

AMENDMENTS TO LB 407

(Amendments to Standing Committee amendments, AM1018)

Introduced by Hadley

1 1. On page 1, strike line 1 and insert "1. Strike
2 original section 2 and all amendments thereto and insert the
3 following new sections:

4 Sec. 2. Section 79-1003, Revised Statutes Cumulative
5 Supplement, 2012, is amended to read:

6 79-1003 For purposes of the Tax Equity and Educational
7 Opportunities Support Act:

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

1 section increased by the cost growth factor calculated pursuant
2 to section 79-1007.10, minus the transportation allowance, special
3 receipts allowance, poverty allowance, limited English proficiency
4 allowance, distance education and telecommunications allowance,
5 elementary site allowance, summer school allowance, instructional
6 time allowance, teacher education allowance, and focus school and
7 program allowance;

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

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

23 (4) Average daily membership means the average daily
24 membership for grades kindergarten through twelve attributable to
25 the local system, as provided in each district's annual statistical
26 summary, and includes the proportionate share of students enrolled
27 in a public school instructional program on less than a full-time

1 basis;

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

5 (6) Board means the school board of each school district;

6 (7) Categorical funds means funds limited to a specific
7 purpose by federal or state law, including, but not limited
8 to, Title I funds, Title VI funds, federal vocational education
9 funds, federal school lunch funds, Indian education funds, Head
10 Start funds, and funds from the Education Innovation Fund.
11 Categorical funds does not include funds received pursuant to
12 section 79-1028.02 or 79-1028.04;

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

16 (9) Converted contract means an expired contract that was
17 in effect for at least fifteen school years beginning prior to
18 school year 2012-13 for the education of students in a nonresident
19 district in exchange for tuition from the resident district when
20 the expiration of such contract results in the nonresident district
21 educating students, who would have been covered by the contract if
22 the contract were still in effect, as option students pursuant to
23 the enrollment option program established in section 79-234;

24 (10) Converted contract option student means a student
25 who will be an option student pursuant to the enrollment option
26 program established in section 79-234 for the school fiscal year
27 for which aid is being calculated and who would have been covered

1 by a converted contract if the contract were still in effect and
2 such school fiscal year is the first school fiscal year for which
3 such contract is not in effect;

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

5 (12) District means any Class I, II, III, IV, V, or
6 VI school district and, beginning with the calculation of state
7 aid for school fiscal year 2011-12 and each school fiscal year
8 thereafter, a unified system as defined in section 79-4,108;

9 (13) Ensuing school fiscal year means the school fiscal
10 year following the current school fiscal year;

11 (14) Equalization aid means the amount of assistance
12 calculated to be paid to a local system pursuant to sections
13 79-1007.11 to 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022,
14 79-1022.02, 79-1028.02, and 79-1028.04;

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

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

21 (17) Formula students means:

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

1 is to be paid and the prior two school fiscal years plus sixty
2 percent of the qualified early childhood education fall membership
3 plus tuitioned students from the school fiscal year immediately
4 preceding the school fiscal year in which aid is to be paid minus
5 the product of the number of students enrolled in kindergarten that
6 is not full-day kindergarten from the fall membership multiplied by
7 0.5; and

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

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

20 (19) Full-day kindergarten means kindergarten offered by
21 a district for at least one thousand thirty-two instructional
22 hours;

23 (20) General fund budget of expenditures means the total
24 budget of disbursements and transfers for general fund purposes as
25 certified in the budget statement adopted pursuant to the Nebraska
26 Budget Act, except that for purposes of the limitation imposed in
27 section 79-1023 and the calculation pursuant to subdivision (2) of

1 section 79-1027.01, the general fund budget of expenditures does
2 not include any special grant funds, exclusive of local matching
3 funds, received by a district;

4 (21) General fund expenditures means all expenditures
5 from the general fund;

6 (22) General fund operating expenditures means:

7 (a) For state aid calculated for school fiscal years
8 2010-11 and 2011-12, as reported on the annual financial report
9 for the second school fiscal year immediately preceding the
10 school fiscal year in which aid is to be paid, the total
11 general fund expenditures minus (i) the amount of all receipts
12 to the general fund, to the extent that such receipts are not
13 included in local system formula resources, from early childhood
14 education tuition, summer school tuition, educational entities as
15 defined in section 79-1201.01 for providing distance education
16 courses through the Educational Service Unit Coordinating Council
17 to such educational entities, private foundations, individuals,
18 associations, charitable organizations, the textbook loan program
19 authorized by section 79-734, federal impact aid, and levy
20 override elections pursuant to section 77-3444, (ii) the amount
21 of expenditures for categorical funds, tuition paid, transportation
22 fees paid to other districts, adult education, community services,
23 redemption of the principal portion of general fund debt service,
24 retirement incentive plans authorized by section 79-855, and staff
25 development assistance authorized by section 79-856, (iii) the
26 amount of any transfers from the general fund to any bond fund
27 and transfers from other funds into the general fund, (iv) any

1 legal expenses in excess of fifteen-hundredths of one percent
2 of the formula need for the school fiscal year in which the
3 expenses occurred, (v) expenditures to pay for sums agreed to be
4 paid by a school district to certificated employees in exchange
5 for a voluntary termination occurring prior to July 1, 2009,
6 and (vi) (A) expenditures in school fiscal years 2009-10 through
7 2013-14 to pay for employer contributions pursuant to subsection
8 (2) of section 79-958 to the School Retirement System of the
9 State of Nebraska to the extent that such expenditures exceed the
10 employer contributions under such subsection that would have been
11 made at a contribution rate of seven and thirty-five hundredths
12 percent or (B) expenditures in school fiscal years 2009-10 through
13 2013-14 to pay for school district contributions pursuant to
14 subdivision (1) (c) (i) of section 79-9,113 to the retirement system
15 established pursuant to the Class V School Employees Retirement Act
16 to the extent that such expenditures exceed the school district
17 contributions under such subdivision that would have been made at a
18 contribution rate of seven and thirty-seven hundredths percent; and

19 (b) For state aid calculated for school fiscal years
20 2012-13 and each school fiscal year thereafter, as reported on
21 the annual financial report for the second school fiscal year
22 immediately preceding the school fiscal year in which aid is to be
23 paid, the total general fund expenditures minus (i) the amount of
24 all receipts to the general fund, to the extent that such receipts
25 are not included in local system formula resources, from early
26 childhood education tuition, summer school tuition, educational
27 entities as defined in section 79-1201.01 for providing distance

1 education courses through the Educational Service Unit Coordinating
2 Council to such educational entities, private foundations,
3 individuals, associations, charitable organizations, the textbook
4 loan program authorized by section 79-734, federal impact aid,
5 and levy override elections pursuant to section 77-3444, (ii)
6 the amount of expenditures for categorical funds, tuition paid,
7 transportation fees paid to other districts, adult education,
8 community services, redemption of the principal portion of general
9 fund debt service, retirement incentive plans authorized by section
10 79-855, and staff development assistance authorized by section
11 79-856, (iii) the amount of any transfers from the general fund
12 to any bond fund and transfers from other funds into the general
13 fund, (iv) any legal expenses in excess of fifteen-hundredths of
14 one percent of the formula need for the school fiscal year in
15 which the expenses occurred, (v) expenditures to pay for sums
16 agreed to be paid by a school district to certificated employees
17 in exchange for a voluntary termination occurring prior to July
18 1, 2009, or occurring on or after the last day of the 2010-11
19 school year and prior to the first day of the 2013-14 school year,
20 (vi) (A) expenditures in school fiscal years 2009-10 through 2016-17
21 to pay for employer contributions pursuant to subsection (2) of
22 section 79-958 to the School Employees Retirement System of the
23 State of Nebraska to the extent that such expenditures exceed the
24 employer contributions under such subsection that would have been
25 made at a contribution rate of seven and thirty-five hundredths
26 percent or (B) expenditures in school fiscal years 2009-10 through
27 2016-17 to pay for school district contributions pursuant to

1 subdivision (1)(c)(i) of section 79-9,113 to the retirement system
2 established pursuant to the Class V School Employees Retirement Act
3 to the extent that such expenditures exceed the school district
4 contributions under such subdivision that would have been made at
5 a contribution rate of seven and thirty-seven hundredths percent,
6 and (vii) any amounts paid by the district for lobbyist fees and
7 expenses reported to the Clerk of the Legislature pursuant to
8 section 49-1483.

9 For purposes of this subdivision (22) of this section,
10 receipts from levy override elections shall equal ninety-nine
11 percent of the difference of the total general fund levy minus
12 a levy of one dollar and five cents per one hundred dollars of
13 taxable valuation multiplied by the assessed valuation for school
14 districts that have voted pursuant to section 77-3444 to override
15 the maximum levy provided pursuant to section 77-3442;

16 (23) High school district means a school district
17 providing instruction in at least grades nine through twelve;

18 (24) Income tax liability means the amount of the
19 reported income tax liability for resident individuals pursuant
20 to the Nebraska Revenue Act of 1967 less all nonrefundable credits
21 earned and refunds made;

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

25 (26) Limited English proficiency students means the
26 number of students with limited English proficiency in a district
27 from the most recent data available on November 1 of the school

1 fiscal year preceding the school fiscal year in which aid is to
2 be paid plus the difference of such students with limited English
3 proficiency minus the average number of limited English proficiency
4 students for such district, prior to such addition, for the three
5 immediately preceding school fiscal years if such difference is
6 greater than zero;

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

18 (28) Low-income child means a child under nineteen years
19 of age living in a household having an annual adjusted gross income
20 for the second calendar year preceding the beginning of the school
21 fiscal year for which aid is being calculated equal to or less
22 than the maximum household income that would allow a student from
23 a family of four people to be a free lunch and free milk student
24 during the school fiscal year immediately preceding the school
25 fiscal year for which aid is being calculated;

26 (29) Low-income students means the number of low-income
27 children within the district multiplied by the ratio of the formula

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

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

10 (31) Poverty students means the number of low-income
11 students or the number of students who are free lunch and free
12 milk students in a district plus the difference of the number of
13 low-income students or the number of students who are free lunch
14 and free milk students in a district, whichever is greater, minus
15 the average number of poverty students for such district, prior to
16 such addition, for the three immediately preceding school fiscal
17 years if such difference is greater than zero;

18 (32) Qualified early childhood education average daily
19 membership means the product of the average daily membership for
20 school fiscal year 2006-07 and each school fiscal year thereafter
21 of students who will be eligible to attend kindergarten the
22 following school year and are enrolled in an early childhood
23 education program approved by the department pursuant to section
24 79-1103 for such school district for such school year multiplied by
25 the ratio of the actual instructional hours of the program divided
26 by one thousand thirty-two if: (a) The program is receiving a grant
27 pursuant to such section for the third year; (b) the program has

1 already received grants pursuant to such section for three years;
2 or (c) the program has been approved pursuant to subsection (5) of
3 section 79-1103 for such school year and the two preceding school
4 years, including any such students in portions of any of such
5 programs receiving an expansion grant;

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

20 (34) Regular route transportation means the
21 transportation of students on regularly scheduled daily routes to
22 and from the attendance center;

23 (35) Reorganized district means any district involved
24 in a consolidation and currently educating students following
25 consolidation;

26 (36) School year or school fiscal year means the fiscal
27 year of a school district as defined in section 79-1091;

1 (37) Sparse local system means a local system that is not
2 a very sparse local system but which meets the following criteria:

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

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

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

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

21 (38) Special education means specially designed
22 kindergarten through grade twelve instruction pursuant to section
23 79-1125, and includes special education transportation;

24 (39) Special grant funds means the budgeted receipts
25 for grants, including, but not limited to, categorical funds,
26 reimbursements for wards of the court, short-term borrowings
27 including, but not limited to, registered warrants and tax

1 anticipation notes, interfund loans, insurance settlements, and
2 reimbursements to county government for previous overpayment. The
3 state board shall approve a listing of grants that qualify as
4 special grant funds;

5 (40) State aid means the amount of assistance paid to a
6 district pursuant to the Tax Equity and Educational Opportunities
7 Support Act;

8 (41) State board means the State Board of Education;

9 (42) State support means all funds provided to districts
10 by the State of Nebraska for the general fund support of elementary
11 and secondary education;

12 (43) Statewide average basic funding per formula student
13 means the statewide total basic funding for all districts divided
14 by the statewide total formula students for all districts;

15 (44) Statewide average general fund operating
16 expenditures per formula student means the statewide total
17 general fund operating expenditures for all districts divided by
18 the statewide total formula students for all districts;

19 (45) Teacher has the definition found in section 79-101;

20 (46) Temporary aid adjustment factor means, for school
21 fiscal years 2013-14 and 2014-15, an amount equal to two percent
22 of the total formula need of each local system, as determined
23 pursuant to sections 79-1007.04 to 79-1007.23 and 79-1007.25; ~~(a)~~
24 for school fiscal years before school fiscal year 2007-08, one and
25 one-fourth percent of the sum of the local system's transportation
26 allowance, the local system's special receipts allowance, and the
27 product of the local system's adjusted formula students multiplied

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

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

12 (48) Tuitioned students means students in kindergarten
13 through grade twelve of the district whose tuition is paid by the
14 district to some other district or education agency; and

15 (49) Very sparse local system means a local system that
16 has:

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

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

1 Sec. 11. Section 79-1008.01, Revised Statutes Cumulative
2 Supplement, 2012, is amended to read:

3 79-1008.01 (1) For all school fiscal years except school
4 fiscal ~~year~~ years 2010-11, 2013-14, and 2014-15, except as provided
5 in sections 79-1008.02 and 79-1009, each local system shall receive
6 equalization aid in the amount that the total formula need of
7 each local system, as determined pursuant to sections 79-1007.04 to
8 79-1007.23 and 79-1007.25, exceeds its total formula resources as
9 determined pursuant to sections 79-1015.01 to 79-1018.01.

10 (2) For school fiscal year 2010-11, except as provided in
11 sections 79-1008.02 and 79-1009, each local system shall receive
12 equalization aid in the amount by which one hundred two and
13 twenty-three hundredths percent of the total formula need of each
14 local system, as determined pursuant to sections 79-1007.04 to
15 79-1007.23 and 79-1007.25, exceeds its total formula resources as
16 determined pursuant to sections 79-1015.01 to 79-1018.01.

17 (3) For school fiscal years 2013-14 and 2014-15, except
18 as provided in sections 79-1008.02 and 79-1009, each local system
19 shall receive equalization aid in the amount that the total formula
20 need of each local system, as determined pursuant to sections
21 79-1007.04 to 79-1007.23 and 79-1007.25, minus the temporary
22 aid adjustment factor, exceeds its total formula resources as
23 determined pursuant to sections 79-1015.01 to 79-1018.01.

24 2. Renumber the remaining sections and amendments
25 accordingly.