

AMENDMENTS TO LB548

Introduced by Kolterman, 24.

1 1. Strike the original sections and all amendments thereto and
2 insert the following new sections:

3 Section 1. Section 79-978, Revised Statutes Supplement, 2017, is
4 amended to read:

5 79-978 For purposes of the Class V School Employees Retirement Act,
6 unless the context otherwise requires:

7 (1) Accumulated contributions means the sum of amounts contributed
8 by a member of the system together with regular interest credited
9 thereon;

10 (2) Actuarial equivalent means the equality in value of the
11 retirement allowance for early retirement or the retirement allowance for
12 an optional form of annuity, or both, with the normal form of the annuity
13 to be paid, as determined by the application of the appropriate actuarial
14 table, except that use of such actuarial tables shall not effect a
15 reduction in benefits accrued prior to September 1, 1985, as determined
16 by the actuarial tables in use prior to such date;

17 (3) Actuarial tables means:

18 (a) For determining the actuarial equivalent of any annuities other
19 than joint and survivorship annuities: τ

20 (i) For members hired before July 1, 2018, a unisex mortality table
21 using twenty-five percent of the male mortality and seventy-five percent
22 of the female mortality from the 1994 Group Annuity Mortality Table with
23 a One Year Setback and using an interest rate of eight percent compounded
24 annually; and

25 (ii) For members hired on or after July 1, 2018, or rehired on or
26 after July 1, 2018, after termination of employment and being paid a
27 retirement benefit, the determinations shall be based on a unisex

1 mortality table and an interest rate specified by the board of trustees.
2 Both the mortality table and the interest rate shall be recommended by
3 the actuary retained by the board of trustees and approved by the board
4 of trustees following an actuarial experience study, a benefit adequacy
5 study, or a plan valuation. The mortality table, interest rate, and
6 actuarial factors in effect on the member's retirement date shall be used
7 to calculate the actuarial equivalency of any retirement benefit. Such
8 interest rate may be, but is not required to be, equal to the assumed
9 rate; and

10 (b) For joint and survivorship annuities: 7

11 (i) For members hired before July 1, 2018, a unisex retiree
12 mortality table using sixty-five percent of the male mortality and
13 thirty-five percent of the female mortality from the 1994 Group Annuity
14 Mortality Table with a One Year Setback and using an interest rate of
15 eight percent compounded annually and a unisex joint annuitant mortality
16 table using thirty-five percent of the male mortality and sixty-five
17 percent of the female mortality from the 1994 Group Annuity Mortality
18 Table with a One Year Setback and using an interest rate of eight percent
19 compounded annually; and

20 (ii) For members hired on or after July 1, 2018, or rehired on or
21 after July 1, 2018, after termination of employment and being paid a
22 retirement benefit, the determinations shall be based on a unisex
23 mortality table and an interest rate specified by the board of trustees.
24 Both the mortality table and the interest rate shall be recommended by
25 the actuary retained by the board of trustees and approved by the board
26 of trustees following an actuarial experience study, a benefit adequacy
27 study, or a plan valuation. The mortality table, interest rate, and
28 actuarial factors in effect on the member's retirement date shall be used
29 to calculate the actuarial equivalency of any retirement benefit. Such
30 interest rate may be, but is not required to be, equal to the assumed
31 rate.

1 (4) Annuitant means any member receiving an allowance;

2 (5) Annuity means annual payments, for both prior service and
3 membership service, for life as provided in the Class V School Employees
4 Retirement Act;

5 (6) Audit year means the period beginning January 1 in any year and
6 ending on December 31 of that same year except for the initial audit year
7 which will begin September 1, 2016, and end on December 31, 2016.
8 Beginning September 1, 2016, the audit year will be the period of time
9 used in the preparation of the annual actuarial analysis and valuation
10 and a financial audit of the investments of the retirement system;

11 (7) Beneficiary means any person entitled to receive or receiving a
12 benefit by reason of the death of a member;

13 (8) Board of education means the board of education of the school
14 district;

15 (9)(a) Compensation means gross wages or salaries payable to the
16 member during a fiscal year and includes (i) overtime pay, (ii) member
17 contributions to the retirement system that are picked up under section
18 414(h) of the Internal Revenue Code, as defined in section 49-801.01,
19 (iii) retroactive salary payments paid pursuant to court order,
20 arbitration, or litigation and grievance settlements, and (iv) amounts
21 contributed by the member to plans under sections 125, 403(b), and 457 of
22 the Internal Revenue Code, as defined in section 49-801.01, or any other
23 section of the code which defers or excludes such amounts from income.

24 (b) Compensation does not include (i) fraudulently obtained amounts
25 as determined by the board, (ii) amounts for accrued unused sick leave or
26 accrued unused vacation leave converted to cash payments, (iii) insurance
27 premiums converted into cash payments, (iv) reimbursement for expenses
28 incurred, (v) fringe benefits, (vi) per diems paid as expenses, (vii)
29 bonuses for services not actually rendered, (viii) early retirement
30 inducements, (ix) cash awards, (x) severance pay, or (xi) employer
31 contributions made for the purposes of separation payments made at

1 retirement and early retirement inducements.

2 (c) Compensation in excess of the limitations set forth in section
3 401(a)(17) of the Internal Revenue Code, as defined in section 49-801.01,
4 shall be disregarded;

5 (10) Council means the Nebraska Investment Council created and
6 acting pursuant to section 72-1237;

7 (11) Creditable service means the sum of the membership service and
8 the prior service, measured in one-tenth-year increments;

9 (12) Early retirement date means, for members hired prior to July 1,
10 2016, who have attained age fifty-five, that month and year selected by a
11 member having at least ten years of creditable service which includes a
12 minimum of five years of membership service. Early retirement date means,
13 for members hired on or after July 1, 2016, that month and year selected
14 by a member having at least five years of creditable service and who has
15 attained age sixty;

16 (13) Early retirement inducement means, but is not limited to:

17 (a) A benefit, bonus, or payment to a member in exchange for an
18 agreement by the member to retire with a reduced retirement benefit;

19 (b) A benefit, bonus, or payment paid to a member in addition to the
20 member's retirement benefit;

21 (c) Lump-sum or installment cash payments, except payments for
22 accrued unused leave converted to cash payments;

23 (d) An additional salary or wage component of any kind that is being
24 paid as an incentive to leave employment and not for personal services
25 performed for which creditable service is granted;

26 (e) Partial or full employer payment of a member's health, dental,
27 life, or long-term disability insurance benefits or cash in lieu of such
28 insurance benefits that extend beyond the member's termination of
29 employment and contract of employment dates. This subdivision does not
30 apply to any period during which the member is contributing to the
31 retirement system and being awarded creditable service; and

1 (f) Any other form of separation payments made by an employer to a
2 member at termination, including, but not limited to, purchasing
3 retirement contracts for the member pursuant to section 79-514, or
4 depositing money for the member in an account established under section
5 403(b) of the Internal Revenue Code except for payments for accrued
6 unused leave;

7 (14) Employee means the following enumerated persons receiving
8 compensation from the school district: (a) Regular teachers and
9 administrators employed on a written contract basis; and (b) regular
10 employees, not included in subdivision (14)(a) of this section, hired
11 upon a full-time basis, which basis shall contemplate a workweek of not
12 less than thirty hours;

13 (15) Employer means a school district participating in a retirement
14 system established pursuant to the Class V School Employees Retirement
15 Act;

16 (16) Fiscal year means the period beginning September 1 in any year
17 and ending on August 31 of the next succeeding year;

18 (17) Hire date or date of hire means the first day of compensated
19 service subject to retirement contributions;

20 (18) Interest means, for the purchase of service credit, the
21 purchase of prior service credit, restored refunds, and delayed payments,
22 the investment return assumption used in the most recent actuarial
23 valuation;

24 (19) Member means any employee included in the membership of the
25 retirement system or any former employee who has made contributions to
26 the system and has not received a refund;

27 (20) Membership service means service on or after September 1, 1951,
28 as an employee of the school district and a member of the system for
29 which compensation is paid by the school district. Credit for more than
30 one year of membership service shall not be allowed for service rendered
31 in any fiscal year. Beginning September 1, 2005, a member shall be

1 credited with a year of membership service for each fiscal year in which
2 the member performs one thousand or more hours of compensated service as
3 an employee of the school district. For an employee who becomes a member
4 prior to July 1, 2018, an hour of compensated service shall include any
5 hour for which the member is compensated by the school district during
6 periods when no service is performed due to vacation or approved leave.
7 For an employee who becomes a member on or after July 1, 2018, an hour of
8 compensated service shall include any hour for which the member is
9 compensated by the school district during periods when no service is
10 performed due to used accrued sick days, used accrued vacation days,
11 federal and state holidays, and jury duty leave for which the member is
12 paid full compensation by the employer. If a member performs less than
13 one thousand hours of compensated service during a fiscal year, one-tenth
14 of a year of membership service shall be credited for each one hundred
15 hours of compensated service by the member in such fiscal year. In
16 determining a member's total membership service, all periods of
17 membership service, including fractional years of membership service in
18 one-tenth-year increments, shall be aggregated;

19 (21) Military service means service in the uniformed services as
20 defined in 38 U.S.C. 4301 et seq., as such provision existed on March 27,
21 1997;

22 (22) Normal retirement date means the end of the month during which
23 the member attains age sixty-five and has completed at least five years
24 of membership service;

25 (23) Primary beneficiary means the person or persons entitled to
26 receive or receiving a benefit by reason of the death of a member;

27 (24) Prior service means service rendered prior to September 1,
28 1951, for which credit is allowed under section 79-999, service rendered
29 by retired employees receiving benefits under preexisting systems, and
30 service for which credit is allowed under sections 79-990, 79-991,
31 79-994, 79-995, and 79-997;

1 (25) Regular interest means interest (a) on the total contributions
2 of the member prior to the close of the last preceding fiscal year, (b)
3 compounded annually, and (c)(i) beginning September 1, 2016, at a rate
4 equal to the daily treasury yield curve for one-year treasury securities,
5 as published by the Secretary of the Treasury of the United States, that
6 applies on September 1 of each year and (ii) prior to September 1, 2016,
7 at rates to be determined annually by the board, which shall have the
8 sole, absolute, and final discretionary authority to make such
9 determination, except that the rate for any given year in no event shall
10 exceed the actual percentage of net earnings of the system during the
11 last preceding fiscal year;

12 (26) Retirement allowance means the total annual retirement benefit
13 payable to a member for service or disability;

14 (27) Retirement date means the date of retirement of a member for
15 service or disability as fixed by the board of trustees described in
16 section 79-980;

17 (28) Retirement system or system means the School Employees'
18 Retirement System of (corporate name of the school district as described
19 in section 79-405) as provided for by the act;

20 (29) Secondary beneficiary means the person or persons entitled to
21 receive or receiving a benefit by reason of the death of all primary
22 beneficiaries prior to the death of the member. If no primary beneficiary
23 survives the member, secondary beneficiaries shall be treated in the same
24 manner as primary beneficiaries;

25 (30) Solvency means the rate of all contributions required pursuant
26 to the Class V School Employees Retirement Act is equal to or greater
27 than the actuarially required contribution rate as annotated in the most
28 recent valuation report prepared by the actuary retained by the board of
29 trustees as provided in section 79-984;

30 (31) ~~(30)~~ State investment officer means the state investment
31 officer appointed pursuant to section 72-1240 and acting pursuant to the

1 Nebraska State Funds Investment Act;

2 ~~(32)~~ ~~(31)~~ Substitute employee means a person hired by an employer as
3 a temporary employee to assume the duties of an employee due to a
4 temporary absence of any employee. Substitute employee does not mean a
5 person hired as an employee on an ongoing basis to assume the duties of
6 other employees who are temporarily absent;

7 ~~(33)~~ ~~(32)~~ Temporary employee means a person hired by an employer who
8 is not an employee and who is hired to provide service for a limited
9 period of time to accomplish a specific purpose or task. When such
10 specific purpose or task is complete, the employment of such temporary
11 employee shall terminate and in no case shall the temporary employment
12 period exceed one year in duration;

13 ~~(34)~~ ~~(33)~~ Trustee means a trustee provided for in section 79-980;
14 and

15 ~~(35)~~ ~~(34)~~ Voluntary service or volunteer means providing bona fide
16 unpaid service to an employer.

17 Sec. 2. Section 79-978.01, Revised Statutes Supplement, 2017, is
18 amended to read:

19 79-978.01 Sections 79-978 to 79-9,118 and section 7 of this act
20 shall be known and may be cited as the Class V School Employees
21 Retirement Act.

22 Sec. 3. Section 79-982, Revised Statutes Cumulative Supplement,
23 2016, is amended to read:

24 79-982 The board of trustees shall (1) hold regular meetings
25 annually and such special meetings at such times as may be deemed
26 necessary, which meetings shall be open to the public, (2) keep a record
27 of all the proceedings of such meetings, (3) prior to January 1, 2017,
28 and subject to the approval of the board of education, invest all cash
29 income not required for current payments in securities of the type
30 provided in section 79-9,107 and so reinvest the proceeds from the sale
31 or redemption of investments, and (4) supervise the affairs of the

1 retirement system related to the administration of benefits and approve
2 any changes in the administration of the retirement system essential to
3 the actuarial requirements of the retirement system including, but not
4 limited to, the requirements under section 7 of this act.

5 Sec. 4. Section 79-984, Revised Statutes Cumulative Supplement,
6 2016, is amended to read:

7 79-984 The board of trustees shall contract for the services of an
8 actuary who shall be the technical advisor of the board of trustees on
9 matters regarding the operation of the retirement system. The selection
10 of the actuary shall be approved by the board of education. The actuary
11 shall (1) make a general investigation of the operation of the retirement
12 system annually, which investigation shall cover mortality, retirement,
13 disability, employment, turnover, interest, and earnable compensation,
14 ~~and~~ (2) recommend tables to be used for all required actuarial
15 calculations, and (3) recommend any additional amount necessary to
16 maintain solvency of the retirement system after considering (a) expected
17 employee contributions, (b) contributions by the school district required
18 pursuant to subdivision (1)(d)(i) of section 79-9,113, (c) any amounts
19 that will be, or are expected to be, transferred to the system pursuant
20 to subdivision (1)(b) of section 79-966, and (d) any other amounts that
21 will be, or are expected to be, received by the system from any source
22 except future payments of state aid pursuant to section 10 of this act.
23 The actuary shall perform such other duties as may be assigned by the
24 board of trustees.

25 Sec. 5. Section 79-986, Revised Statutes Cumulative Supplement,
26 2016, is amended to read:

27 79-986 Prior to January 1, 2017, the school district, if there is
28 only one Class V school district in the retirement system, or the Class V
29 school district designated by the Class V Retirement System Board, if
30 there is more than one Class V school district in the retirement system,
31 shall act as the treasurer of the system and the official custodian of

1 the cash and securities belonging to the retirement system, shall provide
2 adequate safe deposit facilities for the preservation of such securities,
3 and shall hold such cash and securities subject to the order of the board
4 of education or Class V Retirement System Board.

5 Beginning January 1, 2017, the State Treasurer shall act as
6 treasurer of the retirement system and the official custodian of the
7 cash, and securities, and fund transfers pursuant to section 10 of this
8 act which belong ~~belonging~~ to the system, shall provide adequate safe
9 deposit facilities for the preservation of such cash, securities, and
10 fund transfers, and shall hold such cash, ~~and securities, and fund~~
11 transfers subject to the order of the council.

12 Except as otherwise provided in section 10 of this act for amounts
13 transferred by the State Department of Education to the State Treasurer
14 for deposit in the Class V Retirement System Payment Processing Fund on
15 behalf of all Class V school districts, the The school district or
16 designated school district shall receive all items of taxes or cash
17 belonging to the retirement system and shall deposit in banks approved by
18 the board of education or Class V Retirement System Board and, beginning
19 January 1, 2017, banks approved by the State Treasurer, all such amounts
20 in trust or custodial accounts. Notwithstanding any limitations elsewhere
21 imposed by statute on the location of the retirement system's depository
22 bank, such limitations shall not apply to the use of depository banks for
23 the custody of the system's cash, securities, and other investments.

24 Prior to January 1, 2017, the school district or designated school
25 district, as treasurer of the system, shall make payments for purposes
26 specified in the Class V School Employees Retirement Act.

27 Beginning January 1, 2017, the State Treasurer as treasurer of the
28 retirement system shall make payments to the school district upon request
29 of the administrator of a retirement system provided for under the Class
30 V School Employees Retirement Act and as directed by the Nebraska Public
31 Employees Retirement Systems. The school district shall use payments

1 received from the State Treasurer to make payments for purposes specified
2 in the Class V School Employees Retirement Act. All banks and custodians
3 which receive and hold securities and investments for the retirement
4 system may hold and evidence such securities by book entry account rather
5 than obtaining and retaining the original certificate, indenture, or
6 governing instrument for such security.

7 Sec. 6. Section 79-9,113, Revised Statutes Cumulative Supplement,
8 2016, is amended to read:

9 79-9,113 (1)(a) If, at any future time, a majority of the eligible
10 members of the retirement system votes to be included under an agreement
11 providing old age and survivors insurance under the Social Security Act
12 of the United States, the contributions to be made by the member and the
13 school district for membership service, from and after the effective date
14 of the agreement with respect to services performed subsequent to
15 December 31, 1954, shall each be reduced from five to three percent but
16 not less than three percent of the member's salary per annum, and the
17 credits for membership service under this system, as provided in section
18 79-999, shall thereafter be reduced from one and one-half percent to
19 nine-tenths of one percent and not less than nine-tenths of one percent
20 of salary or wage earned by the member during each fiscal year, and from
21 one and sixty-five hundredths percent to one percent and not less than
22 one percent of salary or wage earned by the member during each fiscal
23 year and from two percent to one and two-tenths percent of salary or wage
24 earned by the member during each fiscal year, and from two and four-
25 tenths percent to one and forty-four hundredths percent of salary or wage
26 earned by the member during each fiscal year, except that after September
27 1, 1963, and prior to September 1, 1969, all employees of the school
28 district shall contribute an amount equal to the membership contribution
29 which shall be two and three-fourths percent of salary covered by old age
30 and survivors insurance, and five percent above that amount. Commencing
31 September 1, 1969, all employees of the school district shall contribute

1 an amount equal to the membership contribution which shall be two and
2 three-fourths percent of the first seven thousand eight hundred dollars
3 of salary or wages earned each fiscal year and five percent of salary or
4 wages earned above that amount in the same fiscal year. Commencing
5 September 1, 1976, all employees of the school district shall contribute
6 an amount equal to the membership contribution which shall be two and
7 nine-tenths percent of the first seven thousand eight hundred dollars of
8 salary or wages earned each fiscal year and five and twenty-five
9 hundredths percent of salary or wages earned above that amount in the
10 same fiscal year. Commencing on September 1, 1982, all employees of the
11 school district shall contribute an amount equal to the membership
12 contribution which shall be four and nine-tenths percent of the
13 compensation earned in each fiscal year. Commencing September 1, 1989,
14 all employees of the school district shall contribute an amount equal to
15 the membership contribution which shall be five and eight-tenths percent
16 of the compensation earned in each fiscal year. Commencing September 1,
17 1995, all employees of the school district shall contribute an amount
18 equal to the membership contribution which shall be six and three-tenths
19 percent of the compensation earned in each fiscal year. Commencing
20 September 1, 2007, all employees of the school district shall contribute
21 an amount equal to the membership contribution which shall be seven and
22 three-tenths percent of the compensation paid in each fiscal year.
23 Commencing September 1, 2009, all employees of the school district shall
24 contribute an amount equal to the membership contribution which shall be
25 eight and three-tenths percent of the compensation paid in each fiscal
26 year. Commencing September 1, 2011, all employees of the school district
27 shall contribute an amount equal to the membership contribution which
28 shall be nine and three-tenths percent of the compensation paid in each
29 fiscal year. Commencing September 1, 2013, all employees of the school
30 district shall contribute an amount equal to the membership contribution
31 which shall be nine and seventy-eight hundredths percent of the

1 compensation paid in each fiscal year.

2 (b) The contributions by the school district in any fiscal year
3 beginning on or after September 1, 1999, shall be the greater of (i) one
4 hundred percent of the contributions by the employees for such fiscal
5 year or (ii) such amount as may be necessary to maintain the solvency of
6 the system, as determined annually by the board of education upon
7 recommendation of the actuary and the board of trustees.

8 (c) The contributions by the school district in any fiscal year
9 beginning on or after September 1, 2007, and prior to the effective date
10 of this act shall be the greater of (i) one hundred one percent of the
11 contributions by the employees for such fiscal year or (ii) such amount
12 as may be necessary to maintain the solvency of the system, as determined
13 annually by the board of education upon recommendation of the actuary and
14 after considering any amounts that will be, or are expected to be,
15 transferred to the system pursuant to subdivision (1)(b) of section
16 79-966. ~~For purposes of this section, solvency means the rate of all~~
17 ~~contributions required pursuant to the Class V School Employees~~
18 ~~Retirement Act is equal to or greater than the actuarially required~~
19 ~~contribution rate using a closed thirty-year amortization period~~
20 ~~beginning on the current valuation date for any unfunded actuarial~~
21 ~~accrued liability.~~ The school district contributions specified in
22 subdivision (i) of this subdivision (c) shall be made monthly and shall
23 be immediately transmitted to the account of the retirement system.

24 (d) The contributions by the school district in any fiscal year
25 beginning on or after the effective date of this act shall include (i)
26 one hundred one percent of the contributions by the employees for such
27 fiscal year and (ii) such amount as may be necessary to maintain the
28 solvency of the system as recommended by the actuary appointed by the
29 board of trustees. The amount described in this subdivision (d)(ii) shall
30 be transferred to the State Treasurer for deposit in the Class V
31 Retirement System Payment Processing Fund by the State Department of

1 Education on behalf of the school district pursuant to section 10 of this
2 act for such fiscal year. The school district contributions specified in
3 subdivision (i) of this subdivision (d) shall be made monthly and shall
4 be immediately transmitted to the account of the retirement system.

5 (e) Nothing in this section prohibits the school district from
6 making other contributions in addition to the contributions required
7 pursuant to this section.

8 (f) ~~(d)~~ The employee's contribution shall be made in the form of a
9 monthly deduction from compensation as provided in subsection (2) of this
10 section and shall be immediately transmitted to the account of the
11 retirement system. Every employee who is a member of the system shall be
12 deemed to consent and agree to such deductions and shall receipt in full
13 for compensation, and payment to such employee of compensation less such
14 deduction shall constitute a full and complete discharge of all claims
15 and demands whatsoever for services rendered by such employee during the
16 period covered by such payment except as to benefits provided under the
17 Class V School Employees Retirement Act.

18 (g) ~~(e)~~ After September 1, 1963, and prior to September 1, 1969, all
19 employees shall be credited with a membership service annuity which shall
20 be nine-tenths of one percent of salary or wage covered by old age and
21 survivors insurance and one and one-half percent of salary or wages above
22 that amount, except that those employees who retire on or after August
23 31, 1969, shall be credited with a membership service annuity which shall
24 be one percent of salary or wages covered by old age and survivors
25 insurance and one and sixty-five hundredths percent of salary or wages
26 above that amount for service performed after September 1, 1963, and
27 prior to September 1, 1969. Commencing September 1, 1969, all employees
28 shall be credited with a membership service annuity which shall be one
29 percent of the first seven thousand eight hundred dollars of salary or
30 wages earned by the employee during each fiscal year and one and sixty-
31 five hundredths percent of salary or wages earned above that amount in

1 the same fiscal year, except that all employees retiring on or after
2 August 31, 1976, shall be credited with a membership service annuity
3 which shall be one and forty-four hundredths percent of the first seven
4 thousand eight hundred dollars of salary or wages earned by the employee
5 during such fiscal year and two and four-tenths percent of salary or
6 wages earned above that amount in the same fiscal year, and the
7 retirement annuities of employees who have not retired prior to September
8 1, 1963, and who elected under the provisions of section 79-988 as such
9 section existed immediately prior to February 20, 1982, not to become
10 members of the system shall not be less than they would have been had
11 they remained under any preexisting system to date of retirement.

12 (h) ~~(f)~~ Members of this system having the service qualifications of
13 members of the School Employees Retirement System of the State of
14 Nebraska, as provided by section 79-926, who are members of the
15 retirement system established pursuant to the Class V School Employees
16 Retirement Act prior to July 1, 2016, shall receive the state service
17 annuity provided by sections 79-933 to 79-935 and 79-951.

18 (2) The school district shall pick up the employee contributions
19 required by this section for all compensation paid on or after January 1,
20 1985, and the contributions so picked up shall be treated as employer
21 contributions in determining federal tax treatment under the Internal
22 Revenue Code, except that the school district shall continue to withhold
23 federal income taxes based upon these contributions until the Internal
24 Revenue Service or the federal courts rule that, pursuant to section
25 414(h) of the Internal Revenue Code, these contributions shall not be
26 included as gross income of the employee until such time as they are
27 distributed or made available. The school district shall pay these
28 employee contributions from the same source of funds which is used in
29 paying earnings to the employee. The school district shall pick up these
30 contributions by a salary deduction either through a reduction in the
31 cash salary of the employee or a combination of a reduction in salary and

1 offset against a future salary increase. Beginning September 1, 1995, the
2 school district shall also pick up any contributions required by sections
3 79-990, 79-991, and 79-992 which are made under an irrevocable payroll
4 deduction authorization between the member and the school district, and
5 the contributions so picked up shall be treated as employer contributions
6 in determining federal tax treatment under the Internal Revenue Code,
7 except that the school district shall continue to withhold federal and
8 state income taxes based upon these contributions until the Internal
9 Revenue Service rules that, pursuant to section 414(h) of the Internal
10 Revenue Code, these contributions shall not be included as gross income
11 of the employee until such time as they are distributed from the system.
12 Employee contributions picked up shall be treated for all purposes of the
13 Class V School Employees Retirement Act in the same manner and to the
14 extent as employee contributions made prior to the date picked up.

15 Sec. 7. On or before June 1, 2018, and on or before June 1 of each
16 year thereafter, the board of trustees described in section 79-980 shall
17 notify the director of the Nebraska Public Employees Retirement Systems
18 and certify to the State Department of Education the amount necessary to
19 maintain solvency as recommended by the actuary pursuant to section
20 79-984. If the actuary makes a recommendation that no additional funds
21 are necessary to maintain solvency, the board of trustees shall certify
22 an amount of zero dollars to the department.

23 Sec. 8. Section 79-1001, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 79-1001 Sections 79-1001 to 79-1033 and section 10 of this act shall
26 be known and may be cited as the Tax Equity and Educational Opportunities
27 Support Act.

28 Sec. 9. Section 79-1003, Revised Statutes Supplement, 2017, is
29 amended to read:

30 79-1003 For purposes of the Tax Equity and Educational Opportunities
31 Support Act:

1 (1) Adjusted general fund operating expenditures means (a) for
2 school fiscal years 2013-14 through 2015-16, the difference of the
3 general fund operating expenditures as calculated pursuant to subdivision
4 (23) of this section increased by the cost growth factor calculated
5 pursuant to section 79-1007.10, minus the transportation allowance,
6 special receipts allowance, poverty allowance, limited English
7 proficiency allowance, distance education and telecommunications
8 allowance, elementary site allowance, summer school allowance,
9 instructional time allowance, teacher education allowance, and focus
10 school and program allowance, (b) for school fiscal years 2016-17 through
11 2018-19, the difference of the general fund operating expenditures as
12 calculated pursuant to subdivision (23) of this section increased by the
13 cost growth factor calculated pursuant to section 79-1007.10, minus the
14 transportation allowance, special receipts allowance, poverty allowance,
15 limited English proficiency allowance, distance education and
16 telecommunications allowance, elementary site allowance, summer school
17 allowance, and focus school and program allowance, and (c) for school
18 fiscal year 2019-20 and each school fiscal year thereafter, the
19 difference of the general fund operating expenditures as calculated
20 pursuant to subdivision (23) of this section increased by the cost growth
21 factor calculated pursuant to section 79-1007.10, minus the
22 transportation allowance, special receipts allowance, poverty allowance,
23 limited English proficiency allowance, distance education and
24 telecommunications allowance, elementary site allowance, summer school
25 allowance, community achievement plan allowance, and focus school and
26 program allowance;

27 (2) Adjusted valuation means the assessed valuation of taxable
28 property of each local system in the state, adjusted pursuant to the
29 adjustment factors described in section 79-1016. Adjusted valuation means
30 the adjusted valuation for the property tax year ending during the school
31 fiscal year immediately preceding the school fiscal year in which the aid

1 based upon that value is to be paid. For purposes of determining the
2 local effort rate yield pursuant to section 79-1015.01, adjusted
3 valuation does not include the value of any property which a court, by a
4 final judgment from which no appeal is taken, has declared to be
5 nontaxable or exempt from taxation;

6 (3) Allocated income tax funds means the amount of assistance paid
7 to a local system pursuant to section 79-1005.01 as adjusted, for school
8 fiscal years prior to school fiscal year 2017-18, by the minimum levy
9 adjustment pursuant to section 79-1008.02;

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

15 (5) Base fiscal year means the first school fiscal year following
16 the school fiscal year in which the reorganization or unification
17 occurred;

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

19 (7) Categorical funds means funds limited to a specific purpose by
20 federal or state law, including, but not limited to, Title I funds, Title
21 VI funds, federal vocational education funds, federal school lunch funds,
22 Indian education funds, Head Start funds, and funds from the Education
23 Innovation Fund;

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

27 (9) Converted contract means an expired contract that was in effect
28 for at least fifteen school years beginning prior to school year 2012-13
29 for the education of students in a nonresident district in exchange for
30 tuition from the resident district when the expiration of such contract
31 results in the nonresident district educating students, who would have

1 been covered by the contract if the contract were still in effect, as
2 option students pursuant to the enrollment option program established in
3 section 79-234;

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

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

11 (12) District means any Class I, II, III, IV, V, or VI school
12 district or unified system as defined in section 79-4,108;

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

15 (14) Equalization aid means the amount of assistance calculated to
16 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
17 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

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

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

24 (17) Formula students means:

25 (a) For state aid certified pursuant to section 79-1022, the sum of
26 the product of fall membership from the school fiscal year immediately
27 preceding the school fiscal year in which the aid is to be paid
28 multiplied by the average ratio of average daily membership to fall
29 membership for the second school fiscal year immediately preceding the
30 school fiscal year in which the aid is to be paid and the prior two
31 school fiscal years plus sixty percent of the qualified early childhood

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

6 (b) For the final calculation of state aid pursuant to section
7 79-1065, the sum of average daily membership plus sixty percent of the
8 qualified early childhood education average daily membership plus
9 tuitioned students minus the product of the number of students enrolled
10 in kindergarten that is not full-day kindergarten from the average daily
11 membership multiplied by 0.5 from the school fiscal year immediately
12 preceding the school fiscal year in which aid was paid;

13 (18) Free lunch and free milk calculated students means, using the
14 most recent data available on November 1 of the school fiscal year
15 immediately preceding the school fiscal year in which aid is to be paid,

16 (a) for schools that did not provide free meals to all students pursuant
17 to the community eligibility provision, students who individually
18 qualified for free lunches or free milk pursuant to the federal Richard
19 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
20 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
21 and sections existed on January 1, 2015, and rules and regulations
22 adopted thereunder, plus (b) for schools that provided free meals to all
23 students pursuant to the community eligibility provision, (i) for school
24 fiscal year 2016-17, the product of the students who attended such school
25 multiplied by the identified student percentage calculated pursuant to
26 such federal provision or (ii) for school fiscal year 2017-18 and each
27 school fiscal year thereafter, the greater of the number of students in
28 such school who individually qualified for free lunch or free milk using
29 the most recent school fiscal year for which the school did not provide
30 free meals to all students pursuant to the community eligibility
31 provision or one hundred ten percent of the product of the students who

1 qualified for free meals at such school pursuant to the community
2 eligibility provision multiplied by the identified student percentage
3 calculated pursuant to such federal provision, except that the free lunch
4 and free milk students calculated for any school pursuant to subdivision
5 (18)(b)(ii) of this section shall not exceed one hundred percent of the
6 students qualified for free meals at such school pursuant to the
7 community eligibility provision;

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

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

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

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

24 (23) General fund operating expenditures means for state aid
25 calculated for school fiscal years 2012-13 and each school fiscal year
26 thereafter, as reported on the annual financial report for the second
27 school fiscal year immediately preceding the school fiscal year in which
28 aid is to be paid, the total general fund expenditures minus (a) the
29 amount of all receipts to the general fund, to the extent that such
30 receipts are not included in local system formula resources, from early
31 childhood education tuition, summer school tuition, educational entities

1 as defined in section 79-1201.01 for providing distance education courses
2 through the Educational Service Unit Coordinating Council to such
3 educational entities, private foundations, individuals, associations,
4 charitable organizations, the textbook loan program authorized by section
5 79-734, federal impact aid, and levy override elections pursuant to
6 section 77-3444, (b) the amount of expenditures for categorical funds,
7 tuition paid, transportation fees paid to other districts, adult
8 education, community services, redemption of the principal portion of
9 general fund debt service, retirement incentive plans authorized by
10 section 79-855, and staff development assistance authorized by section
11 79-856, (c) the amount of any transfers from the general fund to any bond
12 fund and transfers from other funds into the general fund, (d) any legal
13 expenses in excess of fifteen-hundredths of one percent of the formula
14 need for the school fiscal year in which the expenses occurred, (e)(i)
15 for state aid calculated for school fiscal years prior to school fiscal
16 year 2018-19, expenditures to pay for sums agreed to be paid by a school
17 district to certificated employees in exchange for a voluntary
18 termination occurring prior to July 1, 2009, occurring on or after the
19 last day of the 2010-11 school year and prior to the first day of the
20 2013-14 school year, or, to the extent that a district has demonstrated
21 to the State Board of Education pursuant to section 79-1028.01 that the
22 agreement will result in a net savings in salary and benefit costs to the
23 school district over a five-year period, occurring on or after the first
24 day of the 2013-14 school year or (ii) for state aid calculated for
25 school fiscal year 2018-19 and each school fiscal year thereafter,
26 expenditures to pay for incentives agreed to be paid by a school district
27 to certificated employees in exchange for a voluntary termination of
28 employment for which the State Board of Education approved an exclusion
29 pursuant to subdivision ~~subdivisions~~ (1)(h), (i), (j), or (k) of section
30 79-1028.01, (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) or (1)(d)(i) of section
6 79-9,113 to the retirement system established pursuant to the Class V
7 School Employees Retirement Act to the extent that such expenditures
8 exceed the school district contributions under such subdivision that
9 would have been made at a contribution rate of seven and thirty-seven
10 hundredths percent, and (g) any amounts paid by the district for lobbyist
11 fees and expenses reported to the Clerk of the Legislature pursuant to
12 section 49-1483.

13 For purposes of this subdivision (23) of this section, receipts from
14 levy override elections shall equal ninety-nine percent of the difference
15 of the total general fund levy minus a levy of one dollar and five cents
16 per one hundred dollars of taxable valuation multiplied by the assessed
17 valuation for school districts that have voted pursuant to section
18 77-3444 to override the maximum levy provided pursuant to section
19 77-3442;

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

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

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

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

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

5 (28) Local system means a learning community for purposes of
6 calculation of state aid for each school fiscal year prior to school
7 fiscal year 2017-18, a unified system, a Class VI district and the
8 associated Class I districts, or a Class II, III, IV, or V district and
9 any affiliated Class I districts or portions of Class I districts. The
10 membership, expenditures, and resources of Class I districts that are
11 affiliated with multiple high school districts will be attributed to
12 local systems based on the percent of the Class I valuation that is
13 affiliated with each high school 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 or
29 transferred to the State Treasurer for deposit in the Class V Retirement
30 System Payment Processing Fund on behalf of a Class V school district
31 pursuant to section 10 of this act;

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

2 (43) State support means all funds provided to districts by the
3 State of Nebraska for the general fund support of elementary and
4 secondary education;

5 (44) Statewide average basic funding per formula student means the
6 statewide total basic funding for all districts divided by the statewide
7 total formula students for all districts;

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

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

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

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

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

31 (50) Unadjusted poverty students means, for school fiscal year

1 2016-17 and each school fiscal year thereafter, the greater of the number
2 of low-income students or the free lunch and free milk calculated
3 students in a district; and

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

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

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

16 Sec. 10. (1) On the last business day of September of each year
17 beginning in 2018, and on the last business day of each month through the
18 immediately following June, the department shall transfer ten percent of
19 the amount necessary to maintain solvency as certified to the department
20 on or before the immediately preceding June 1 pursuant to section 7 of
21 this act from the amount appropriated for distribution pursuant to the
22 Tax Equity and Educational Opportunities Support Act for the school
23 fiscal year beginning on such date to the State Treasurer for deposit in
24 the Class V Retirement System Payment Processing Fund on behalf of all
25 Class V school districts.

26 (2) If the department does not receive a certification on or before
27 June 1 pursuant to section 7 of this act, the department shall notify the
28 superintendent of each Class V school district on or before July 1 of
29 such year and shall withhold payments of state aid until such
30 certification is received and the state aid payments are adjusted
31 accordingly.

1 (3) If a Class V school district does not comply with this section
2 prior to the end of the state's biennium following the biennium which
3 included the fiscal year for which state aid was calculated, the state
4 aid funds for such school district shall revert to the General Fund. The
5 amount of any reverted funds shall be included in data provided to the
6 Governor in accordance with section 79-1031.

7 Sec. 11. Section 79-1022, Revised Statutes Supplement, 2017, is
8 amended to read:

9 79-1022 (1) On or before June 1, 2017, and on or before March 1 of
10 each year thereafter, for each ensuing fiscal year, the department shall
11 determine the amounts to be distributed to each local system and each
12 district for the ensuing school fiscal year pursuant to the Tax Equity
13 and Educational Opportunities Support Act and shall certify the amounts
14 to the Director of Administrative Services, the Auditor of Public
15 Accounts, each learning community for school fiscal years prior to school
16 fiscal year 2017-18, and each district. Except as otherwise provided in
17 this section, the amount to be distributed to each district from the
18 amount certified for a local system shall be proportional based on the
19 formula students attributed to each district in the local system. For
20 school fiscal years prior to school fiscal year 2017-18, the amount to be
21 distributed to each district that is a member of a learning community
22 from the amount certified for the local system shall be proportional
23 based on the formula needs calculated for each district in the local
24 system. On or before June 1, 2017, and on or before March 1 of each year
25 thereafter, for each ensuing fiscal year, the department shall report the
26 necessary funding level for the ensuing school fiscal year to the
27 Governor, the Appropriations Committee of the Legislature, and the
28 Education Committee of the Legislature. The report submitted to the
29 committees of the Legislature shall be submitted electronically. Except
30 as otherwise provided in this subsection, certified state aid amounts,
31 including adjustments pursuant to section 79-1065.02, shall be shown as

1 budgeted non-property-tax receipts and deducted prior to calculating the
2 property tax request in the district's general fund budget statement as
3 provided to the Auditor of Public Accounts pursuant to section 79-1024.

4 (2) Except as provided in this subsection, subsection (8) of section
5 79-1016, and sections 79-1005, 79-1033, ~~and~~ 79-1065.02, and section 10 of
6 this act, the amounts certified pursuant to subsection (1) of this
7 section shall be distributed in ten as nearly as possible equal payments
8 on the last business day of each month beginning in September of each
9 ensuing school fiscal year and ending in June of the following year,
10 except that when a school district is to receive a monthly payment of
11 less than one thousand dollars, such payment shall be one lump-sum
12 payment on the last business day of December during the ensuing school
13 fiscal year.

14 Sec. 12. Section 79-1028.01, Revised Statutes Supplement, 2017, is
15 amended to read:

16 79-1028.01 (1) For each school fiscal year, a school district may
17 exceed its budget authority for the general fund budget of expenditures
18 as calculated pursuant to section 79-1023 for such school fiscal year by
19 a specific dollar amount for the following exclusions:

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

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

28 (c) Expenditures pursuant to the Retirement Incentive Plan
29 authorized in section 79-855 or the Staff Development Assistance
30 authorized in section 79-856;

31 (d) Expenditures of amounts received from educational entities as

1 defined in section 79-1201.01 for providing distance education courses
2 through the Educational Service Unit Coordinating Council to such
3 educational entities;

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

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

16 (g) Expenditures for incentives agreed to be paid by a school
17 district to certificated employees in exchange for a voluntary
18 termination of employment occurring prior to July 1, 2009, occurring on
19 or after the last day of the 2010-11 school year and prior to the first
20 day of the 2013-14 school year, or, to the extent that a district
21 demonstrates to the State Board of Education pursuant to subsection (3)
22 of this section that the agreement will result in a net savings in salary
23 and benefit costs to the school district over a five-year period,
24 occurring on or after the first day of the 2013-14 school year and prior
25 to September 1, 2017;

26 (h) Expenditures by a school district with budgeted expenditures
27 otherwise equal to the budget authority for the general fund budget of
28 expenditures for such school district as calculated pursuant to section
29 79-1023 for such school fiscal year for current and future qualified
30 voluntary termination incentives for certificated teachers pursuant to
31 subsection (3) of section 79-8,142 that are not otherwise included in an

1 exclusion pursuant to this subsection;

2 (i) Expenditures by a school district with budgeted expenditures
3 otherwise equal to the budget authority for the general fund budget of
4 expenditures for such school district as calculated pursuant to section
5 79-1023 for such school fiscal year for seventy-five percent of
6 incentives agreed to be paid to certificated employees in exchange for a
7 voluntary termination of employment occurring between September 1, 2017,
8 and August 31, 2018, as a result of a collective-bargaining agreement in
9 force and effect on September 1, 2017, that are not otherwise included in
10 an exclusion pursuant to this subsection;

11 (j) Expenditures by a school district with budgeted expenditures
12 otherwise equal to the budget authority for the general fund budget of
13 expenditures for such school district as calculated pursuant to section
14 79-1023 for such school fiscal year for fifty percent of incentives
15 agreed to be paid to certificated employees in exchange for a voluntary
16 termination of employment occurring between September 1, 2018, and August
17 31, 2019, as a result of a collective-bargaining agreement in force and
18 effect on September 1, 2017, that are not otherwise included in an
19 exclusion pursuant to this subsection;

20 (k) Expenditures by a school district with budgeted expenditures
21 otherwise equal to the budget authority for the general fund budget of
22 expenditures for such school district as calculated pursuant to section
23 79-1023 for such school fiscal year for twenty-five percent of incentives
24 agreed to be paid to certificated employees in exchange for a voluntary
25 termination of employment occurring between September 1, 2019, and August
26 31, 2020, as a result of a collective-bargaining agreement in force and
27 effect on September 1, 2017, that are not otherwise included in an
28 exclusion pursuant to this subsection;

29 (l) The special education budget of expenditures;

30 (m) Expenditures of special grant funds; and

31 (n) Expenditures of funds received as federal impact aid pursuant to

1 20 U.S.C. 7701 to 7714, as such sections existed on January 1, 2016, due
2 to a district having land within its boundaries that is federal property
3 classified as Indian lands under 20 U.S.C. 7713(7), as such section
4 existed on January 1, 2016, and funds received as impact aid due to
5 children in attendance who resided on Indian lands in accordance with 20
6 U.S.C. 7703(a)(1)(C), as such section existed on January 1, 2016.

7 (2) For each school fiscal year, a school district may exceed its
8 budget authority for the general fund budget of expenditures as
9 calculated pursuant to section 79-1023 for such school fiscal year by a
10 specific dollar amount and include such dollar amount in the budget of
11 expenditures used to calculate budget authority for the general fund
12 budget of expenditures pursuant to section 79-1023 for future years for
13 the following exclusions:

14 (a) The first school fiscal year the district will be participating
15 in Network Nebraska for the full school fiscal year, for the difference
16 of the estimated expenditures for such school fiscal year for
17 telecommunications services, access to data transmission networks that
18 transmit data to and from the school district, and the transmission of
19 data on such networks as such expenditures are defined by the department
20 for purposes of the distance education and telecommunications allowance
21 minus the dollar amount of such expenditures for the second school fiscal
22 year preceding the first full school fiscal year the district
23 participates in Network Nebraska;

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

29 (c) For the first school fiscal year for which early childhood
30 education membership is included in formula students for the calculation
31 of state aid, expenditures for early childhood education equal to the

1 amount the school district received in early childhood education grants
2 pursuant to section 79-1103 for the prior school fiscal year, increased
3 by the basic allowable growth rate; and

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

7 (3) The state board shall approve, deny, or modify the amount
8 allowed for any exclusions to the budget authority for the general fund
9 budget of expenditures pursuant to this section.

10 Sec. 13. Section 84-1514, Revised Statutes Cumulative Supplement,
11 2016, is amended to read:

12 84-1514 The Class V Retirement System Payment Processing Fund is
13 created for the purpose of receiving funds pursuant to section 10 of this
14 act, transferring funds as specified in section 79-986, and ~~for~~ paying
15 expenses associated with the transfer of such funds. The fund shall
16 consist of the amounts transferred pursuant to section 10 of this act and
17 from the custodial bank that holds the assets of a retirement system
18 provided for under the Class V School Employees Retirement Act to make
19 payments for purposes specified in the Class V School Employees
20 Retirement Act and to pay administrative expenses incurred under this
21 section by the Public Employees Retirement Board. The fund shall reside
22 with the Nebraska Public Employees Retirement Systems for the sole
23 purpose of conducting the transactions necessary to implement this
24 section. Any money in the fund available for investment shall be invested
25 by the state investment officer pursuant to the Nebraska Capital
26 Expansion Act and the Nebraska State Funds Investment Act.

27 The Nebraska Public Employees Retirement Systems, Public Employees
28 Retirement Board, State Treasurer, Nebraska Investment Council, and
29 employees of each of such agencies shall not have responsibility to
30 review or verify the accuracy of the requests for transfer of funds for
31 payments and shall not be liable for any claims, suits, losses, damages,

1 fees, and costs related to the payment of such benefits, refunds, and
2 expenses.

3 Sec. 14. If any section in this act or any part of any section is
4 declared invalid or unconstitutional, the declaration shall not affect
5 the validity or constitutionality of the remaining portions.

6 Sec. 15. Original sections 79-982, 79-984, 79-986, 79-9,113,
7 79-1001, and 84-1514, Revised Statutes Cumulative Supplement, 2016, and
8 sections 79-978, 79-978.01, 79-1003, 79-1022, and 79-1028.01, Revised
9 Statutes Supplement, 2017, are repealed.

10 Sec. 16. Since an emergency exists, this act takes effect when
11 passed and approved according to law.