

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1066

Introduced by Sullivan, 41.

Read first time January 20, 2016

Committee: Education

1 A BILL FOR AN ACT relating to education; to amend sections 79-234,
2 79-237, 79-238, 79-576, 79-607, 79-734, 79-760.03, 79-772, 79-773,
3 79-774, 79-775, 79-1005.01, 79-1031, and 79-1065.01, Reissue Revised
4 Statutes of Nebraska, section 71-1958, Revised Statutes Cumulative
5 Supplement, 2014, and sections 79-8,137.01, 79-8,137.03,
6 79-8,137.04, 79-1003, and 79-1028.01, Revised Statutes Supplement,
7 2015; to change provisions relating to the enrollment option
8 program, the textbook loan program, state assessments, student loan
9 repayment assistance, and the Tax Equity and Educational
10 Opportunities Support Act; to rename an act; to eliminate support
11 grants for consolidation, a fund, and obsolete provisions relating
12 to the American Recovery and Reinvestment Act percentage; to
13 harmonize provisions; to repeal the original sections; and to
14 outright repeal sections 79-1011, 79-1012, 79-1028.02, and
15 79-1028.04, Reissue Revised Statutes of Nebraska.

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

1 Section 1. Section 71-1958, Revised Statutes Cumulative Supplement,
2 2014, is amended to read:

3 71-1958 (1) Quality rating criteria shall be used as provided in
4 this section to assign a quality scale rating to each applicable child
5 care or early childhood education program if the program applies under
6 section 71-1957 to participate in the quality rating and improvement
7 system developed pursuant to section 71-1955.

8 (2) Licensure under the Child Care Licensing Act for a program which
9 serves children from birth to kindergarten-entrance age shall be
10 sufficient criteria to be rated at step one.

11 (3) Meeting criteria established by the State Department of
12 Education for a prekindergarten service or prekindergarten program
13 established pursuant to section 79-1104 and reporting to the Nebraska
14 Early Childhood Professional Record System created under section 71-1962
15 shall be sufficient criteria to be rated at step three.

16 (4) Meeting performance standards required by the federal government
17 for a federal Head Start program or Early Head Start program and
18 reporting to the Nebraska Early Childhood Professional Record System
19 created under section 71-1962 shall be sufficient criteria to be rated at
20 step three.

21 (5) Accreditation by a nationally recognized accrediting body
22 approved by the State Department of Education and reporting to the
23 Nebraska Early Childhood Professional Record System created under section
24 71-1962 shall be sufficient criteria to be rated at step three.

25 (6) A participating applicable child care or early childhood
26 education program operating under a provisional license shall have a
27 quality scale rating at step one even if it meets other quality rating
28 criteria. If a participating applicable child care or early childhood
29 education program is at a quality scale rating higher than step one and
30 the program's license is placed on ~~corrective action status~~, disciplinary
31 limitation, probation, or suspension, such program shall have its quality

1 scale rating changed to step one. If an applicable child care or early
2 childhood education program's license is revoked, the program is not
3 eligible to participate in or receive a quality scale rating under the
4 quality rating and improvement system until the program has an operating
5 license which is in full force and effect.

6 Sec. 2. Section 79-234, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 79-234 (1) An enrollment option program is hereby established to
9 enable any kindergarten through twelfth grade Nebraska student to attend
10 a school in a Nebraska public school district in which the student does
11 not reside subject to the limitations prescribed in section 79-238. The
12 option shall be available only once to each student prior to graduation,
13 except that the option does not count toward such limitation if such
14 option meets, or met at the time of the option, one of the following
15 criteria: (a) The student relocates to a different resident school
16 district, (b) the option school district merges with another district,
17 (c) the option school district is a Class I district, (d) the student
18 will have completed either the grades offered in the school building
19 originally attended in the option school district or the grades
20 immediately preceding the lowest grade offered in the school building for
21 which a new option is sought, (e) the option would allow the student to
22 continue current enrollment in a school district, or (f) the option would
23 allow the student to enroll in a school district in which the student was
24 previously enrolled as a ~~resident~~ student. Sections 79-232 to 79-246 do
25 not relieve a parent or guardian from the compulsory attendance
26 requirements in section 79-201.

27 (2) The program shall not apply to any student who resides in a
28 district which has entered into an annexation agreement pursuant to
29 section 79-473, except that such student may transfer to another district
30 which accepts option students.

31 Sec. 3. Section 79-237, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-237 (1) For a student to begin attendance as an option student in
3 an option school district which is not in a learning community in which
4 the student resides, the student's parent or legal guardian shall submit
5 an application to the school board of the option school district between
6 September 1 and March 15 for attendance during the following and
7 subsequent school years. Except as provided in subsection (2) of this
8 section, applications submitted after March 15 shall contain a release
9 approval from the resident school district on the application form
10 prescribed and furnished by the State Department of Education pursuant to
11 subsection (8) of this section. A district may not accept or approve any
12 applications submitted after such date without such a release approval.
13 The option school district shall provide the resident school district
14 with the name of the applicant on or before April 1 or, in the case of an
15 application submitted after March 15, within sixty days after submission.
16 The option school district shall notify, in writing, the parent or legal
17 guardian of the student and the resident school district whether the
18 application is accepted or rejected on or before April 1 or, in the case
19 of an application submitted after March 15, within sixty days after
20 submission.

21 (2) A student who relocates to a different resident school district
22 after February 1 ~~or~~ ⁷ whose option school district merges with another
23 district effective after February 1, ~~or whose qualification for the~~
24 ~~option for school year 2013-14 is changed pursuant to the changes made to~~
25 ~~subsection (1) of section 79-234 by Laws 2013, LB410,~~ may submit an
26 application to the school board of an option school district for
27 attendance during the immediately following and subsequent school years.
28 Such application does not require the release approval of the resident
29 school district. The option school district shall accept or reject such
30 application within forty-five days.

31 (3) For a student who resides in a learning community to begin

1 attendance in an option school district which is a member of such
2 learning community, the student's parent or legal guardian shall submit
3 an application to the school board of the option school district (a) for
4 any learning community established prior to February 13, 2009, between
5 February 13, 2009, and April 1, 2009, or (b) for any learning community
6 established thereafter, between September 1 and March 15. Applications
7 submitted after such deadlines shall be accompanied by a written release
8 from the resident school district. Students who reside in a learning
9 community shall only begin attendance in an option school district which
10 is a member of such learning community prior to the end of the first full
11 school year for which the option school district is a member of such
12 learning community. The option school district shall provide the resident
13 school district with the name of the applicant within five days after the
14 applicable deadline. The option school district shall notify, in writing,
15 the parent or legal guardian of the student and the resident school
16 district whether the application is accepted or rejected on or before
17 April 1. A parent or guardian may provide information on the application
18 regarding the applicant's potential qualification for free or reduced-
19 price lunches. Any such information provided shall be subject to
20 verification and shall only be used for the purposes of subsection (4) of
21 section 79-238. Nothing in this subsection requires a parent or guardian
22 to provide such information. Determinations about an applicant's
23 qualification for free or reduced-price lunches for purposes of
24 subsection (4) of section 79-238 shall be based on any verified
25 information provided on the application. If no such information is
26 provided, the student shall be presumed not to qualify for free or
27 reduced-price lunches for the purposes of subsection (4) of section
28 79-238.

29 (4) Applications for students who do not actually attend the option
30 school district may be withdrawn in good standing upon mutual agreement
31 by both the resident and option school districts.

1 (5) No option student shall attend an option school district for
2 less than one school year unless the student relocates to a different
3 resident school district, completes requirements for graduation prior to
4 the end of his or her senior year, transfers to a private or parochial
5 school, or upon mutual agreement of the resident and option school
6 districts cancels the enrollment option and returns to the resident
7 school district.

8 (6) Except as provided in subsection (5) of this section, the option
9 student shall attend the option school district until graduation unless
10 the student relocates in a different resident school district, transfers
11 to a private or parochial school, or chooses to return to the resident
12 school district.

13 (7) In each case of cancellation pursuant to subsections (5) and (6)
14 of this section, the student's parent or legal guardian shall provide
15 written notification to the school board of the option school district
16 and the resident school district on forms prescribed and furnished by the
17 department under subsection (8) of this section in advance of such
18 cancellation.

19 (8) The application and cancellation forms shall be prescribed and
20 furnished by the State Department of Education.

21 (9) An option student who subsequently chooses to attend a private
22 or parochial school shall be automatically accepted to return to either
23 the resident school district or option school district upon the
24 completion of the grade levels offered at the private or parochial
25 school. If such student chooses to return to the option school district,
26 the student's parent or legal guardian shall submit another application
27 to the school board of the option school district which shall be
28 automatically accepted, and the deadlines prescribed in this section
29 shall be waived.

30 Sec. 4. Section 79-238, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 79-238 (1) Except as provided in section 79-240, the school board of
2 the option school district shall adopt by resolution specific standards
3 for acceptance and rejection of applications. Standards may include the
4 capacity of a program, class, grade level, or school building or the
5 availability of appropriate special education programs operated by the
6 option school district. Capacity shall be determined by setting a maximum
7 number of option students that a district will accept in any program,
8 class, grade level, or school building, based upon available staff,
9 facilities, projected enrollment of resident students, projected number
10 of students with which the option school district will contract based on
11 existing contractual arrangements, and availability of appropriate
12 special education programs. The school board of the option school
13 district may by resolution declare a program, a class, or a school
14 unavailable to option students due to lack of capacity. Standards shall
15 not include previous academic achievement, athletic or other
16 extracurricular ability, disabilities, proficiency in the English
17 language, or previous disciplinary proceedings except as provided in
18 section 79-266.01. False or substantively misleading information
19 submitted by a parent or guardian on an application to an option school
20 district may be cause for the option school district to reject a
21 previously accepted application if the rejection occurs prior to the
22 student's attendance as an option student.

23 (2) The school board of every school district shall also adopt
24 specific standards and conditions for acceptance or rejection of a
25 request for release of a resident or option student submitting an
26 application to an option school district after March 15 under subsection
27 (1) of section 79-237. Standards shall not include that a request
28 occurred after the deadline set forth in this subsection.

29 (3) Any option school district shall give first priority for
30 enrollment to siblings of option students, except that the option school
31 district shall not be required to accept the sibling of an option student

1 if the district is at capacity except as provided in subsection (1) of
2 section 79-240.

3 (4) Any option school district that is in a learning community shall
4 give second priority for enrollment to students who reside in the
5 learning community and who contribute to the socioeconomic diversity of
6 enrollment as defined in section 79-2110 at the school building to which
7 the student will be assigned pursuant to section 79-235.

8 Sec. 5. Section 79-576, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 79-576 The secretary of a Class I, II, III, IV, or VI school
11 district shall be clerk of the school board and of all ~~district~~ meetings
12 when present, but if he or she is not present the school board legal
13 ~~voters~~ may appoint a clerk for the time being, who shall certify the
14 proceedings to the secretary ~~clerk~~ to be recorded by him or her.

15 Sec. 6. Section 79-607, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 79-607 The State Board of Education shall adopt and promulgate rules
18 and regulations for operators of pupil transportation vehicles as to
19 physical and mental qualities, driving skills and practices, and
20 knowledge of traffic laws, rules, and regulations which relate to school
21 bus transportation. Such traffic rules and regulations shall by reference
22 be made a part of any such contract with a school district. Any officer
23 or employee of any school district who violates any of the traffic rules
24 or regulations or fails to include obligations to comply with the traffic
25 rules and regulations in any contract executed by him or her on behalf of
26 a school district shall be guilty of a Class V misdemeanor and shall,
27 upon conviction thereof, be subject to removal from office or employment.
28 Any person operating a school bus under contract with a school district
29 who fails to comply with any of such traffic rules and regulations shall
30 be guilty of breach of contract, and such contract may ~~shall~~ be canceled
31 after notice and hearing by the responsible officers of such school

1 district.

2 Sec. 7. Section 79-734, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 79-734 (1) School boards and boards of education of all classes of
5 school districts shall purchase all textbooks, equipment, and supplies
6 necessary for the schools of such district. The duty to make such
7 purchases may be delegated to employees of the school district.

8 (2) School boards and boards of education shall purchase and loan
9 textbooks to all children who are enrolled in kindergarten to grade
10 twelve of a public school and, upon individual request, to children who
11 are enrolled in kindergarten to grade twelve of a private school which is
12 approved for continued legal operation under rules and regulations
13 established by the State Board of Education pursuant to subdivision (5)
14 (c) of section 79-318. The Legislature may appropriate funds to carry out
15 the provisions of this subsection. A school district is not obligated to
16 spend any money for the purchase and loan of textbooks to children
17 enrolled in private schools other than funds specifically appropriated by
18 the Legislature to be distributed by the State Department of Education
19 for the purpose of purchasing and loaning textbooks as provided in this
20 subsection. Textbooks loaned to children enrolled in kindergarten to
21 grade twelve of such private schools shall be textbooks which are
22 designated for use in the public schools of the school district in which
23 the child resides or the school district in which the private school the
24 child attends is located. Such textbooks shall be loaned free to such
25 children subject to such rules and regulations as are or may be
26 prescribed by such school boards or boards of education. The State
27 Department of Education shall adopt and promulgate rules and regulations
28 to carry out this section. The rules and regulations shall include
29 provisions for the distribution of funds appropriated for textbooks. The
30 rules and regulations shall include a deadline for applications from
31 school districts for distribution of funds. If funds are not appropriated

1 to cover the entire cost of applications, a pro rata reduction shall be
2 made. For purposes of this subsection, textbook means a reusable set of
3 printed sheets of paper that are bound together inside a cover which is
4 used in a course of study in a school by a student, and includes any of
5 the versions of a textbook provided by a publisher or manufacturer under
6 section 79-734.01 to a school district for student use, including any
7 reusable workbooks or manuals whether bound or in another medium provided
8 to the school district.

9 Sec. 8. Section 79-760.03, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 79-760.03 (1) For school year 2009-10 and each school year
12 thereafter, the State Board of Education shall implement a statewide
13 system for the assessment of student learning and for reporting the
14 performance of school districts and learning communities pursuant to this
15 section. The assessment and reporting system shall measure student
16 knowledge of subject matter materials covered by measurable academic
17 content standards selected by the state board.

18 (2) The state board shall adopt a plan for an assessment and
19 reporting system and implement and maintain the assessment and reporting
20 system according to such plan. The plan shall be submitted annually to
21 the State Department of Education, the Governor, the chairperson of the
22 Education Committee of the Legislature, and the Clerk of the Legislature.
23 The plan submitted to the committee and the Clerk of the Legislature
24 shall be submitted electronically. The state board shall select grade
25 levels for assessment and reporting required pursuant to subsections (4)
26 through (7) of this section. The purposes of the system are to:

27 (a) Determine how well public schools are performing in terms of
28 achievement of public school students related to the state academic
29 content standards;

30 (b) Report the performance of public schools based upon the results
31 of state assessment instruments and national assessment instruments;

1 (c) Provide information for the public and policymakers on the
2 performance of public schools; and

3 (d) Provide for the comparison among Nebraska public schools and the
4 comparison of Nebraska public schools to public schools elsewhere.

5 (3) The Governor shall appoint a technical advisory committee to
6 review (a) the statewide assessment plan, (b) and state assessment
7 instruments, and (c) the accountability system developed under the
8 Quality Education Accountability Act. The technical advisory committee
9 shall consist of three nationally recognized experts in educational
10 assessment and measurement, one administrator from a school in Nebraska,
11 and one teacher from a school in Nebraska. The members shall serve terms
12 of three years, except that two of the members shall be appointed for
13 initial terms of two years. Any vacancy shall be filled by the Governor
14 for the remainder of the term. One of the members shall be designated as
15 chairperson by the Governor. Members shall be reimbursed for their actual
16 and necessary expenses as provided in sections 81-1174 to 81-1177. The
17 committee shall advise the Governor, the state board, and the State
18 Department of Education on the development of statewide assessment
19 instruments and the statewide assessment plan. The appointments to the
20 committee shall be confirmed by the Legislature.

21 (4) The state board shall prescribe a statewide assessment of
22 writing that relies on writing samples in each of three grades selected
23 by the state board. Each year at least one of the three selected grades
24 shall participate in the statewide writing assessment with each selected
25 grade level participating at least once every three years.

26 (5) For school year 2009-10 and for each school year thereafter, the
27 state board shall prescribe a statewide assessment of reading. The
28 statewide assessment of reading shall include assessment instruments for
29 each of the grade levels three through eight and for one grade in high
30 school and standards adopted by the state board pursuant to section
31 79-760.01.

1 (6) For no later than school year 2010-11 and for each school year
2 thereafter, the state board shall prescribe a statewide assessment of
3 mathematics. The statewide assessment of mathematics shall include
4 assessment instruments for each of the grade levels three through eight
5 and for one grade in high school and standards adopted by the state board
6 pursuant to section 79-760.01. If no statewide assessment of mathematics
7 is administered in school year 2009-10, school districts shall report
8 mathematics assessment results in the same manner as such information was
9 reported in school year 2008-09.

10 (7) For no later than school year 2011-12 and each school year
11 thereafter, the state board shall prescribe a statewide assessment of
12 science. The statewide assessment of science shall include assessment
13 instruments for each of the grade levels selected by the state board and
14 standards adopted by the state board pursuant to section 79-760.01. The
15 grade levels shall include at least one grade in elementary school, one
16 grade in middle school or junior high school, and one grade in high
17 school.

18 (8) The department shall conduct studies to verify the technical
19 quality of assessment instruments and demonstrate the comparability of
20 assessment instrument results required by the act. The department shall
21 annually report such findings to the Governor, the Legislature, and the
22 state board. The report submitted to the Legislature shall be submitted
23 electronically.

24 (9) The state board shall recommend national assessment instruments
25 for the purpose of national comparison. Each school district shall report
26 individual student data for scores and sub-scores according to procedures
27 established by the state board and the department pursuant to section
28 79-760.05.

29 (10) The aggregate results of assessment instruments and national
30 assessment instruments shall be reported by the district on a building
31 basis to the public in that district, to the learning community

1 coordinating council if such district is a member of a learning
2 community, and to the department. Each learning community shall also
3 report the aggregate results of any assessment instruments and national
4 assessment instruments to the public in that learning community and to
5 the department. The department shall report the aggregate results of any
6 assessment instruments and national assessment instruments on a learning
7 community, district, and building basis as part of the statewide
8 assessment and reporting system.

9 (11)(a) The assessment and reporting plan shall:

10 (i) Provide for the confidentiality of the results of individual
11 students; and

12 (ii) Include all public schools and all public school students.

13 (b) The state board shall adopt criteria for the inclusion of
14 students with disabilities, students entering the school for the first
15 time, and students with limited English proficiency.

16 The department may determine appropriate accommodations for the
17 assessment of students with disabilities or any student receiving special
18 education programs and services pursuant to section 79-1139. Alternate
19 academic achievement standards in reading, mathematics, and science and
20 alternate assessment instruments aligned with the standards may be among
21 the accommodations for students with severe cognitive disabilities.

22 (12) The state board may select additional grade levels, ~~and~~
23 ~~additional~~ subject areas, or assessment instruments for statewide
24 assessment consistent instruments to comply with federal requirements.

25 (13) The state board shall not require school districts to
26 administer assessments or assessment instruments other than as prescribed
27 by the act.

28 (14) The state board shall appoint committees of teachers, from each
29 appropriate subject area, and administrators to assist in the development
30 of statewide assessment instruments required by the act.

31 Sec. 9. Section 79-772, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-772 Sections 79-772 to 79-775 shall be known and may be cited as
3 the Center for Student Leadership and Expanded ~~Extended~~ Learning Act.

4 Sec. 10. Section 79-773, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 79-773 (1) The Legislature finds that:

7 (a) Since 1928, Nebraska students have benefited from participation
8 in career education student organizations such as Nebraska FFA, Family
9 Career and Community Leaders of America (FCCLA), Future Business Leaders
10 of America (FBLA), Skills USA, Nebraska DECA, Educators Rising, and HOSA
11 Future Health Professionals ~~Health Occupations Students of America~~
12 ~~(HOSA)~~;

13 (b) Research conducted in 2007 by the National Research Center for
14 Career and Technical Education has documented a positive association
15 between career education student organizations participation and academic
16 motivation, academic engagement, grades, career self-efficacy, college
17 aspirations, and employability skills;

18 (c) Long-term sustainability of the state associations of career
19 education student organizations has a positive impact on Nebraska
20 students and is in the best interests of the economic well-being of the
21 State of Nebraska;

22 (d) Students in Nebraska schools should have opportunities to
23 acquire academic, technical, and employability knowledge and skills
24 needed to meet the demands of a global economy;

25 (e) Students benefit from the opportunities provided by career
26 education student organizations to develop and demonstrate leadership
27 skills that prepare them for civic, economic, and entrepreneurial
28 leadership roles;

29 (f) Students benefit from engaging in expanded-learning ~~extended-~~
30 ~~learning~~ experiences outside their normal classrooms that allow them to
31 apply their knowledge and skill in authentic ~~real-world~~ situations;

1 (g) There is a need to establish and expand strategies and programs
2 that enable young people to be college-ready and career-ready, build
3 assets, and remain as productive citizens in their communities; and

4 (h) There is a need to establish a statewide structure that supports
5 existing and emerging curriculum and program offerings with student
6 leadership development opportunities and experiences.

7 (2) The Legislature recognizes that Nebraska must provide
8 opportunities to educate young people with leadership and employability
9 skills to (a) meet the needs of business and industry and remain
10 economically viable, (b) educate and nurture future entrepreneurs for
11 successful business ventures to diversify and strengthen our economic
12 base, (c) foster rewarding personal development experiences that involve
13 students in their communities and encourage them to return to their
14 communities after completing postsecondary education, and (d) invest in
15 and support the leadership development of our future state and community
16 civic leaders.

17 Sec. 11. Section 79-774, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 79-774 For purposes of the Center for Student Leadership and
20 Expanded ~~Extended~~ Learning Act:

21 (1) Career and technical education means educational programs that
22 support the development of knowledge and skill in the following areas:
23 Agriculture, food, and natural resources; architecture and construction;
24 arts, audiovisual, technology, and communication; business management and
25 administration; education and training; finance; government and public
26 administration; health science; hospitality and tourism; human services;
27 information technology; law, public safety, and security; marketing;
28 manufacturing; science, technology, engineering, and mathematics; and
29 transportation, distribution, and logistics;

30 (2) Career education student organization means an organization for
31 individuals enrolled in a career and technical education program that

1 engages career and technical education activities as an integral part of
2 the instructional program; and

3 (3) Expanded ~~Extended~~ learning means school-based or school-linked
4 activities and programs that utilize school-community partnerships to
5 expand opportunities for students to participate in educational
6 activities outside the normal classroom.

7 Sec. 12. Section 79-775, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-775 The purpose of the Center for Student Leadership and Expanded
10 ~~Extended~~ Learning Act is to provide state support for establishing and
11 maintaining within the State Department of Education the Center for
12 Student Leadership and Expanded ~~Extended~~ Learning. The center shall
13 provide ongoing financial and administrative support for state leadership
14 and administration of Nebraska career education student organizations,
15 create and coordinate opportunities for students to participate in
16 educational activities outside the normal classroom, and partner with
17 state and local organizations to share research and identify best
18 practices that can be disseminated to schools and community
19 organizations.

20 Sec. 13. Section 79-8,137.01, Revised Statutes Supplement, 2015, is
21 amended to read:

22 79-8,137.01 The Enhancing Excellence in Teaching Program is created.
23 For purposes of the Enhancing Excellence in Teaching Program:

24 (1) Department means the State Department of Education;

25 (2) Eligible graduate program means a program of study offered by an
26 eligible institution which results in obtaining a graduate degree or a
27 graduate course of study leading to an endorsement in a shortage area
28 specified by the State Board of Education;

29 (3) Eligible institution means a not-for-profit college or
30 university which (a) is located in Nebraska, (b) is accredited by a
31 regional accrediting agency recognized by the United States Department of

1 Education as determined to be acceptable by the State Board of Education,
2 (c) has a teacher education program, and (d) if a privately funded
3 college or university, has not opted out of the Enhancing Excellence in
4 Teaching Program pursuant to rules and regulations;

5 (4) Eligible student means an individual who (a) is a certificated
6 teacher employed to teach in an approved or accredited school in
7 Nebraska, (b) is enrolled in an eligible graduate program, ~~including a~~
8 ~~course of study leading to an endorsement in a shortage area specified by~~
9 ~~the State Board of Education,~~ (c) if enrolled at a state-funded eligible
10 institution, is a resident student as described in section 85-502 or, if
11 enrolled in a privately funded eligible institution, would be deemed a
12 resident student if enrolled in a state-funded eligible institution, (d)
13 is majoring in a shortage area, curriculum and instruction, a subject
14 area in which the individual already holds a secular teaching
15 endorsement, or a subject area that will result in an additional secular
16 teaching endorsement which the superintendent of the school district or
17 head administrator of the private, denominational, or parochial school
18 employing the individual believes will be beneficial to the students of
19 such school district or school as evidenced by a statement signed by the
20 superintendent or head administrator, and (e) is applying for a loan
21 pursuant to the Enhancing Excellence in Teaching Program to be received
22 at a time other than during fiscal year 2011-12 or 2012-13;

23 (5) Majoring in a shortage area or subject area means pursuing a
24 degree or course of study which will allow an individual to be properly
25 endorsed to teach in such shortage area or subject area; and

26 (6) Shortage area means a secular field of teaching or endorsement
27 area for which there is a shortage, as determined by the department, of
28 properly endorsed teachers at the time the borrower first receives funds
29 pursuant to the Enhancing Excellence in Teaching Program.

30 Sec. 14. Section 79-8,137.03, Revised Statutes Supplement, 2015, is
31 amended to read:

1 79-8,137.03 (1) The department shall administer the Enhancing
2 Excellence in Teaching Program either directly or by contracting with
3 public or private entities.

4 (2) To be eligible for the program, an eligible student shall:

5 (a) Agree to complete an eligible graduate ~~or endorsement~~ program at
6 an eligible institution and to complete the program on which the
7 applicant's eligibility is based as determined by the department; and

8 (b) Commit to teach in an accredited or approved public or private
9 school in Nebraska upon successful completion of the eligible graduate ~~or~~
10 ~~endorsement~~ program for which the applicant is applying to the Enhancing
11 Excellence in Teaching Program and to maintaining certification pursuant
12 to sections 79-806 to 79-815.

13 (3) Eligible students may apply on an annual basis for loans in an
14 amount of not more than one hundred seventy-five dollars per credit hour.
15 Loans awarded to individual students shall not exceed a cumulative period
16 exceeding five consecutive years. Loans shall only be awarded through the
17 department. Loans shall be funded pursuant to section 79-8,137.05.

18 Sec. 15. Section 79-8,137.04, Revised Statutes Supplement, 2015, is
19 amended to read:

20 79-8,137.04 (1) Prior to receiving any money from a loan pursuant to
21 the Enhancing Excellence in Teaching Program, an eligible student shall
22 enter into a contract with the department. Such contract shall be exempt
23 from the requirements of sections 73-501 to 73-510. The contract shall
24 require that if (a) the borrower is not employed as a full-time teacher
25 teaching in an approved or accredited school in Nebraska for a time
26 period equal to the number of years required for loan forgiveness
27 pursuant to subsection (2) of this section or (b) the borrower does not
28 complete the requirements for graduation within five consecutive years
29 after receiving the initial loan under the program, then the loan shall
30 be repaid, with interest at the rate fixed pursuant to section 45-103
31 accruing as of the date the borrower signed the contract and actual

1 collection costs as determined by the department. If a borrower fails to
2 remain enrolled at an eligible institution or otherwise fails to meet the
3 requirements of an eligible student, repayment of the loan shall commence
4 within six months after such change in eligibility. The State Board of
5 Education may by rules and regulations provide for exceptions to the
6 conditions of repayment pursuant to this subsection based upon mitigating
7 circumstances.

8 (2)(a) If the borrower (i) successfully completes the eligible
9 graduate ~~or endorsement~~ program for which the borrower is receiving a
10 forgivable loan pursuant to the Enhancing Excellence in Teaching Program
11 and maintains certification pursuant to sections 79-806 to 79-815, (ii)
12 maintains employment as a teacher in an approved or accredited school in
13 this state, and (iii) otherwise meets the requirements of the contract,
14 payments shall be suspended for the number of years that the borrower is
15 required to remain employed as a teacher in this state under the
16 contract.

17 (b) For recipients who received funds for the first time funds
18 ~~received~~ prior to July 1, 2016, beginning after the first two years of
19 teaching full-time in Nebraska following graduation for the degree for
20 which the loan was received, for each year that the borrower teaches
21 full-time in Nebraska pursuant to the contract, the loan shall be
22 forgiven in an amount equal to three thousand dollars, except that if the
23 borrower teaches full-time in a school district that is in a local system
24 classified as very sparse as defined in section 79-1003, teaches in a
25 school building that provides free meals to all students pursuant to the
26 community eligibility provision, teaches in a school building in which at
27 least forty percent of the students are poverty students as defined in
28 section 79-1003, or teaches in an accredited or approved private school
29 in Nebraska in which at least forty percent of the enrolled students
30 qualified for free lunches as determined by the most recent data
31 available from the department, payments shall be forgiven each year in an

1 amount equal to six thousand dollars.

2 (c) For recipients who received funds for the first time funds
3 ~~received~~ on or after July 1, 2016, beginning after the first two years of
4 teaching full-time in Nebraska following completion of the eligible
5 graduate program graduation ~~for the degree~~ for which the loan was
6 received, for each year that the borrower teaches full-time in Nebraska
7 pursuant to the contract, the loan shall be forgiven in an amount equal
8 to one thousand five hundred dollars, except that if the borrower teaches
9 full-time in a school district that is in a local system classified as
10 very sparse as defined in section 79-1003, teaches in a school building
11 in which at least forty percent of the ~~formula~~ students are poverty
12 students as defined in section 79-1003, teaches in a school building that
13 provides free meals to all students pursuant to the community eligibility
14 provision, or teaches in an accredited private school or educational
15 service unit or an approved private school in Nebraska in which at least
16 forty percent of the enrolled students qualified for free lunches as
17 determined by the most recent data available from the department,
18 payments shall be forgiven each year in an amount equal to one thousand
19 five hundred dollars for the first year of loan forgiveness and three
20 thousand dollars for each year of loan forgiveness thereafter.

21 Sec. 16. Section 79-1003, Revised Statutes Supplement, 2015, is
22 amended to read:

23 79-1003 For purposes of the Tax Equity and Educational Opportunities
24 Support Act:

25 (1) Adjusted general fund operating expenditures means (a) for
26 school fiscal years 2013-14 through 2015-16, the difference of the
27 general fund operating expenditures as calculated pursuant to subdivision
28 (23) of this section increased by the cost growth factor calculated
29 pursuant to section 79-1007.10, minus the transportation allowance,
30 special receipts allowance, poverty allowance, limited English
31 proficiency allowance, distance education and telecommunications

1 allowance, elementary site allowance, summer school allowance,
2 instructional time allowance, teacher education allowance, and focus
3 school and program allowance, and (b) for school fiscal year 2016-17 and
4 each school fiscal year thereafter, the difference of the general fund
5 operating expenditures as calculated pursuant to subdivision (23) of this
6 section increased by the cost growth factor calculated pursuant to
7 section 79-1007.10, minus the transportation allowance, special receipts
8 allowance, poverty allowance, limited English proficiency allowance,
9 distance education and telecommunications allowance, elementary site
10 allowance, summer school allowance, best practices allowance, and focus
11 school and program allowance;

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

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

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

30 (5) Base fiscal year means the first school fiscal year following
31 the school fiscal year in which the reorganization or unification

1 occurred;

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

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

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

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

20 (10) Converted contract option student means a student who will be
21 an option student pursuant to the enrollment option program established
22 in section 79-234 for the school fiscal year for which aid is being
23 calculated and who would have been covered by a converted contract if the
24 contract were still in effect and such school fiscal year is the first
25 school fiscal year for which such contract is not in effect;

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

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

31 (13) Ensuing school fiscal year means the school fiscal year

1 following the current school fiscal year;

2 (14) Equalization aid means the amount of assistance calculated to
3 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
4 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02, ~~79-1028.02~~, and
5 ~~79-1028.04~~;

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

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

12 (17) Formula students means:

13 (a) For state aid certified pursuant to section 79-1022, the sum of
14 the product of fall membership from the school fiscal year immediately
15 preceding the school fiscal year in which the aid is to be paid
16 multiplied by the average ratio of average daily membership to fall
17 membership for the second school fiscal year immediately preceding the
18 school fiscal year in which the aid is to be paid and the prior two
19 school fiscal years plus sixty percent of the qualified early childhood
20 education fall membership plus tuitioned students from the school fiscal
21 year immediately preceding the school fiscal year in which aid is to be
22 paid minus the product of the number of students enrolled in kindergarten
23 that is not full-day kindergarten from the fall membership multiplied by
24 0.5; and

25 (b) For the final calculation of state aid pursuant to section
26 79-1065, the sum of average daily membership plus sixty percent of the
27 qualified early childhood education average daily membership plus
28 tuitioned students minus the product of the number of students enrolled
29 in kindergarten that is not full-day kindergarten from the average daily
30 membership multiplied by 0.5 from the school fiscal year immediately
31 preceding the school fiscal year in which aid was paid;

1 (18) Free lunch and free milk calculated student means, for school
2 fiscal year 2016-17 and each school fiscal year thereafter, using the
3 most recent data available on November 1 of the school fiscal year
4 immediately preceding the school fiscal year in which aid is to be paid,
5 (a) a student who qualified for free lunches or free milk and attended a
6 school that uses information collected from parents and guardians
7 pursuant to section 79-10,143 to determine such qualifications pursuant
8 to the federal Richard B. Russell National School Lunch Act, 42 U.S.C.
9 1751 et seq., and the federal Child Nutrition Act of 1966, 42 U.S.C. 1771
10 et seq., as such acts and sections existed on January 1, 2015, and rules
11 and regulations adopted thereunder, plus (b) the product of the students
12 who attend a school that provides free meals to all students pursuant to
13 the community eligibility provision multiplied by the identified student
14 percentage calculated pursuant to such federal provision;

15 (19) Free lunch and free milk student means, for school fiscal years
16 prior to school fiscal year 2016-17, a student who qualified for free
17 lunches or free milk from the most recent data available on November 1 of
18 the school fiscal year immediately preceding the school fiscal year in
19 which aid is to be paid;

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

22 (21) General fund budget of expenditures means the total budget of
23 disbursements and transfers for general fund purposes as certified in the
24 budget statement adopted pursuant to the Nebraska Budget Act, except that
25 for purposes of the limitation imposed in section 79-1023 and the
26 calculation pursuant to subdivision (2) of section 79-1027.01, the
27 general fund budget of expenditures does not include any special grant
28 funds, exclusive of local matching funds, received by a district;

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

31 (23) General fund operating expenditures means for state aid

1 calculated for school fiscal years 2012-13 and each school fiscal year
2 thereafter, as reported on the annual financial report for the second
3 school fiscal year immediately preceding the school fiscal year in which
4 aid is to be paid, the total general fund expenditures minus (a) the
5 amount of all receipts to the general fund, to the extent that such
6 receipts are not included in local system formula resources, from early
7 childhood education tuition, summer school tuition, educational entities
8 as defined in section 79-1201.01 for providing distance education courses
9 through the Educational Service Unit Coordinating Council to such
10 educational entities, private foundations, individuals, associations,
11 charitable organizations, the textbook loan program authorized by section
12 79-734, federal impact aid, and levy override elections pursuant to
13 section 77-3444, (b) the amount of expenditures for categorical funds,
14 tuition paid, transportation fees paid to other districts, adult
15 education, community services, redemption of the principal portion of
16 general fund debt service, retirement incentive plans authorized by
17 section 79-855, and staff development assistance authorized by section
18 79-856, (c) the amount of any transfers from the general fund to any bond
19 fund and transfers from other funds into the general fund, (d) any legal
20 expenses in excess of fifteen-hundredths of one percent of the formula
21 need for the school fiscal year in which the expenses occurred, (e)
22 expenditures to pay for sums agreed to be paid by a school district to
23 certificated employees in exchange for a voluntary termination occurring
24 prior to July 1, 2009, occurring on or after the last day of the 2010-11
25 school year and prior to the first day of the 2013-14 school year, or, to
26 the extent that a district has demonstrated to the State Board of
27 Education pursuant to section 79-1028.01 that the agreement will result
28 in a net savings in salary and benefit costs to the school district over
29 a five-year period, occurring on or after the first day of the 2013-14
30 school year, (f)(i) expenditures to pay for employer contributions
31 pursuant to subsection (2) of section 79-958 to the School Employees

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

12 For purposes of this subdivision (23) of this section, receipts from
13 levy override elections shall equal ninety-nine percent of the difference
14 of the total general fund levy minus a levy of one dollar and five cents
15 per one hundred dollars of taxable valuation multiplied by the assessed
16 valuation for school districts that have voted pursuant to section
17 77-3444 to override the maximum levy provided pursuant to section
18 77-3442;

19 (24) High school district means a school district providing
20 instruction in at least grades nine through twelve;

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

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

27 (27) Limited English proficiency students means the number of
28 students with limited English proficiency in a district from the most
29 recent data available on November 1 of the school fiscal year preceding
30 the school fiscal year in which aid is to be paid plus the difference of
31 such students with limited English proficiency minus the average number

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

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

14 (29) Low-income child means (a) for school fiscal years prior to
15 2016-17, a child under nineteen years of age living in a household having
16 an annual adjusted gross income for the second calendar year preceding
17 the beginning of the school fiscal year for which aid is being calculated
18 equal to or less than the maximum household income that would allow a
19 student from a family of four people to be a free lunch and free milk
20 student during the school fiscal year immediately preceding the school
21 fiscal year for which aid is being calculated and (b) for school fiscal
22 year 2016-17 and each school fiscal year thereafter, a child under
23 nineteen years of age living in a household having an annual adjusted
24 gross income for the second calendar year preceding the beginning of the
25 school fiscal year for which aid is being calculated equal to or less
26 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
27 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
28 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
29 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
30 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
31 existed on January 1, 2015, for a household of that size that would have

1 allowed the child to meet the income qualifications for free meals during
2 the school fiscal year immediately preceding the school fiscal year for
3 which aid is being calculated;

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

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

14 (32) Poverty students means (a) for school fiscal years prior to
15 2016-17, the number of low-income students or the number of students who
16 are free lunch and free milk students in a district plus the difference
17 of the number of low-income students or the number of students who are
18 free lunch and free milk students in a district, whichever is greater,
19 minus the average number of poverty students for such district, prior to
20 such addition, for the three immediately preceding school fiscal years if
21 such difference is greater than zero and (b) for school fiscal year
22 2016-17 and each school fiscal year thereafter, the unadjusted poverty
23 students plus the difference of such unadjusted poverty students minus
24 the average number of poverty students for such district, prior to such
25 addition, for the three immediately preceding school fiscal years if such
26 difference is greater than zero;

27 (33) Qualified early childhood education average daily membership
28 means the product of the average daily membership for school fiscal year
29 2006-07 and each school fiscal year thereafter of students who will be
30 eligible to attend kindergarten the following school year and are
31 enrolled in an early childhood education program approved by the

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

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

23 (35) Regular route transportation means the transportation of
24 students on regularly scheduled daily routes to and from the attendance
25 center;

26 (36) Reorganized district means any district involved in a
27 consolidation and currently educating students following consolidation;

28 (37) School year or school fiscal year means the fiscal year of a
29 school district as defined in section 79-1091;

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

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

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

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

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

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

20 (40) Special grant funds means the budgeted receipts for grants,
21 including, but not limited to, categorical funds, reimbursements for
22 wards of the court, short-term borrowings including, but not limited to,
23 registered warrants and tax anticipation notes, interfund loans,
24 insurance settlements, and reimbursements to county government for
25 previous overpayment. The state board shall approve a listing of grants
26 that qualify as special grant funds;

27 (41) State aid means the amount of assistance paid to a district
28 pursuant to the Tax Equity and Educational Opportunities Support Act;

29 (42) State board means the State Board of Education;

30 (43) State support means all funds provided to districts by the
31 State of Nebraska for the general fund support of elementary and

1 secondary education;

2 (44) Statewide average basic funding per formula student means the
3 statewide total basic funding for all districts divided by the statewide
4 total formula students for all districts;

5 (45) Statewide average general fund operating expenditures per
6 formula student means the statewide total general fund operating
7 expenditures for all districts divided by the statewide total formula
8 students for all districts;

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

10 (47) Temporary aid adjustment factor means (a) for school fiscal
11 years before school fiscal year 2007-08, one and one-fourth percent of
12 the sum of the local system's transportation allowance, the local
13 system's special receipts allowance, and the product of the local
14 system's adjusted formula students multiplied by the average formula cost
15 per student in the local system's cost grouping and (b) for school fiscal
16 year 2007-08, one and one-fourth percent of the sum of the local system's
17 transportation allowance, special receipts allowance, and distance
18 education and telecommunications allowance and the product of the local
19 system's adjusted formula students multiplied by the average formula cost
20 per student in the local system's cost grouping;

21 (48) Tuition receipts from converted contracts means tuition
22 receipts received by a district from another district in the most
23 recently available complete data year pursuant to a converted contract
24 prior to the expiration of the contract;

25 (49) Tuitioned students means students in kindergarten through grade
26 twelve of the district whose tuition is paid by the district to some
27 other district or education agency;

28 (50) Unadjusted poverty students means, for school fiscal year
29 2016-17 and each school fiscal year thereafter, the greater of the number
30 of low-income students or the free lunch and free milk calculated
31 students in a district; and

1 (51) Very sparse local system means a local system that has:

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

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

13 Sec. 17. Section 79-1005.01, Reissue Revised Statutes of Nebraska,
14 is amended to read:

15 79-1005.01 (1) One hundred two million two hundred eighty-nine
16 thousand eight hundred seventeen dollars ~~An amount equal to the amount~~
17 ~~appropriated to the School District Income Tax Fund for distribution in~~
18 ~~school fiscal year 1992-93~~ shall be disbursed as option payments as
19 determined under section 79-1009 and as allocated income tax funds as
20 determined in this section and sections 79-1008.01, 79-1015.01,
21 79-1017.01, and 79-1018.01, except as provided in section 79-1008.02.
22 Funds not distributed as allocated income tax funds due to minimum levy
23 adjustments shall not increase the amount available to local systems for
24 distribution as allocated income tax funds.

25 (2) Not later than November 15 of each year, the Tax Commissioner
26 shall certify to the department for the preceding tax year the income tax
27 liability of resident individuals for each local system. ~~The 1996 income~~
28 ~~tax liability of resident individuals of Class I districts that are~~
29 ~~affiliated with multiple high school districts shall be divided between~~
30 ~~local systems based on the percentage of the Class I district's valuation~~
31 ~~affiliated with each high school district.~~

1 (3) Using the data certified by the Tax Commissioner pursuant to
2 subsection (2) of this section, the department shall calculate the
3 allocation percentage and each local system's allocated income tax funds.
4 The allocation percentage shall be ~~an amount equal to the amount stated~~
5 ~~in subsection (1) of this section appropriated to the School District~~
6 ~~Income Tax Fund for distribution in school fiscal year 1992-93~~ minus the
7 total amount paid for option students pursuant to section 79-1009, and
8 ~~(a) for aid calculated for school fiscal year 2010-11, minus twenty~~
9 ~~million dollars and (b) for aid calculated for school fiscal years~~
10 ~~2011-12 and 2012-13, minus twenty-one million dollars~~ with the difference
11 divided by the aggregate statewide income tax liability of all resident
12 individuals certified pursuant to subsection (2) of this section. Each
13 local system's allocated income tax funds shall be calculated by
14 multiplying the allocation percentage times the local system's income tax
15 liability certified pursuant to subsection (2) of this section.

16 Sec. 18. Section 79-1028.01, Revised Statutes Supplement, 2015, is
17 amended to read:

18 79-1028.01 (1) For each school fiscal year, a school district may
19 exceed its budget authority for the general fund budget of expenditures
20 as calculated pursuant to section 79-1023 for such school fiscal year by
21 a specific dollar amount for the following exclusions:

22 (a) Expenditures for repairs to infrastructure damaged by a natural
23 disaster which is declared a disaster emergency pursuant to the Emergency
24 Management Act;

25 (b) Expenditures for judgments, except judgments or orders from the
26 Commission of Industrial Relations, obtained against a school district
27 which require or obligate a school district to pay such judgment, to the
28 extent such judgment is not paid by liability insurance coverage of a
29 school district;

30 (c) Expenditures pursuant to the Retirement Incentive Plan
31 authorized in section 79-855 or the Staff Development Assistance

1 authorized in section 79-856;

2 (d) Expenditures of amounts received from educational entities as
3 defined in section 79-1201.01 for providing distance education courses
4 through the Educational Service Unit Coordinating Council to such
5 educational entities;

6 (e) Expenditures to pay for employer contributions pursuant to
7 subsection (2) of section 79-958 to the School Employees Retirement
8 System of the State of Nebraska to the extent that such expenditures
9 exceed the employer contributions under such subsection that would have
10 been made at a contribution rate of seven and thirty-five hundredths
11 percent;

12 (f) Expenditures to pay for school district contributions pursuant
13 to subdivision (1)(c)(i) of section 79-9,113 to the retirement system
14 established pursuant to the Class V School Employees Retirement Act to
15 the extent that such expenditures exceed the school district
16 contributions under such subdivision that would have been made at a
17 contribution rate of seven and thirty-seven hundredths percent;

18 (g) Expenditures for sums agreed to be paid by a school district to
19 certificated employees in exchange for a voluntary termination occurring
20 prior to July 1, 2009, occurring on or after the last day of the 2010-11
21 school year and prior to the first day of the 2013-14 school year, or, to
22 the extent that a district demonstrates to the State Board of Education
23 pursuant to subsection (3) of this section that the agreement will result
24 in a net savings in salary and benefit costs to the school district over
25 a five-year period, occurring on or after the first day of the 2013-14
26 school year;

27 (h) The special education budget of expenditures; and

28 (i) Expenditures of special grant funds.

29 (2) For each school fiscal year, a school district may exceed its
30 budget authority for the general fund budget of expenditures as
31 calculated pursuant to section 79-1023 for such school fiscal year by a

1 specific dollar amount and include such dollar amount in the budget of
2 expenditures used to calculate budget authority for the general fund
3 budget of expenditures pursuant to section 79-1023 for future years for
4 the following exclusions:

5 ~~(a) Expenditures of support grants to be received in such school~~
6 ~~fiscal year pursuant to section 79-1011;~~

7 (a) The first school fiscal year the district will be
8 participating in Network Nebraska for the full school fiscal year, for
9 the difference of the estimated expenditures for such school fiscal year
10 for telecommunications services, access to data transmission networks
11 that transmit data to and from the school district, and the transmission
12 of data on such networks as such expenditures are defined by the
13 department for purposes of the distance education and telecommunications
14 allowance minus the dollar amount of such expenditures for the second
15 school fiscal year preceding the first full school fiscal year the
16 district participates in Network Nebraska;

17 (b) Expenditures for new elementary attendance sites in the first
18 year of operation or the first year of operation after being closed for
19 at least one school year if such elementary attendance site will most
20 likely qualify for the elementary site allowance in the immediately
21 following school fiscal year as determined by the state board;

22 (c) For the first school fiscal year for which early childhood
23 education membership is included in formula students for the calculation
24 of state aid, expenditures for early childhood education equal to the
25 amount the school district received in early childhood education grants
26 pursuant to section 79-1103 for the prior school fiscal year, increased
27 by the basic allowable growth rate; and

28 (d) For school fiscal year 2013-14, an amount not to exceed two
29 percent over the previous school year if such increase is approved by a
30 seventy-five percent majority vote of the school board of such district.

31 (3) The state board shall approve, deny, or modify the amount

1 allowed for any exclusions to the budget authority for the general fund
2 budget of expenditures pursuant to this section.

3 Sec. 19. Section 79-1031, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 79-1031 The department, with assistance from the Property Tax
6 Administrator, the Legislative Fiscal Analyst, and the budget division of
7 the Department of Administrative Services, shall annually, on or before
8 ~~December~~ ~~November~~ 15, provide an estimate of the necessary funding level
9 for the next school fiscal year under the Tax Equity and Educational
10 Opportunities Support Act to the Governor, the Appropriations Committee
11 of the Legislature, and the Education Committee of the Legislature.

12 Sec. 20. Section 79-1065.01, Reissue Revised Statutes of Nebraska,
13 is amended to read:

14 79-1065.01 If the adjustment under section 79-1065 results in a
15 school district being entitled to the payment of additional funds, the
16 State Department of Education shall automatically make a lump-sum payment
17 to the school district if the payment is less than one thousand dollars.
18 For amounts equal to or greater than one thousand dollars, the district
19 may apply to the State Department of Education for a lump-sum payment for
20 any amount up to one hundred percent of the adjustment, except that when
21 a school district is to receive a lump-sum payment pursuant to section
22 79-1022, one hundred percent of the adjustment shall be paid as one lump-
23 sum payment on the last business day of December during the ensuing
24 school fiscal year. The department shall notify the Director of
25 Administrative Services of the amount of funds to be paid in a lump sum
26 and the reduced amount of the monthly payments pursuant to section
27 79-1022. The department shall make such payment in a lump sum not later
28 than the last business day of September of the year in which the final
29 determination under this section is made.

30 Sec. 21. Original sections 79-234, 79-237, 79-238, 79-576, 79-607,
31 79-734, 79-760.03, 79-772, 79-773, 79-774, 79-775, 79-1005.01, 79-1031,

1 and 79-1065.01, Reissue Revised Statutes of Nebraska, section 71-1958,
2 Revised Statutes Cumulative Supplement, 2014, and sections 79-8,137.01,
3 79-8,137.03, 79-8,137.04, 79-1003, and 79-1028.01, Revised Statutes
4 Supplement, 2015, are repealed.

5 Sec. 22. The following sections are outright repealed: Sections
6 79-1011, 79-1012, 79-1028.02, and 79-1028.04, Reissue Revised Statutes of
7 Nebraska.