LEGISLATIVE BILL 521

Introduced by Walz, 15.
Read first time January 18, 2017
Committee: Education

A BILL FOR AN ACT relating to the Tax Equity and Educational Opportunities Support Act; to amend sections 79-1001, 79-1003, 79-1007.11, and 79-1017.01, Revised Statutes Cumulative Supplement, 2016; to change provisions related to early childhood education aid; to provide a new allowance; to provide aid; to harmonize provisions; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,
Section 1. Section 79-1001, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-1001 Sections 79-1001 to 79-1033 and section 3 of this act shall be known and may be cited as the Tax Equity and Educational Opportunities Support Act.

Sec. 2. Section 79-1003, Revised Statutes Cumulative Supplement, 2016, is amended to read:

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

(1) Adjusted general fund operating expenditures means (a) for school fiscal years 2013-14 through 2015-16, the difference of the general fund operating expenditures as calculated pursuant to subdivision (23) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, instructional time allowance, teacher education allowance, and focus school and program allowance, (b) for school fiscal years 2016-17 through 2017-18, the difference of the general fund operating expenditures as calculated pursuant to subdivision (23) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, best practices allowance, and focus school and program allowance, and (c) for school fiscal year 2018-19, the difference of the general fund operating expenditures as calculated pursuant to subdivision (23) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, best practices allowance, and focus school and program allowance.
limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, early childhood education allowance, best practices allowance, and focus school and program allowance, and (d) for school fiscal year 2019-20 and each school fiscal year thereafter, the difference of the general fund operating expenditures as calculated pursuant to subdivision (23) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, early childhood education allowance, best practices allowance, community achievement plan allowance, and focus school and program allowance;

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

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

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

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

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

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

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

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

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

(11) Department means the State Department of Education;

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

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

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

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

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

(17) Formula students means:

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

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

(18) Free lunch and free milk calculated students means, using the most recent data available on November 1 of the school fiscal year immediately preceding the school fiscal year in which aid is to be paid, (a) for schools that did not provide free meals to all students pursuant to the community eligibility provision, students who individually qualified for free lunches or free milk pursuant to the federal Richard B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts and sections existed on January 1, 2015, and rules and regulations adopted thereunder, plus (b) for schools that provided free meals to all students pursuant to the community eligibility provision, (i) for school fiscal year 2016-17, the product of the students who attended such school multiplied by the identified student percentage calculated pursuant to such federal provision or (ii) for school fiscal year 2017-18 and each school fiscal year thereafter, the greater of the number of students in such school who individually qualified for free lunch or free milk using the most recent school fiscal year for which the school did not provide free meals to all students pursuant to the community eligibility provision or one hundred ten percent of the product of the students who qualified for free meals at such school pursuant to the community eligibility provision multiplied by the identified student percentage calculated pursuant to such federal provision, except that the free lunch and free milk students calculated for any school pursuant to subdivision (18)(b)(ii) of this section shall not exceed one hundred percent of the students qualified for free meals at such school pursuant to the community eligibility provision;

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

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

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

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

(23) General fund operating expenditures means for state aid calculated for school fiscal years 2012-13 and each school fiscal year thereafter, as reported on the annual financial report for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid, the total general fund expenditures minus (a) the amount of all receipts to the general fund, to the extent that such receipts are not included in local system formula resources, from early childhood education tuition, summer school tuition, educational entities as defined in section 79-1201.01 for providing distance education courses through the Educational Service Unit Coordinating Council to such educational entities, private foundations, individuals, associations, charitable organizations, the textbook loan program authorized by section 79-734, federal impact aid, and levy override elections pursuant to section 77-3444, (b) the amount of expenditures for categorical funds, tuition paid, transportation fees paid to other districts, adult education, community services, redemption of the principal portion of general fund debt service, retirement incentive plans authorized by section 79-855, and staff development assistance authorized by section 79-856, (c) the amount of any transfers from the general fund to any bond
fund and transfers from other funds into the general fund, (d) any legal expenses in excess of fifteen-hundredths of one percent of the formula need for the school fiscal year in which the expenses occurred, (e) expenditures to pay for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination occurring prior to July 1, 2009, occurring on or after the last day of the 2010-11 school year and prior to the first day of the 2013-14 school year, or, to the extent that a district has demonstrated to the State Board of Education pursuant to section 79-1028.01 that the agreement will result in a net savings in salary and benefit costs to the school district over a five-year period, occurring on or after the first day of the 2013-14 school year, (f)(i) expenditures to pay for employer contributions pursuant to subsection (2) of section 79-958 to the School Employees Retirement System of the State of Nebraska to the extent that such expenditures exceed the employer contributions under such subsection that would have been made at a contribution rate of seven and thirty-five hundredths percent or (ii) expenditures to pay for school district contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to the retirement system established pursuant to the Class V School Employees Retirement Act to the extent that such expenditures exceed the school district contributions under such subdivision that would have been made at a contribution rate of seven and thirty-seven hundredths percent, and (g) any amounts paid by the district for lobbyist fees and expenses reported to the Clerk of the Legislature pursuant to section 49-1483.

For purposes of this subdivision (23) of this section, receipts from levy override elections shall equal ninety-nine percent of the difference of the total general fund levy minus a levy of one dollar and five cents per one hundred dollars of taxable valuation multiplied by the assessed valuation for school districts that have voted pursuant to section 77-3444 to override the maximum levy provided pursuant to section 77-3442;
(24) High school district means a school district providing instruction in at least grades nine through twelve;

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

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

(27) Limited English proficiency students means the number of students with limited English proficiency in a district from the most recent data available on November 1 of the school fiscal year preceding the school fiscal year in which aid is to be paid plus the difference of such students with limited English proficiency minus the average number of limited English proficiency students for such district, prior to such addition, for the three immediately preceding school fiscal years if such difference is greater than zero;

(28) Local system means a learning community for purposes of calculation of state aid for each school fiscal year prior to school fiscal year 2017-18, a unified system, a Class VI district and the associated Class I districts, or a Class II, III, IV, or V district and any affiliated Class I districts or portions of Class I districts. The membership, expenditures, and resources of Class I districts that are affiliated with multiple high school districts will be attributed to local systems based on the percent of the Class I valuation that is affiliated with each high school district;

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

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

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

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

(33) Qualified early childhood education average daily membership means (a) for aid calculated for school fiscal years prior to school fiscal year 2018-19, the product of sixty percent of the average daily membership for school fiscal year 2006-07 and each school fiscal year thereafter of students who will be eligible to attend kindergarten the following school year and are enrolled in an early childhood education program approved by the department pursuant to section 79-1103 for such school district for such school year multiplied by the ratio of the actual instructional hours of the program divided by one thousand thirty-two if: (i) (a) The program is receiving a grant pursuant to such section for the third year; (ii) (b) the program has already received grants pursuant to such section for three years; or (iii) (c) the program has been approved pursuant to subsection (5) of section 79-1103 for such school year and the two preceding school years, including any such students in portions of any of such programs receiving an expansion grant and (b) for aid calculated for school fiscal year 2018-19 and each school fiscal year thereafter, the product of eighty percent of the average daily membership of students who will be eligible to attend kindergarten in one of the two immediately following school years and are enrolled in an early childhood education program approved by the department pursuant to section 79-1103 for such school district for such school year multiplied by the ratio of the actual instructional hours of the program divided by one thousand thirty-two if: (i) The program is receiving a grant pursuant to such section for the third year; (ii) the program has
already received grants pursuant to such section for three years; or
(iii) the program has been approved pursuant to subsection (5) of section
79-1103 for such school year and the two preceding school years,
including any such students in portions of any of such programs receiving
an expansion grant;

(34) Qualified early childhood education fall membership means (a)
for aid calculated for school fiscal years prior to school fiscal year
2018-19, the product of sixty percent of the membership on the last
Friday in September 2006 and each year thereafter of students who will be
eligible to attend kindergarten the following school year and are
enrolled in an early childhood education program approved by the
department pursuant to section 79-1103 for such school district for such
school year multiplied by the ratio of the planned instructional hours of
the program divided by one thousand thirty-two if: (i) (a) The program is
receiving a grant pursuant to such section for the third year; (ii) (b)
the program has already received grants pursuant to such section for
three years; or (iii) (c) the program has been approved pursuant to
subsection (5) of section 79-1103 for such school year and the two
preceding school years, including any such students in portions of any of
such programs receiving an expansion grant and (b) for aid calculated for
school fiscal year 2018-19 and each school fiscal year thereafter, the
product of eighty percent of the membership on the last Friday in
September of students who will be eligible to attend kindergarten in one
of the two immediately following school years and are enrolled in an
early childhood education program approved by the department pursuant to
section 79-1103 for such school district for such school year multiplied
by the ratio of the planned instructional hours of the program divided by
one thousand thirty-two if: (i) The program is receiving a grant pursuant
to such section for the third year; (ii) the program has already received
grants pursuant to such section for three years; or (iii) the program has
been approved pursuant to subsection (5) of section 79-1103 for such
school year and the two preceding school years, including any such
students in portions of any of such programs receiving an expansion
grant;

(35) Regular route transportation means the transportation of
students, including early childhood education students, on regularly
scheduled daily routes to and from the attendance center;

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

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

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

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

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

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

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

(39) Special education means specially designed kindergarten through
grade twelve instruction pursuant to section 79-1125, and includes
special education transportation;
Special grant funds means the budgeted receipts for grants, including, but not limited to, categorical funds, reimbursements for wards of the court, short-term borrowings including, but not limited to, registered warrants and tax anticipation notes, interfund loans, insurance settlements, and reimbursements to county government for previous overpayment. The state board shall approve a listing of grants that qualify as special grant funds;

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

State board means the State Board of Education;

State support means all funds provided to districts by the State of Nebraska for the general fund support of elementary and secondary education;

Statewide average basic funding per formula student means the statewide total basic funding for all districts divided by the statewide total formula students for all districts;

Statewide average general fund operating expenditures per formula student means the statewide total general fund operating expenditures for all districts divided by the statewide total formula students for all districts;

Teacher has the definition found in section 79-101;

Temporary aid adjustment factor means (a) for school fiscal years before school fiscal year 2007-08, one and one-fourth percent of the sum of the local system's transportation allowance, the local system's special receipts allowance, and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping and (b) for school fiscal year 2007-08, one and one-fourth percent of the sum of the local system's transportation allowance, special receipts allowance, and distance education and telecommunications allowance and the product of the local system's adjusted formula students multiplied by the average formula cost.
per student in the local system's cost grouping;

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

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

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

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

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

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

Sec. 3. (1) For school fiscal year 2018-19 and each school fiscal year thereafter, the department shall calculate an early childhood education allowance for each district as follows:

(a) For state aid certified pursuant to section 79-1022, the early childhood education allowance for each school district shall equal the product of the qualified early childhood education fall membership multiplied by the statewide average general fund operating expenditures.
per formula student; and

(b) For the final calculation of state aid certified pursuant to section 79-1065, the early childhood education allowance for each school district shall equal the product of the qualified early childhood education average daily membership multiplied by the statewide average general fund operating expenditures per formula student.

(2) For school fiscal year 2018-19 and each school fiscal year thereafter, the department shall calculate early childhood education transportation costs for each district which shall equal the sum of:

(a) The number of miles included in the calculation of the transportation allowance that were traveled by vehicles owned, leased, or contracted by the district or the districts in the local system for the purpose of regular route transportation for routes used exclusively to transport early childhood education students multiplied by four hundred percent of the mileage rate established by the Department of Administrative Services pursuant to section 81-1176 as of January 1 of the most recently available complete data year; plus

(b) The in lieu of transportation expenditures pursuant to section 79-611 included in the calculation for the transportation allowance that were paid exclusively to transport early childhood education students.

(3) Fifty percent of the sum of the early childhood education allowance calculated pursuant to this section plus the early childhood education transportation costs calculated pursuant to this section shall be paid to such school district as early childhood education aid for the school fiscal year for which aid is being calculated.

(4) For purposes of the Tax Equity and Educational Opportunities Support Act, if an educational service unit provides an early childhood education program approved by the department pursuant to section 79-1103 for one or more school districts, the early childhood education students and the associated expenditures of a school district shall continue to be attributable to such school district.
Sec. 4. Section 79-1007.11, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-1007.11 (1) Except as otherwise provided in this section, for school fiscal years 2013-14 through 2015-16, each school district's formula need shall equal the difference of the sum of the school district's basic funding, poverty allowance, limited English proficiency allowance, focus school and program allowance, summer school allowance, special receipts allowance, transportation allowance, elementary site allowance, instructional time allowance, teacher education allowance, distance education and telecommunications allowance, averaging adjustment, new learning community transportation adjustment, student growth adjustment, any positive student growth adjustment correction, and new school adjustment, minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and any negative student growth adjustment correction.

(2) Except as otherwise provided in this section, for school fiscal year 2016-17, each school district's formula need shall equal the difference of the sum of the school district's basic funding, poverty allowance, limited English proficiency allowance, focus school and program allowance, summer school allowance, special receipts allowance, transportation allowance, elementary site allowance, best practices allowance, distance education and telecommunications allowance, averaging adjustment, new learning community transportation adjustment, student growth adjustment, any positive student growth adjustment correction, and new school adjustment, minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and any negative student growth adjustment correction.

(3) Except as otherwise provided in this section, for school fiscal years 2017-18 and 2018-19, each school district's formula need shall equal the difference of the sum of the school district's basic funding, poverty allowance, poverty allowance adjustment, limited English

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proficiency allowance, focus school and program allowance, summer school allowance, special receipts allowance, transportation allowance, elementary site allowance, best practices allowance, distance education and telecommunications allowance, averaging adjustment, new community achievement plan adjustment, student growth adjustment, any positive student growth adjustment correction, and new school adjustment minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and any negative student growth adjustment correction.

(4) Except as otherwise provided in this section, for school fiscal year 2018-19, each school district’s formula need shall equal the difference of the sum of the school district’s basic funding, poverty allowance, poverty allowance adjustment, limited English proficiency allowance, focus school and program allowance, summer school allowance, early childhood education allowance, special receipts allowance, transportation allowance, elementary site allowance, best practices allowance, distance education and telecommunications allowance, averaging adjustment, new community achievement plan adjustment, student growth adjustment, any positive student growth adjustment correction, and new school adjustment minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and any negative student growth adjustment correction.

(5) (4) Except as otherwise provided in this section, for school fiscal year 2019-20 and each school fiscal year thereafter, each school district's formula need shall equal the difference of the sum of the school district’s basic funding, poverty allowance, limited English proficiency allowance, focus school and program allowance, summer school allowance, early childhood education allowance, special receipts allowance, transportation allowance, elementary site allowance, best practices allowance, distance education and telecommunications allowance, community achievement plan allowance, averaging adjustment, new community achievement plan adjustment, student growth adjustment, any positive student growth adjustment correction, and new school adjustment minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and any negative student growth adjustment correction.
achievement plan adjustment, student growth adjustment, any positive
student growth adjustment correction, and new school adjustment minus the
sum of the limited English proficiency allowance correction, poverty
allowance correction, and any negative student growth adjustment
correction.

(6) If the formula need calculated for a school district
pursuant to subsections (1) through (5) of this section is less than
one hundred percent of the formula need for such district for the school
fiscal year immediately preceding the school fiscal year for which aid is
being calculated, the formula need for such district shall equal one
hundred percent of the formula need for such district for the school
fiscal year immediately preceding the school fiscal year for which aid is
being calculated.

(7) If the formula need calculated for a school district
pursuant to subsections (1) through (5) of this section is more than
one hundred twelve percent of the formula need for such district for the
school fiscal year immediately preceding the school fiscal year for which
aid is being calculated, the formula need for such district shall equal
one hundred twelve percent of the formula need for such district for the
school fiscal year immediately preceding the school fiscal year for which
aid is being calculated, except that the formula need shall not be
reduced pursuant to this subsection for any district receiving a student
growth adjustment for the school fiscal year for which aid is being
calculated.

(8) For purposes of subsections (6) and (7) of this
section, the formula need for the school fiscal year immediately
preceeding the school fiscal year for which aid is being calculated shall
be the formula need used in the final calculation of aid pursuant to
section 79-1065 and for districts that were affected by a reorganization
with an effective date in the calendar year preceding the calendar year
in which aid is certified for the school fiscal year for which aid is
being calculated, the formula need for the school fiscal year immediately
preceding the school fiscal year for which aid is being calculated shall
be attributed to the affected school districts based on information
provided to the department by the school districts or proportionally
based on the adjusted valuation transferred if sufficient information has
not been provided to the department.

Sec. 5. Section 79-1017.01, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-1017.01 (1) For state aid calculated for school fiscal years 2014-15 and 2015-16, local system formula resources includes other actual receipts determined pursuant to section 79-1018.01, net option funding determined pursuant to section 79-1009, teacher education aid determined pursuant to section 79-1007.25, instructional time aid determined pursuant to subsection (2) of section 79-1007.23, allocated income tax funds determined pursuant to section 79-1005.01, and minimum levy adjustments determined pursuant to section 79-1008.02 and is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.

(2) For state aid calculated for school fiscal years 2016-17 and 2017-18 each school fiscal year thereafter, local system formula resources includes other actual receipts determined pursuant to section 79-1018.01, net option funding determined pursuant to section 79-1009, best practices aid determined pursuant to section 79-1004, if any districts in the local system qualify, allocated income tax funds determined pursuant to section 79-1005.01, community achievement plan aid determined pursuant to section 79-1005, and minimum levy adjustments determined pursuant to section 79-1008.02 for school fiscal years prior to school fiscal year 2017-18, and is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section
(3) For state aid calculated for school fiscal year 2018-19 and each school fiscal year thereafter, local system formula resources includes other actual receipts determined pursuant to section 79-1018.01, net option funding determined pursuant to section 79-1009, early childhood education aid, best practices aid determined pursuant to section 79-1004, if any districts in the local system qualify, allocated income tax funds determined pursuant to section 79-1005.01, and community achievement plan aid determined pursuant to section 79-1005, and is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.

Sec. 6. Original sections 79-1001, 79-1003, 79-1007.11, and 79-1017.01, Revised Statutes Cumulative Supplement, 2016, are repealed.