through grade eight who qualify for free or reduced-~~
21 ~~price lunches and who spend at least fifty percent of the school day~~
22 ~~in a classroom with a minimum of ten students and a maximum of twenty~~
23 ~~students as reported on the fall membership report from the school~~
24 ~~fiscal year immediately preceding the school fiscal year in which the~~
25 ~~aid is to be paid.~~ ~~(3) For school fiscal years 2009-10 through~~

1 ~~2012-13, the~~ The elementary class size allowance shall equal the
2 statewide average general fund operating expenditures per formula
3 student multiplied by twenty percent of the number of students in the
4 school district in kindergarten through grade three who spend at
5 least fifty percent of the school day in one or more classrooms with
6 a minimum of ten students and a maximum of twenty students as
7 reported on the fall membership report from the school fiscal year
8 immediately preceding the school fiscal year in which the aid is to
9 be paid for state aid certified pursuant to section 79-1022 and as
10 reported on the annual statistical summary report from the school
11 fiscal year immediately preceding the school fiscal year in which the
12 aid was paid for the final calculation of state aid pursuant to
13 section 79-1065.

14 Sec. 6. Section 79-1007.07, Revised Statutes Cumulative
15 Supplement, 2010, is amended to read:

16 79-1007.07 ~~(1)(a) For school fiscal year 2007-08, the~~
17 ~~annual financial report required pursuant to section 79-528 shall~~
18 ~~include:~~

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

21 ~~(ii) The expenditures and sources of funding for each~~
22 ~~program related to poverty with a narrative description of the~~
23 ~~program and the method used to allocate money to the program and~~
24 ~~within the program.~~

25 ~~(b) The department shall set up accounting codes for the~~

1 ~~receipts and expenditures required to be reported on the annual~~
2 ~~financial report pursuant to this subsection. The department shall~~
3 ~~also determine for each school district an amount that shall be~~
4 ~~deemed the poverty allowance for purposes of this section. Such~~
5 ~~amount shall equal the adjustments to the weighted formula students~~
6 ~~pursuant to subdivision (1)(c)(iii) of section 79-1007.01 multiplied~~
7 ~~by the average formula cost per student in the school district's cost~~
8 ~~grouping.~~

9 ~~(2)(a) For school fiscal year 2008-09 and each school~~
10 ~~fiscal year thereafter, the~~ (1)(a) The annual financial report
11 required pursuant to section 79-528 shall include:

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

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

17 (iii) The expenditures and sources of funding for each
18 program related to poverty with a narrative description of the
19 program, the method used to allocate money to the program and within
20 the program, and the program's relationship to the poverty plan
21 submitted pursuant to section 79-1013 for such school fiscal year;

22 (iv) The expenditures and sources of funding for support
23 costs directly attributable to implementing the district's poverty
24 plan; and

25 (v) An explanation of how any required elements of the

1 poverty plan for such school fiscal year were met.

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

5 ~~(3) For school fiscal year 2009-10 and each school fiscal~~
6 ~~year thereafter, the~~ (2) The department shall determine the poverty
7 allowance expenditures using the reported expenditures on the annual
8 financial report for the most recently available complete data year
9 that would include in the poverty allowance expenditures only those
10 expenditures that were used to specifically address issues related to
11 the education of students living in poverty or to the implementation
12 of the poverty plan, that do not replace expenditures that would have
13 occurred if the students involved in the program did not live in
14 poverty, that are not included in other allowances, and that are paid
15 for with noncategorical funds generated by state or local taxes or
16 funds distributed through the Tax Equity and Educational
17 Opportunities Support Act pursuant to the federal American Recovery
18 and Reinvestment Act of 2009. The department shall establish a
19 procedure to allow school districts to receive preapproval for
20 categories of expenditures that could be included in poverty
21 allowance expenditures.

22 ~~(4) For school fiscal year 2009-10 and each school fiscal~~
23 ~~year thereafter, if~~ (3) If the poverty allowance expenditures do not
24 equal 117.65 percent or more of the poverty allowance for the most
25 recently available complete data year, the department shall calculate

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

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

20 ~~(6)~~ (5) The department may request additional information
21 from any school district to assist with calculations and
22 determinations pursuant to this section. If the school district does
23 not provide information upon the request of the department pursuant
24 to this section, the school district shall be disqualified from
25 receiving a poverty allowance for the school fiscal year for which

1 aid is being calculated.

2 ~~(7)~~ (6) The department shall annually provide the
3 Legislature with a report containing a general description of the
4 expenditures and funding sources for programs related to poverty
5 statewide and specific descriptions of the expenditures and funding
6 sources for programs related to poverty for each school district.

7 ~~(8)~~ (7) The state board shall establish a procedure for
8 appeal of decisions of the department to the state board for a final
9 determination.

10 Sec. 7. Section 79-1007.09, Revised Statutes Cumulative
11 Supplement, 2010, is amended to read:

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

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

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

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

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

6 ~~(2)(a) For school fiscal year 2008-09 and each school~~
7 ~~fiscal year thereafter, the (1)(a) The annual financial report~~
8 ~~required pursuant to section 79-528 shall include:~~

9 (i) The amount of the limited English proficiency
10 allowance used in the certification of state aid pursuant to section
11 79-1022 for such school fiscal year;

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

15 (iii) The expenditures and sources of funding for each
16 program related to limited English proficiency with a narrative
17 description of the program, the method used to allocate money to the
18 program and within the program, and the program's relationship to the
19 limited English proficiency plan submitted pursuant to section
20 79-1014 for such school fiscal year;

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

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

1 met.

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

5 ~~(3) For school fiscal year 2009-10 and each school fiscal~~
6 ~~year thereafter, the~~ (2) The department shall determine the limited
7 English proficiency allowance expenditures using the reported
8 expenditures on the annual financial report for the most recently
9 available complete data year that would only include in the limited
10 English proficiency allowance expenditures those expenditures that
11 were used to specifically address issues related to the education of
12 students with limited English proficiency or to the implementation of
13 the limited English proficiency plan, that do not replace
14 expenditures that would have occurred if the students involved in the
15 program did not have limited English proficiency, that are not
16 included in other allowances, and that are paid for with
17 noncategorical funds generated by state or local taxes or funds
18 distributed through the Tax Equity and Educational Opportunities
19 Support Act pursuant to the federal American Recovery and
20 Reinvestment Act of 2009. The department shall establish a procedure
21 to allow school districts to receive preapproval for categories of
22 expenditures that could be included in limited English proficiency
23 allowance expenditures.

24 ~~(4) For school fiscal year 2009-10 and each school fiscal~~
25 ~~year thereafter, if~~ (3) If the limited English proficiency allowance

1 expenditures do not equal 117.65 percent or more of the limited
2 English proficiency allowance for the most recently available
3 complete data year, the department shall calculate a limited English
4 proficiency allowance correction. The limited English proficiency
5 allowance correction shall equal the limited English proficiency
6 allowance minus eighty-five percent of the limited English
7 proficiency allowance expenditures. If the limited English
8 proficiency allowance expenditures do not equal fifty percent or more
9 of the allowance for such school fiscal year, the school district
10 shall also be disqualified from receiving a limited English
11 proficiency allowance for the school fiscal year for which aid is
12 being calculated.

13 ~~(5) For school fiscal year 2010-11 and each school fiscal~~
14 ~~year thereafter, if~~ (4) If the department determines that the school
15 district did not meet the required elements of the limited English
16 proficiency plan for the most recently available complete data year,
17 the department shall calculate a limited English proficiency
18 allowance correction equal to fifty percent of the limited English
19 proficiency allowance for such school fiscal year and the school
20 district shall also be disqualified from receiving a limited English
21 proficiency allowance for the school fiscal year for which aid is
22 being calculated. Any limited English proficiency allowance
23 correction calculated pursuant to this subsection shall be added to
24 any limited English proficiency allowance correction calculated
25 pursuant to subsection ~~(4)~~-(3) of this section to arrive at the total

1 limited English proficiency allowance correction.

2 ~~(6)~~(5) The department may request additional information
3 from any school district to assist with calculations and
4 determinations pursuant to this section. If the school district does
5 not provide information upon the request of the department pursuant
6 to this section, the school district shall be disqualified from
7 receiving a limited English proficiency allowance for the school
8 fiscal year for which aid is being calculated.

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

15 ~~(8)~~(7) The state board shall establish a procedure for
16 appeal of decisions of the department to the state board for a final
17 determination.

18 Sec. 8. Section 79-1007.10, Revised Statutes Cumulative
19 Supplement, 2010, is amended to read:

20 79-1007.10 (1) For state aid calculated for all school
21 fiscal years except school fiscal ~~years 2009-10 through 2013-14, year~~
22 2010-11, the cost growth factor shall equal the sum of: (a) ~~One; plus~~
23 ~~(b) the~~ The basic allowable growth rate pursuant to section 79-1025
24 for the school fiscal year in which the aid is to be distributed;
25 plus ~~(c)~~(b) the basic allowable growth rate pursuant to section

1 79-1025 for the school fiscal year immediately preceding the school
2 fiscal year in which the aid is to be distributed. ; plus ~~(d) one~~
3 ~~percent.~~

4 ~~(2)(a) For state aid calculated for school fiscal year~~
5 ~~2009-10, the cost growth factor shall equal the sum of: (i) One; plus~~
6 ~~(ii) the basic allowable growth rate pursuant to section 79-1025 for~~
7 ~~the school fiscal year in which the aid is to be distributed; plus~~
8 ~~(iii) the basic allowable growth rate pursuant to section 79-1025 for~~
9 ~~the school fiscal year immediately preceding the school fiscal year~~
10 ~~in which the aid is to be distributed; plus (iv) one and five tenths~~
11 ~~percent.~~

12 ~~(b)(2) For state aid calculated for school fiscal year~~
13 ~~2010-11, the cost growth factor shall equal the sum of: (i) One; plus~~
14 ~~(ii) the basic allowable growth rate pursuant to section 79-1025 for~~
15 ~~the school fiscal year in which the aid is to be distributed; plus~~
16 ~~(iii) the basic allowable growth rate pursuant to section 79-1025 for~~
17 ~~the school fiscal year immediately preceding the school fiscal year~~
18 ~~in which the aid is to be distributed; plus (iv) two percent.~~

19 ~~(c) For state aid calculated for school fiscal years~~
20 ~~2011-12 through 2013-14, the cost growth factor shall equal the sum~~
21 ~~of: (i) One; plus (ii) the basic allowable growth rate pursuant to~~
22 ~~section 79-1025 for the school fiscal year in which the aid is to be~~
23 ~~distributed; plus (iii) the basic allowable growth rate pursuant to~~
24 ~~section 79-1025 for the school fiscal year immediately preceding the~~
25 ~~school fiscal year in which the aid is to be distributed; plus (iv)~~

1 ~~one and five tenths percent.~~

2 Sec. 9. Section 79-1007.11, Revised Statutes Cumulative
3 Supplement, 2010, is amended to read:

4 79-1007.11 ~~(1) Except as otherwise provided in this~~
5 ~~section, for school fiscal year 2008-09, each school district's~~
6 ~~formula need shall equal the difference of the sum of the school~~
7 ~~district's basic funding, poverty allowance, limited English~~
8 ~~proficiency allowance, elementary class size allowance, focus school~~
9 ~~and program allowance, summer school allowance, special receipts~~
10 ~~allowance, transportation allowance, elementary site allowance,~~
11 ~~distance education and telecommunications allowance, averaging~~
12 ~~adjustment, and teacher education adjustment, minus the sum of the~~
13 ~~limited English proficiency allowance correction, poverty allowance~~
14 ~~correction, and local choice adjustment.~~

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

1 ~~allowance correction, poverty allowance correction, and local choice~~
2 ~~adjustment.~~

3 ~~(3)-(1)~~ Except as otherwise provided in this section, for
4 school fiscal year 2010-11, each school district's formula need shall
5 equal the difference of the sum of the school district's basic
6 funding, poverty allowance, limited English proficiency allowance,
7 elementary class size allowance, focus school and program allowance,
8 summer school allowance, special receipts allowance, transportation
9 allowance, elementary site allowance, instructional time allowance,
10 teacher education allowance, distance education and
11 telecommunications allowance, averaging adjustment, new learning
12 community transportation adjustment, student growth adjustment, and
13 new school adjustment, minus the sum of the limited English
14 proficiency allowance correction, poverty allowance correction, and
15 local choice adjustment.

16 ~~(4)-(2)~~ Except as otherwise provided in this section, for
17 school fiscal ~~years year~~ 2011-12 and ~~2012-13~~, each school fiscal year
18 thereafter, each school district's formula need shall equal the
19 difference of the sum of the school district's basic funding, poverty
20 allowance, limited English proficiency allowance, elementary class
21 size allowance, focus school and program allowance, summer school
22 allowance, special receipts allowance, transportation allowance,
23 elementary site allowance, instructional time allowance, teacher
24 education allowance, distance education and telecommunications
25 allowance, averaging adjustment, new learning community

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

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

20 ~~(6) If (3) For state aid calculated for all school fiscal~~
21 ~~years prior to school fiscal year 2011-12, if the formula need~~
22 ~~calculated for a school district pursuant to subsections (1) through~~
23 ~~(5) subsection (1) or (2) of this section is less than one hundred~~
24 ~~percent of the formula need for such district for the school fiscal~~
25 ~~year immediately preceding the school fiscal year for which aid is~~

1 being calculated, the formula need for such district shall equal one
2 hundred percent of the formula need for such district for the school
3 fiscal year immediately preceding the school fiscal year for which
4 aid is being calculated. For state aid calculated for school fiscal
5 year 2011-12, if the formula need calculated for a school district
6 pursuant to subsection (2) of this section is less than ninety-five
7 percent of the formula need for such district for the school fiscal
8 year immediately preceding the school fiscal year for which aid is
9 being calculated, the formula need for such district shall equal
10 ninety-five percent of the formula need for such district for the
11 school fiscal year immediately preceding the school fiscal year for
12 which aid is being calculated.

13 ~~(7) Except (4) For state aid calculated for school fiscal~~
14 ~~years prior to school fiscal year 2011-12, except as provided in~~
15 ~~subsection (9)-(6) of this section, if the formula need calculated~~
16 ~~for a school district pursuant to subsections (1) through (5)~~
17 ~~subsections (1) or (2) of this section is more than one hundred~~
18 ~~twelve percent of the formula need for such district for the school~~
19 ~~fiscal year immediately preceding the school fiscal year for which~~
20 ~~aid is being calculated, the formula need for such district shall~~
21 ~~equal one hundred twelve percent of the formula need for such~~
22 ~~district for the school fiscal year immediately preceding the school~~
23 ~~fiscal year for which aid is being calculated, except that the~~
24 ~~formula need shall not be reduced pursuant to this subsection for any~~
25 ~~district (a) receiving a student growth adjustment for the school~~

1 fiscal year for which aid is being calculated. For state aid
2 calculated for school fiscal year 2011-12, except as provided in
3 subsection (6) of this section, if the formula need calculated for a
4 school district pursuant to subsection (2) of this section is more
5 than one hundred seven percent of the formula need for such district
6 for the school fiscal year immediately preceding the school fiscal
7 year for which aid is being calculated, the formula need for such
8 district shall equal one hundred seven percent of the formula need
9 for such district for the school fiscal year immediately preceding
10 the school fiscal year for which aid is being calculated, except that
11 the formula need shall not be reduced pursuant to this subsection for
12 any district receiving a student growth adjustment for the school
13 fiscal year for which aid is being calculated. ~~or (b) for school~~
14 ~~fiscal year 2008-09, for which the formula students for the~~
15 ~~certification of aid pursuant to section 79-1022 for school fiscal~~
16 ~~year 2008-09 minus the formula students for the certification of aid~~
17 ~~pursuant to section 79-1022 for school fiscal year 2007-08 equals at~~
18 ~~least the greater of twenty five students or one percent of the~~
19 ~~formula students for the certification of aid pursuant to section~~
20 ~~79-1022 for school fiscal year 2007-08.~~

21 ~~(8)-(5)~~ For purposes of ~~subsections (6) and (7)-(3) and~~
22 ~~(4)~~ of this section, the formula need for the school fiscal year
23 immediately preceding the school fiscal year for which aid is being
24 calculated shall be the formula need used in the final calculation of
25 aid pursuant to section 79-1065 and for districts that were affected

1 by a reorganization with an effective date in the calendar year
2 preceding the calendar year in which aid is certified for the school
3 fiscal year for which aid is being calculated, the formula need for
4 the school fiscal year immediately preceding the school fiscal year
5 for which aid is being calculated shall be attributed to the affected
6 school districts based on information provided to the department by
7 the school districts or proportionally based on the adjusted
8 valuation transferred if sufficient information has not been provided
9 to the department.

10 ~~(9)~~(6) For state aid calculated for the first full
11 school fiscal year of a new learning community, if the formula need
12 calculated for a member school district pursuant to subsections (1)
13 through ~~(6)~~(3) of this section is less than the sum of the school
14 district's state aid certified for the school fiscal year immediately
15 preceding the first full school fiscal year of the learning community
16 plus the school district's other actual receipts included in local
17 system formula resources pursuant to section 79-1018.01 for such
18 school fiscal year plus the product of the school district's general
19 fund levy for such school fiscal year up to one dollar and five cents
20 multiplied by the school district's assessed valuation for such
21 school fiscal year, the formula need for such school district for the
22 school fiscal year for which aid is being calculated shall equal such
23 sum.

24 Sec. 10. Section 79-1007.16, Revised Statutes Cumulative
25 Supplement, 2010, is amended to read:

1 79-1007.16 ~~For school fiscal year 2008-09 and each school~~
2 ~~fiscal year thereafter, the~~ (1) The department shall calculate basic
3 funding for each district as ~~follows:~~ provided in this section.

4 ~~(1)~~(2) For state aid calculated for school fiscal years
5 prior to school fiscal year 2011-12:

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

1 comparison group shall remain the same for the final calculation of
2 aid pursuant to section 79-1065;

3 ~~(2)~~ (b) For districts with nine hundred or more formula
4 students, basic funding shall equal the formula students multiplied
5 by the average of the adjusted general fund operating expenditures
6 per formula student for each district in the comparison group,
7 excluding both the district with the highest adjusted general fund
8 operating expenditures per formula student and the district with the
9 lowest adjusted general fund operating expenditures per formula
10 student of the districts in the comparison group; and

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

18 (3) For state aid calculated for school fiscal year
19 2011-12 and each school fiscal year thereafter:

20 (a) A comparison group shall be established for each
21 district consisting of the districts for which basic funding is being
22 calculated, the ten larger districts that are closest in size to the
23 district for which basic funding is being calculated as measured by
24 formula students, and the ten smaller districts that are closest in
25 size to the district for which basic funding is being calculated as

1 measured by formula students. If there are not ten districts that are
2 larger than the district for which basic funding is being calculated
3 or if there are not ten districts that are smaller than the district
4 for which basic funding is being calculated, the comparison group
5 shall consist of only as many districts as fit the criteria. If more
6 than one district has exactly the same number of formula students as
7 the largest or smallest district in the comparison group, all of the
8 districts with exactly the same number of formula students as the
9 largest or smallest districts in the comparison group shall be
10 included in the comparison group. If one or more districts have
11 exactly the same number of formula students as the district for which
12 basic funding is being calculated, all such districts shall be
13 included in the comparison group in addition to the ten larger
14 districts and the ten smaller districts. The comparison group shall
15 remain the same for the final calculation of aid pursuant to section
16 79-1065;

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

25 (c) For districts with fewer than nine hundred formula

1 students, basic funding shall equal the product of the average of the
2 adjusted general fund operating expenditures for each district in the
3 comparison group, excluding both the two districts with the highest
4 adjusted general fund operating expenditures and the two districts
5 with the lowest adjusted general fund operating expenditures of the
6 districts in the comparison group.

7 Sec. 11. Section 79-1007.18, Revised Statutes Cumulative
8 Supplement, 2010, is amended to read:

9 79-1007.18 (1) ~~For school fiscal year 2008-09 and each~~
10 ~~school fiscal year thereafter, the~~ The department shall calculate an
11 averaging adjustment for districts if the basic funding per formula
12 student is less than the averaging adjustment threshold and the
13 general fund levy for the school fiscal year immediately preceding
14 the school fiscal year for which aid is being calculated was at least
15 ~~ninety six cents per one hundred dollars of taxable valuation for aid~~
16 ~~calculated for school fiscal year 2008-09 and at least one dollar per~~
17 ~~one hundred dollars of taxable valuation. for aid calculated for~~
18 ~~school fiscal year 2009-10 and each school fiscal year thereafter.~~
19 For school districts that are members of a learning community, the
20 general fund levy for purposes of this section includes both the
21 common general fund levy and the school district general fund levy
22 authorized pursuant to subdivisions (2)(b) and (2)(c) of section
23 77-3442. The averaging adjustment ~~for aid calculated for school~~
24 ~~fiscal year 2008-09 shall equal seventy five percent of the product~~
25 ~~of the district's formula students multiplied by the percentage~~

1 ~~specified in subsection (4) of this section for such district of the~~
2 ~~difference between the averaging adjustment threshold minus such~~
3 ~~district's basic funding per formula student. The averaging~~
4 ~~adjustment for aid calculated for school fiscal year 2009-10 and each~~
5 ~~school fiscal year thereafter shall equal the district's formula~~
6 ~~students multiplied by the percentage specified in this section for~~
7 ~~such district of the difference between the averaging adjustment~~
8 ~~threshold minus such district's basic funding per formula student.~~

9 ~~(2)(a) For school fiscal year 2008-09, the averaging~~
10 ~~adjustment threshold shall equal the statewide average basic funding~~
11 ~~per formula student.~~

12 ~~(b) For school fiscal year 2009-10 and each~~ (2)(a) For
13 school fiscal year thereafter, 2010-11, the averaging adjustment
14 threshold shall equal the lesser of (i) the averaging adjustment
15 threshold for the school fiscal year immediately preceding the school
16 fiscal year for which aid is being calculated increased by the sum of
17 the basic allowable growth rate plus five-tenths of one percent or
18 (ii) the statewide average basic funding per formula student for the
19 school fiscal year for which aid is being calculated.

20 (b) For school fiscal year 2011-12, the averaging
21 adjustment threshold shall equal ninety-five percent of the lesser of
22 (i) the averaging adjustment threshold for school fiscal year 2010-11
23 increased by the basic allowable growth rate or (ii) the statewide
24 average basic funding per formula student for school fiscal year
25 2011-12.

1 (c) For school fiscal year 2012-13 and each school fiscal
2 year thereafter, the averaging adjustment threshold shall equal the
3 lesser of (i) the averaging adjustment threshold for the school
4 fiscal year immediately preceding the school fiscal year for which
5 aid is being calculated increased by the basic allowable growth rate
6 or (ii) the statewide average basic funding per formula student for
7 the school fiscal year for which aid is being calculated.

8 (3) The percentage to be used in the calculation of an
9 averaging adjustment shall be based on the general fund levy for the
10 school fiscal year immediately preceding the school fiscal year for
11 which aid is being calculated.

12 ~~(4) The percentages to be used in the calculation of~~
13 ~~averaging adjustments for school fiscal year 2008-09 shall be as~~
14 ~~follows:~~

15 ~~(a) If such levy was at least ninety six cents per one~~
16 ~~hundred dollars of taxable valuation but less than ninety seven cents~~
17 ~~per one hundred dollars of taxable valuation, the percentage shall be~~
18 ~~ten percent;~~

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

23 ~~(c) If such levy was at least ninety eight cents per one~~
24 ~~hundred dollars of taxable valuation but less than ninety nine cents~~
25 ~~per one hundred dollars of taxable valuation, the percentage shall be~~

1 ~~thirty percent;~~

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

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

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

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

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

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

25 ~~(5)-(4)~~ The percentages to be used in the calculation of

1 averaging adjustments for ~~school fiscal year 2009-10 and each school~~
2 ~~fiscal year thereafter~~ shall be as follows:

3 (a) If such levy was at least one dollar per one hundred
4 dollars of taxable valuation but less than one dollar and one cent
5 per one hundred dollars of taxable valuation, the percentage shall be
6 fifty percent;

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

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

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

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

22 Sec. 12. Section 79-1008.01, Revised Statutes Cumulative
23 Supplement, 2010, is amended to read:

24 79-1008.01 Except as provided in sections 79-1008.02 to
25 ~~79-1010, 79-1009,~~ each local system shall receive equalization aid in

1 the amount that the total formula need of each local system, as
2 determined pursuant to sections ~~79-1007.01-79-1007.04~~ to 79-1007.23
3 and section 79-1007.25, exceeds its total formula resources as
4 determined pursuant to sections 79-1015.01 to 79-1018.01.

5 Sec. 13. Section 79-1008.02, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 79-1008.02 A minimum levy adjustment shall be calculated
8 and applied to any local system that has a general fund common levy
9 for the fiscal year during which aid is certified that is less than
10 the maximum levy, for such fiscal year for such local system, allowed
11 pursuant to subdivision (2)(a) or (b) of section 77-3442 without a
12 vote pursuant to section 77-3444 less five cents for learning
13 communities and less ten cents for all other local systems. To
14 calculate the minimum levy adjustment, the department shall subtract
15 the local system general fund common levy for such fiscal year for
16 such local system from the maximum levy allowed pursuant to
17 subdivision (2)(a) or (b) of section 77-3442 without a vote pursuant
18 to section 77-3444 less five cents for learning communities and less
19 ten cents for all other local systems and multiply the result by the
20 local system's adjusted valuation divided by one hundred. The minimum
21 levy adjustment shall be added to the formula resources of the local
22 system for the determination of equalization aid pursuant to section
23 79-1008.01. If the minimum levy adjustment is greater than or equal
24 to the allocated income tax funds calculated pursuant to section
25 79-1005.01, ~~or 79-1005.02,~~ the local system shall not receive

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

10 Sec. 14. Section 79-1009, Reissue Revised Statutes of
11 Nebraska, is amended to read:

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

25 (2) For purposes of this section, ~~:(a) For school fiscal~~

1 ~~years 2002-03 through 2007-08, net option funding shall be calculated~~
2 ~~by subtracting the temporary aid adjustment factor from the sum of~~
3 ~~the products of the net number of option students in each grade range~~
4 ~~multiplied by the statewide average cost grouping cost per student~~
5 ~~multiplied by the weighting factor for the corresponding grade range~~
6 ~~pursuant to section 79-1007.01; and (b) for school fiscal year~~
7 ~~2008-09 and each school fiscal year thereafter, net option funding~~
8 shall be the sum of the product of the net number of option students
9 multiplied by the statewide average basic funding per formula
10 student.

11 (3) A district's net option funding shall be zero if the
12 calculation produces a negative result.

13 Payments made under this section shall be made from the
14 funds to be disbursed under section 79-1005.01 or 79-1005.02.

15 Such payments shall go directly to the option school
16 district but shall count as a formula resource for the local system.

17 Sec. 15. Section 79-1015.01, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 79-1015.01 (1) Local system formula resources shall
20 include local effort rate yield which shall be computed as prescribed
21 in this section.

22 ~~(2) For school fiscal years prior to school fiscal year~~
23 ~~2008-09: (a) For state aid certified pursuant to section 79-1022, the~~
24 ~~local effort rate shall be the maximum levy, for the school fiscal~~
25 ~~year for which aid is being certified, authorized pursuant to~~

1 ~~subdivision (2)(a) of section 77-3442 less ten cents; (b) for the~~
2 ~~final calculation of state aid pursuant to section 79-1065, the local~~
3 ~~effort rate shall be the rate which, when multiplied by the total~~
4 ~~adjusted valuation of all taxable property in local systems receiving~~
5 ~~equalization aid pursuant to the Tax Equity and Educational~~
6 ~~Opportunities Support Act, will produce the amount needed to support~~
7 ~~the total formula need of such local systems when added to state aid~~
8 ~~appropriated by the Legislature and other actual receipts of local~~
9 ~~systems described in section 79-1018.01; and (c) the local effort~~
10 ~~rate yield shall be determined by multiplying each local system's~~
11 ~~total adjusted valuation by the local effort rate.~~

12 ~~(3) For school fiscal year 2008-09 and~~ (2) For each
13 school fiscal year thereafter: except school fiscal years 2011-12 and
14 2012-13: (a) For state aid certified pursuant to section 79-1022, the
15 local effort rate shall be the maximum levy, for the school fiscal
16 year for which aid is being certified, authorized pursuant to
17 subdivision (2)(a) of section 77-3442 less five cents; (b) for the
18 final calculation of state aid pursuant to section 79-1065, the local
19 effort rate shall be the rate which, when multiplied by the total
20 adjusted valuation of all taxable property in local systems receiving
21 equalization aid pursuant to the Tax Equity and Educational
22 Opportunities Support Act, will produce the amount needed to support
23 the total formula need of such local systems when added to state aid
24 appropriated by the Legislature and other actual receipts of local
25 systems described in section 79-1018.01; and (c) the local effort

1 rate yield for such school fiscal years shall be determined by
2 multiplying each local system's total adjusted valuation by the local
3 effort rate.

4 (3) For school fiscal years 2011-12 and 2012-13: (a) For
5 state aid certified pursuant to section 79-1022, the local effort
6 rate shall be the maximum levy, for the school fiscal year for which
7 aid is being certified, authorized pursuant to subdivision (2)(a) of
8 section 77-3442 less two and one-half cents; (b) for the final
9 calculation of state aid pursuant to section 79-1065, the local
10 effort rate shall be the rate which, when multiplied by the total
11 adjusted valuation of all taxable property in local systems receiving
12 equalization aid pursuant to the Tax Equity and Educational
13 Opportunities Support Act, will produce the amount needed to support
14 the total formula need of such local systems when added to state aid
15 appropriated by the Legislature and other actual receipts of local
16 systems described in section 79-1018.01; and (c) the local effort
17 rate yield for such school fiscal years shall be determined by
18 multiplying each local system's total adjusted valuation by the local
19 effort rate.

20 Sec. 16. Section 79-1017.01, Revised Statutes Cumulative
21 Supplement, 2010, is amended to read:

22 79-1017.01 ~~Local~~ For state aid calculated for school
23 fiscal years prior to school fiscal year 2012-13, local system
24 formula resources includes retirement aid determined under section
25 79-1028.03, allocated income tax funds determined for each such

1 district pursuant to the provisions of section 79-1005.01 or
2 79-1005.02, and adjustments pursuant to section 79-1008.02.

3 For state aid calculated for school fiscal years 2012-13
4 and 2013-14, local system formula resources equals the difference of
5 the sum of retirement aid determined under section 79-1028.03,
6 allocated income tax funds determined for each district pursuant to
7 section 79-1005.01, and adjustments pursuant to section 79-1008.02,
8 minus amounts paid by the district in the most recently available
9 complete data year as property tax refunds pursuant to section
10 77-1736.06.

11 For state aid calculated for school fiscal year 2014-15
12 and each school fiscal year thereafter, local system formula
13 resources equals the difference of the sum of allocated income tax
14 funds determined for each district pursuant to section 79-1005.01 and
15 adjustments pursuant to section 79-1008.02 minus amounts paid by the
16 district in the most recently complete data year as property tax
17 refunds pursuant to section 77-1736.06.

18 Sec. 17. Section 79-1023, Revised Statutes Cumulative
19 Supplement, 2010, is amended to read:

20 79-1023 (1) On or before March 10, 2010, on or before
21 April 1, 2011, and on or before March 1 of each year thereafter, the
22 department shall determine and certify to each school district the
23 maximum general fund budget of expenditures minus the special
24 education budget of expenditures for the immediately following school
25 fiscal year.

1 (2) ~~Except For school fiscal years prior to school fiscal~~
2 year 2011-12, except as provided in section 79-1028.01, no school
3 district shall have a general fund budget of expenditures minus
4 special grant funds and the special education budget of expenditures
5 more than the greater of (a) the product of the difference of the
6 general fund budget of expenditures minus special grant funds and the
7 special education budget of expenditures for the immediately
8 preceding school fiscal year multiplied by (i) except as otherwise
9 provided in subdivision (a)(ii) of this subsection, the sum of one
10 plus the local system's applicable allowable growth rate or (ii) for
11 school fiscal year 2010-11, the sum of one plus seventy-five
12 hundredths of one percent plus the local system's applicable
13 allowable growth rate or (b)(i) except as otherwise provided in
14 subdivision (b)(ii) of this subsection, the difference of one hundred
15 twenty percent of formula need for such school fiscal year minus the
16 product of the sum of one plus the basic allowable growth rate for
17 such school fiscal year multiplied by the special education budget of
18 expenditures as filed on the school district budget statement on or
19 before September 20 for the immediately preceding school fiscal year
20 or (ii) for school fiscal years 2009-10 and 2010-11, the difference
21 of one hundred sixteen and fifteen-hundredths percent of formula need
22 for such school fiscal year minus the product of the sum of one plus
23 the basic allowable growth rate for such school fiscal year
24 multiplied by the special education budget of expenditures as filed
25 on the school district budget statement on or before September 20 for

1 the immediately preceding school fiscal year.

2 (3) For school fiscal year 2011-12 and each school fiscal
3 year thereafter, except as provided in sections 79-1028.01, 79-1029,
4 and 79-1030 no school district shall have a general fund budget of
5 expenditures minus special grant funds and the special education
6 budget of expenditures more than the greater of (a) the general fund
7 budget of expenditures minus special grant funds and the special
8 education budget of expenditures for the immediately preceding school
9 fiscal year with the difference increased by the basic allowable
10 growth rate or (b) one hundred ten percent of formula need for the
11 school fiscal year for which the calculation is being made minus the
12 special education budget of expenditures as filed on the school
13 district budget statement on or before September 20 for the
14 immediately preceding school fiscal year increased by the basic
15 allowable growth rate for the school fiscal year for which the
16 calculation is being made.

17 Sec. 18. Section 79-1025, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 79-1025 The basic allowable growth rate for general fund
20 expenditures other than expenditures for special education shall be
21 the base limitation established under section 77-3446. ~~and the~~
22 ~~allowable growth range shall be from the base limitation to three~~
23 ~~percent above the base limitation.~~ The budget authority for special
24 education for all classes of school districts shall be the actual
25 anticipated expenditures for special education subject to the

1 approval of the state board. Such budget authority and funds
2 generated pursuant to such budget authority shall be used only for
3 special education expenditures.

4 Sec. 19. Section 79-1029, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 ~~79-1029 (1) For school fiscal years prior to school~~
7 ~~fiscal year 2008-09, a Class II, III, IV, V, or VI district may~~
8 ~~exceed the basic allowable growth rate prescribed in section 79-1025~~
9 ~~upon an affirmative vote of at least seventy five percent of the~~
10 ~~board. The total growth shall not exceed the applicable allowable~~
11 ~~growth rate certified for the local system under section 79-1026 plus~~
12 ~~one percent. The vote shall be taken at a public meeting of the board~~
13 ~~following a special public hearing called for the purpose of~~
14 ~~receiving testimony on such proposed increase. The board shall give~~
15 ~~at least five calendar days' notice of such public hearing and shall~~
16 ~~publish such notice at least once in a newspaper of general~~
17 ~~circulation in the local system.~~

18 ~~(2) For school fiscal years prior to school fiscal year~~
19 ~~2008-09, a Class II, III, IV, V, or VI district may exceed the~~
20 ~~applicable allowable growth rate prescribed in section 79-1026 by an~~
21 ~~amount approved by a majority of legal voters voting on the issue at~~
22 ~~a primary, general, or special election called for such purpose upon~~
23 ~~the recommendation of the board or upon the receipt by the county~~
24 ~~clerk or election commissioner of a petition requesting an election~~
25 ~~signed by at least five percent of the legal voters of the district.~~

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

13 ~~(3) For school fiscal year 2008-09 and each school fiscal~~
14 ~~year thereafter, a A Class II, III, IV, V, or VI district may exceed~~
15 ~~the maximum general fund budget of expenditures minus the special~~
16 ~~education budget of expenditures prescribed in section 79-1023 by an~~
17 ~~amount approved by a majority of legal voters voting on the issue at~~
18 ~~a primary, general, or special election called for such purpose upon~~
19 ~~the recommendation of the board or upon the receipt by the county~~
20 ~~clerk or election commissioner of a petition requesting an election,~~
21 ~~signed by at least five percent of the legal voters of the district.~~
22 ~~The recommendation of the board or the petition of the legal voters~~
23 ~~shall include the amount by which the board would increase its~~
24 ~~general fund budget of expenditures for the ensuing school year over~~
25 ~~and above the maximum general fund budget of expenditures minus the~~

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

11 Sec. 20. Section 79-1030, Revised Statutes Cumulative
12 Supplement, 2010, is amended to read:

13 79-1030 (1) A Class II, III, IV, V, or VI district may
14 choose not to increase its general fund budget of expenditures by the
15 full amount of budget authority as calculated pursuant to ~~sections~~
16 ~~79-1023 and 79-1026.01.~~ section 79-1023. In such cases, the
17 department shall calculate the amount of unused budget authority
18 which shall be carried forward to future ~~budget years so a school~~
19 fiscal years.

20 (2) A Class II, III, IV, V, or VI district may increase
21 its general fund budget of expenditures in future ~~budget years by the~~
22 ~~amount of such total unused budget authority.~~ school fiscal years
23 above the budget authority as calculated pursuant to section 79-1023
24 by an amount equal to the basic allowable growth rate for such school
25 fiscal year multiplied by the general fund budget of expenditures

1 minus the sum of the special education budget of expenditures,
2 special grant funds, and exceptions pursuant to section 79-1028.01
3 for the immediately preceding school fiscal year.

4 (3) A Class II, III, IV, V, or VI school district may
5 also increase its general fund budget of expenditures in future
6 school fiscal years above the budget authority as calculated pursuant
7 to section 79-1023 by an amount approved by the State Board of
8 Education for specific expenditures associated with significant
9 events that do not occur regularly within each school year.

10 (4) The total amount by which a district increases its
11 general fund budget of expenditures pursuant to this section shall
12 not exceed either twice the additional amount authorized pursuant to
13 subsection (2) of this section or the amount of such total unused
14 budget authority calculated by the department pursuant to subsection
15 (1) of this section.

16 Sec. 21. Original sections 79-413, 79-1008.02, 79-1009,
17 79-1015.01, 79-1025, and 79-1029, Reissue Revised Statutes of
18 Nebraska, and sections 77-3446, 79-1003, 79-1005.01, 79-1007.04,
19 79-1007.07, 79-1007.09, 79-1007.10, 79-1007.11, 79-1007.16,
20 79-1007.18, 79-1008.01, 79-1017.01, 79-1023, and 79-1030, Revised
21 Statutes Cumulative Supplement, 2010, are repealed.

22 Sec. 22. The following sections are outright repealed:
23 Sections 79-1005.02, 79-1007.01, 79-1007.02, 79-1010, 79-1022.02,
24 79-1026, 79-1028, and 79-1083.03, Reissue Revised Statutes of
25 Nebraska, and sections 79-1007.19, 79-1007.24, and 79-1026.01,

1 Revised Statutes Cumulative Supplement, 2010.

2 Sec. 23. Since an emergency exists, this act takes effect

3 when passed and approved according to law.