LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 548

Introduced by Lindstrom, 18.
Read first time January 18, 2017
Committee: Nebraska Retirement Systems

A BILL FOR AN ACT relating to retirement; to amend section 79-933,
Reissue Revised Statutes of Nebraska, and sections 79-916, 79-934,
79-966, 79-978.01, 79-979, and 79-1028.01, Revised Statutes
Cumulative Supplement, 2016; to provide for the consolidation of the
Class V school employees' retirement system and the School Employees
Retirement System of the State of Nebraska; to harmonize provisions;
and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,
Section 1. (1) Beginning July 1, 2020, all active, inactive, and retired members of the retirement system established under the Class V School Employees Retirement Act are transferred to and become members of the School Employees Retirement System of the State of Nebraska established pursuant to section 79-903 and shall no longer be members of the retirement system established pursuant to section 79-979.

(2)(a) The retirement and other benefits for every active, deferred, inactive, disabled, and retired member of the retirement system established pursuant to section 79-979 transferred to the School Employees Retirement System of the State of Nebraska under subsection (1) of this section and the survivors of such member under annuities or benefits which had commenced before the date of the transfer, including post-retirement adjustments, shall be calculated and paid by the School Employees Retirement System of the State of Nebraska in accordance with the applicable provisions of the Class V School Employees Retirement Act that were in effect relative to such transferred member on July 1, 2020, including the medical cost-of-living adjustment available to current or future annuitants who were members of the retirement system established pursuant to section 79-979 prior to July 1, 2016. The retirement and other benefits otherwise provided under the School Employees Retirement Act shall not be available or provided to such former members transferred under subsection (1) of this section.

(b) The consolidation of the retirement systems pursuant to this section shall not impair or diminish the current or future benefits of an active, deferred, or retired member of the retirement system established pursuant to section 79-979 or the survivor of such member, including the accrual of benefits for service and compensation paid as a school employee after June 30, 2020, early retirement benefits, the normal or optional forms of benefit available to such members, the service annuity to be paid by the State of Nebraska as provided in sections 79-933 to 79-935 and 79-951, the disability retirement benefit, and the refund of
accumulated contributions upon severance of employment, all of which shall be calculated and provided to such members in accordance with the provisions of the Class V School Employees Retirement Act as of July 1, 2020. The purchase of service credit for time served in the armed forces, leaves of absence, and prior service for periods of service with other school districts, as provided in the Class V School Employees Act, shall continue to apply to all transferred members.

(3) On or before July 1, 2020, the board of trustees of the retirement system established under the Class V School Employees Retirement Act or its designee shall transfer to the retirement board and director of the School Employees Retirement System of the State of Nebraska all records, documents, data, and information systems relating to the members and administration of the retirement system, and, if available, the original copies of all records and documents shall be transferred.

(4) Beginning July 1, 2020, all of the assets, rights and interests to assets, liabilities, and obligations of the retirement system established under the Class V School Employees Retirement Act shall become the assets, rights, liabilities, and obligations of the School Employees Retirement System of the State of Nebraska. The State Treasurer shall transfer to the School Employees Retirement System of the State of Nebraska all of the assets, cash accounts, and properties belonging to the retirement system established under the Class V School Employees Retirement Act. Beginning July 1, 2020, the board of trustees of the retirement system established under the Class V School Employees Retirement Act shall cause to be transferred and assigned to the School Employees Retirement System of the State of Nebraska, all other interests, property rights, contracts, accounts receivable, member obligations for purchased service credit, and intangible property rights and interests of the retirement system established under the Class V School Employees Retirement Act which are not in the custody of the State
Treasurer. Beginning July 1, 2020, the School Employees Retirement System of the State of Nebraska is the successor in interest to all claims which the retirement system established under the Class V School Employees Retirement Act has, may have, or may assert against any person and is the successor in interest to all claims which could have been asserted against the retirement system established under the Class V School Employees Retirement Act, subject to the following exceptions:

(a) The School Employees Retirement System of the State of Nebraska shall not be liable for any claims against the retirement system established under the Class V School Employees Retirement Act, its former board of trustees, individual trustees or the board of education of the Class V school district, which is founded upon a claim of breach of fiduciary or legal duty; and

(b) The School Employees Retirement System of the State of Nebraska may assert any applicable defense in any fiduciary or administrative proceeding that the retirement system established under the Class V School Employees Retirement Act, or its board of trustees, would otherwise have been entitled to assert.

(5)(a) On and after July 1, 2020, in addition to the employer contributions that are required of every employer under subsection (2) of section 79-958, the Class V school district shall contribute for each fiscal year beginning with the fiscal year ending June 30, 2021, and continuing through the fiscal year ending June 30, 2051, a sum determined pursuant to subdivision (b) of this subsection. The additional contribution required of the Class V school district for each fiscal year shall be transmitted to the retirement board of the School Employees Retirement System of the State of Nebraska in one or more installments no later than the last day of the fiscal year.

(b) Prior to July 1, 2020, the Nebraska Retirement Systems Committee of the Legislature shall contract with an actuary to provide a detailed actuarial analysis that will identify the additional contribution to be
made each year pursuant to subdivision (a) of this subsection that
provides the additional funding that would have been required for the
retirement system established under the Class V School Employees
Retirement Act, if any, as of July 1, 2020, to achieve for such
retirement system the same funding ratio as the funding ratio of the
School Employees Retirement System of the State of Nebraska, as
determined on June 30, 2020, immediately before the consolidation and
assumption of the accrued and future liabilities of the retirement system
established under the Class V School Employees Retirement Act.
(6) A person first hired by a Class V school district after June 30,
2020, shall be a member and participate in the School Employees
Retirement System of the State of Nebraska, but shall not be eligible for
or receive any of the benefits provided in this section for the members
transferred to the School Employees Retirement System of the State of
Nebraska under subsection (1) of this section.
Sec. 2. Section 79-916, Revised Statutes Cumulative Supplement,
2016, is amended to read:

79-916 (1)(a) On July 1, 2004, the board shall transfer from the
School Retirement Fund to the Service Annuity Fund an amount equal to the
funded ratio of the retirement system which is equal to the market value
of the retirement system assets divided by the actuarial accrued
liability of the retirement system, times the actuarial accrued liability
of the service annuity, as determined pursuant to section 79-966.01, of
the employees who are members of the retirement system established
pursuant to the Class V School Employees Retirement Act or, after June
30, 2020, were former members of such retirement system. Beginning July
1, 2013, such actuarial accrued liability shall be determined for each
employee on a level percentage of salary basis. On or before July 1 of
each fiscal year, the state shall deposit into the Service Annuity Fund
such amounts as may be necessary to pay the normal cost and amortize the
unfunded actuarial accrued liability of the service annuity, as
determined pursuant to section 79-966.01, as of the end of the previous fiscal year of the employees who are, or following June 30, 2020, were, former members of the retirement system established pursuant to the Class V School Employees Retirement Act. Based on the fiscal year of the retirement system established pursuant to the Class V School Employees Retirement Act, the administrator of such system or, after June 30, 2020, the Class V school district, shall provide all membership information needed for the actuary engaged by the retirement board to determine the normal cost and the amortization payment of the unfunded actuarial accrued liability, as determined pursuant to section 79-966.01, to be paid by the state to the Service Annuity Fund each fiscal year as required by this subdivision.

(b) At the time of retirement before July 1, 2020, of any employee who is a member of the retirement system established pursuant to the Class V School Employees Retirement Act and who was hired prior to July 1, 2016, the retirement board shall, upon receipt of a certification of the administrator of such retirement system of the name, identification number, date of birth, retirement date, last date of employment, type of retirement, and number of years of service credited to such eligible employee at the date of retirement, transfer to such retirement system from the Service Annuity Fund the actuarial accrued liability of the service annuity to be paid by the state to the eligible employee for the years of service thus certified as provided for members of the School Employees Retirement System of the State of Nebraska under sections 79-933 and 79-952. Such transfer of the actuarial accrued liability to the retirement system established pursuant to the Class V School Employees Retirement Act shall be in lieu of the payment of the service annuity to which the employee would be entitled. Beginning July 1, 2020, the actuarial accrued liability of the service annuity for any former member of the retirement system established by the Class V School Employees Retirement Act who retires after June 30, 2020, shall be
transferred to the School Retirement Fund and the service annuity for such employee shall be paid from the School Retirement Fund.

(c) The Service Annuity Fund is created. The fund shall consist of the amounts paid by the state and transferred from the School Retirement Fund pursuant to this section to pay the service annuity to be paid by the state to employees who are members of the retirement system established pursuant to the Class V School Employees Retirement Act. Any money in the Service Annuity Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(2) In addition to the transfer of the actuarial accrued liability of the service annuity to be paid by the state, the state shall also transfer for each fiscal year ending before January 1, 2021, to the funds of the Class V school district's retirement system an amount determined by multiplying the compensation of all members of such retirement system by the percent specified in subsection (2) of section 79-966 for determining the amount of the state's payment to the School Retirement Fund plus the amount determined under subdivision (1)(b) of section 79-966. The transfer shall be made annually on or before July 1 of each fiscal year.

Sec. 3. Section 79-933, Reissue Revised Statutes of Nebraska, is amended to read:

79-933 (1) Upon retirement under section 79-931, a member or emeritus member shall receive a school retirement allowance which shall consist of the sum of: (a) A savings annuity which shall be the actuarial equivalent, as determined by the retirement board, of the member's accumulated contributions at the time of his or her retirement or, in the case of an emeritus member, the savings annuity fixed by the retirement board at the time of his or her original retirement; and (b) a service annuity to be paid by the State of Nebraska, except that if such member is a former member of the retirement system established pursuant to the
Class V School Employees Retirement Act who was transferred to the retirement system established in section 79-903 in the consolidation of the retirement systems on July 1, 2020, such member shall receive a retirement allowance which is the sum of (i) the retirement annuity that is determined and provided in accordance with the applicable provisions of the Class V School Employees Retirement Act as they existed on June 30, 2020; and (ii) the service annuity to be paid by the State of Nebraska.

(2) The amount of any individual service annuity for (a) a full-time school employee hired on or before April 1, 1988, who retires with thirty-five or more years of service or who retires under the provisions of disability retirement, (b) a full-time school employee who provided compensated service after April 1, 1988, but prior to July 19, 1996, if the service annuity commences on or after the member's sixty-fifth birthday, who retires with thirty-five or more years of service or who retires under the provisions of disability retirement, or (c) an emeritus member shall be three dollars and fifty cents per month for each year of creditable service commencing with his or her retirement on or after May 19, 1981. For employees not enumerated in subdivision (a) or (b) of this subsection or for employees hired on or after July 19, 1996, if the service annuity commences prior to the member's sixty-fifth birthday, it shall be on an actuarially reduced basis. Each school employee or emeritus member who retired before July 1, 1973, and who is receiving a service annuity as of that date shall have such service annuity adjusted by the increase in the cost of living as determined by the difference between the Consumer Price Index for Urban Wage Earners and Clerical Workers from the date the service annuity commenced and July 1, 1973, except that such annuity shall not exceed three dollars and fifty cents monthly per year of service based on the same number of years of service that is currently being used to determine his or her service annuity. Such increased service annuity shall commence on July 1, 1973.
Sec. 4. Section 79-934, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-934 (1) In lieu of the school retirement allowance provided by section 79-933, any member who, before July 1, 2020, is not an employee of a Class V school district or, after June 30, 2020, is not an employee who is a former member of the retirement system established pursuant to the Class V School Employees Retirement Act and transferred to the retirement system in the consolidation of such retirement systems on July 1, 2020, and who becomes eligible to make application for and receive a school retirement allowance under section 79-931 may receive a formula annuity retirement allowance if it is greater than the school retirement allowance provided by section 79-933.

(2) Subject to the other provisions of this section, the monthly formula annuity in the normal form shall be determined by multiplying the number of years of creditable service for which such member would otherwise receive the service annuity provided by section 79-933 by (a) one and one-quarter percent of his or her final average compensation for a member who has acquired the equivalent of one-half year of service or more as a school employee under the retirement system following August 24, 1975, (b) one and one-half percent of his or her final average compensation for a member who has acquired the equivalent of one-half year of service or more as a school employee under the retirement system following July 17, 1982, (c) one and sixty-five hundredths percent of his or her final average compensation for a member who has acquired the equivalent of one-half year of service or more as a school employee under the retirement system following July 1, 1984, (d) one and seventy-three hundredths percent of his or her final average compensation for a member actively employed as a school employee under the retirement system or under contract with an employer on or after June 5, 1993, (e) one and eight-tenths percent of his or her final average compensation for a member who has acquired the equivalent of one-half year of service or
more as a school employee under the retirement system following July 1, 1995, and was employed as a school employee under the retirement system or under contract with an employer on or after April 10, 1996, (f) one and nine-tenths percent of his or her final average compensation for a member who has acquired the equivalent of one-half year of service or more as a school employee under the retirement system following July 1, 1998, and was employed as a school employee under the retirement system or under contract with an employer on or after April 29, 1999, (g) two percent of his or her final average compensation for a member who has acquired the equivalent of one-half year of service or more as a school employee under the retirement system following July 1, 2000, who was employed as a school employee under the retirement system or under contract with an employer on or after May 2, 2001, and hired prior to July 1, 2016, and who has not retired prior to May 2, 2001, or (h) two percent of his or her final average compensation for a member initially hired on or after July 1, 2016, or a member who has taken a refund or retirement and is rehired or hired by a separate employer covered by the retirement system on or after July 1, 2016, and has acquired the equivalent of five years of service or more as a school employee under the retirement system or under contract with an employer on or after July 1, 2016. Subdivision (2)(f) of this section shall not apply to a member who is retired prior to April 29, 1999. Subdivision (2)(g) of this section shall not apply to a member who is retired prior to May 2, 2001.

(3) If the annuity begins on or after the sixty-fifth birthday of a member, the annuity shall not be reduced. If the annuity begins prior to the sixty-fifth birthday of the member and the member has completed thirty or more years of creditable service and is at least sixty years of age, the annuity shall not be reduced. If the annuity begins prior to the sixtieth birthday of the member and the member has completed thirty-five or more years of creditable service, the annuity shall be actuarially reduced on the basis of age sixty-five. If the annuity begins on or after
the sixtieth birthday of the member and the member has completed at least a total of five years of (a) creditable service plus (b) eligibility and vesting credit but less than thirty years of creditable service, the annuity shall be reduced by three percent for each year by which the member's age is less than the age at which the member's age plus years of creditable service would have totaled ninety or three percent for each year after the member's sixtieth birthday and prior to his or her sixty-fifth birthday, whichever provides the greater annuity.

(4)(a) For retirements on or after March 4, 1998, for a member hired prior to July 1, 2016, if the annuity begins at a time when the sum of the member's attained age and creditable service totals eighty-five and the member is at least fifty-five years of age, the annuity shall not be reduced. This subdivision shall only apply to a member who has acquired the equivalent of one-half year of service or more as a public school employee under the retirement system following July 1, 1997, and who was a school employee on or after March 4, 1998. This subdivision shall not apply to a member who is retired prior to March 4, 1998.

(b) For retirements for a member hired on or after July 1, 2016, or for a member who has taken a refund or retirement and is rehired or hired by a separate employer covered by the retirement system on or after July 1, 2016, if the annuity begins at a time when the sum of the member's attained age and creditable service totals eighty-five and the member is at least fifty-five years of age, the annuity shall not be reduced. This subdivision shall only apply to a member who has acquired the equivalent of five years of service or more as a school employee under the retirement system.

(5) Except as provided in section 42-1107, the normal form of the formula annuity shall be an annuity payable monthly during the remainder of the member's life with the provision that in the event of his or her death before sixty monthly payments have been made the monthly payments will be continued to his or her estate or to the beneficiary he or she
has designated until sixty monthly payments have been made. Except as
provided in section 42-1107, a member may elect to receive in lieu of the
normal form of annuity an actuarially equivalent annuity in any optional
form provided by section 79-938.

(6) All formula annuities shall be paid from the School Retirement
Fund.

(7)(a)(i) For purposes of this section, in the determination of
compensation for members on or after July 1, 2005, that part of a
member's compensation for the plan year which exceeds the member's
compensation with the same employer for the preceding plan year by more
than seven percent of the compensation base during the sixty months
preceding the member's retirement shall be excluded unless (A) the member
experienced a substantial change in employment position, (B) as verified
by the school board, the excess compensation above seven percent occurred
as the result of a collective-bargaining agreement between the employer
and a recognized collective-bargaining unit or category of school
employee, and the percentage increase in compensation above seven percent
shall not be excluded for employees outside of a collective-bargaining
unit or within the same category of school employee, or (C) the excess
compensation occurred as the result of a districtwide permanent benefit
change made by the employer for a category of school employee in
accordance with subdivision (4)(a)(iv) of section 79-902.

(ii) For purposes of subdivision (7)(a) of this section:

(A) Category of school employee means either all employees of the
employer who are administrators or certificated teachers, or all
employees of the employer who are not administrators or certificated
teachers, or both;

(B) Compensation base means (I) for current members, employed with
the same employer, the member's compensation for the plan year ending
June 30, 2005, or (II) for members newly hired or hired by a separate
employer on or after July 1, 2005, the member's compensation for the
first full plan year following the member's date of hiring. Thereafter, the member's compensation base shall be increased each plan year by the lesser of seven percent of the member's preceding plan year's compensation base or the member's actual annual compensation increase during the preceding plan year; and

(C) Recognized collective-bargaining unit means a group of employees similarly situated with a similar community of interest appropriate for bargaining recognized as such by a school board.

(b)(i) In the determination of compensation for members whose retirement date is on or after July 1, 2012, through June 30, 2013, that part of a member's compensation for the plan year which exceeds the member's compensation with the same employer for the preceding plan year by more than nine percent of the compensation base shall be excluded.

(ii) For purposes of subdivision (7)(b) of this section, compensation base means (A) for current members employed with the same employer, the member's compensation for the plan year ending June 30, 2012, or (B) for members newly hired or hired by a separate employer on or after July 1, 2012, the member's compensation for the first full plan year following the member's date of hiring.

(c)(i) In the determination of compensation for members whose retirement date is on or after July 1, 2013, that part of a member's compensation for the plan year which exceeds the member's compensation for the preceding plan year by more than eight percent during the capping period shall be excluded. Such member's compensation for the first plan year of the capping period shall be compared to the member's compensation received for the plan year immediately preceding the capping period.

(ii) For purposes of subdivision (7)(c) of this section:

(A) Capping period means the five plan years preceding the later of (I) such member's retirement date or (II) such member's final compensation date; and

(B) Final compensation date means the later of (I) the date on which
a retiring member's final compensation is actually paid or (II) if a
retiring member's final compensation is paid in advance as a lump sum,
the date on which such final compensation would have been paid to the
member in the absence of such advance payment.

Sec. 5. Section 79-966, Revised Statutes Cumulative Supplement,
2016, is amended to read:

79-966 (1)(a) On the basis of all data in the possession of the
retirement board, including such mortality and other tables as are
recommended by the actuary engaged by the retirement board and adopted by
the retirement board, the retirement board shall annually, on or before
July 1, determine the state deposit to be made by the state in the School
Retirement Fund for that fiscal year. The amount of such state deposit
shall be determined pursuant to section 79-966.01. The retirement board
shall thereupon certify the amount of such state deposit, and on the
warrant of the Director of Administrative Services, the State Treasurer
shall, as of July 1 of such year, transfer from funds appropriated by the
state for that purpose to the School Retirement Fund the amount of such
state deposit.

(b) Beginning July 1, 2016, the contingent state deposit described
in this subsection shall be calculated as a percent of compensation of
all members of the retirement system. For any year in which a deposit is
made to the School Retirement Fund under this subsection, if the actuary
for a retirement system provided for under the Class V School Employees
Retirement Act determines that the actuarially required contribution
rate, for the fiscal year of the retirement system that begins before the
state deposit, exceeds the rate of all contributions required pursuant to
the Class V School Employees Retirement Act, using the thirty-year
amortization period specified in section 79-966.01, the Class V district
school board may request a public hearing of the Appropriations Committee
of the Legislature to ask the state to transfer to the funds of the
retirement system provided for under the Class V School Employees
Retirement Act an amount determined by multiplying the compensation of all members of such retirement system by the lesser of the percent of compensation deposited into the School Retirement Fund under this subsection or the percent of compensation of the members of the retirement system provided for under the Class V School Employees Retirement Act needed to meet the actuarially required contribution rate for such system, using the thirty-year amortization period specified in section 79-966.01. Any additional amount of transfer so calculated, recommended by the Appropriations Committee of the Legislature and approved by the Legislature, shall be added to the two percent specified in subsection (2) of this section for the amount required by subsection (2) of section 79-916 to be transferred to the funds of the retirement system provided for under the Class V School Employees Retirement Act.

(2) For each fiscal year beginning July 1, 2014, in addition to the state deposits required by subsections (1) and (3) of this section, the state shall deposit in the School Retirement Fund an amount equal to two percent of the compensation of all members of the retirement system.

(3) In addition to the state deposits required by subsections (1) and (2) of this section, beginning on July 1, 2005, and each fiscal year thereafter for employees who become members prior to July 1, 2016, the state shall deposit in the Service Annuity Fund such amounts as may be necessary to pay the normal cost and amortize the unfunded actuarial accrued liability of the service annuity benefit established pursuant to sections 79-933 and 79-952 as accrued through the end of the previous fiscal year of the school employees who are members of the retirement system established pursuant to the Class V School Employees Retirement Act or, after June 30, 2020, former members of such retirement system who were transferred to the retirement system in the consolidation of the retirement systems on July 1, 2020.

Sec. 6. Section 79-978.01, Revised Statutes Cumulative Supplement, 2016, is amended to read:
79-978.01 Sections 79-978 to 79-9,118 and section 1 of this act shall be known and may be cited as the Class V School Employees Retirement Act.

Sec. 7. Section 79-979, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-979 (1) Prior to September 13, 1997, and through June 30, 2020, in each Class V school district in the State of Nebraska there is hereby established a separate retirement system for all regular employees of such school district. Such system shall be for the purpose of providing retirement benefits for all regular employees of the school district as provided in the Class V School Employees Retirement Act. The system shall be known as School Employees' Retirement System of (corporate name of the school district as described in section 79-405). All of its business shall be transacted, all of its funds shall be invested, and all of its cash and securities and other property shall be held in trust on behalf of the retirement system for the purposes set forth in the act. Such funds shall be kept separate from all other funds of the school district and shall be used for no other purpose. Effective July 1, 2020, the retirement system is consolidated with the School Employees Retirement System of the State of Nebraska and its existence as a separate retirement system for employees of the Class V school district ceases except to the extent necessary to determine and calculate the benefits of former members of the retirement system who are transferred to the School Employees Retirement System of the State of Nebraska in such consolidation.

(2) Except as provided in subsection (3) of this section, if any new Class V school districts are formed after September 13, 1997, and before July 1, 2020, such new Class V school district shall elect to become or remain a part of the retirement system established pursuant to the School Employees Retirement Act.

(3) Any new Class V school districts formed before July 1, 2020,
pursuant to the Learning Community Reorganization Act shall continue to
participate in the retirement system established pursuant to the Class V
School Employees Retirement Act if such new Class V school district was
formed at least in part by territory that had been in a Class V school
district that participated in the retirement system established pursuant
to the Class V School Employees Retirement Act.

Sec. 8. Section 79-1028.01, Revised Statutes Cumulative Supplement,
2016, is amended to read:

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

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

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

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

(d) Expenditures of amounts received from 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;

(e) Expenditures to pay for (i) 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 and (ii) employer contributions pursuant to subsection (5) of section 1 of this act;

(f) 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;

(g) Expenditures 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 demonstrates to the State Board of Education pursuant to subsection (3) of this section 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;

(h) The special education budget of expenditures;

(i) Expenditures of special grant funds; and

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

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

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

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

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

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

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

Sec. 9. Original section 79-933, Reissue Revised Statutes of
Nebraska, and sections 79-916, 79-934, 79-966, 79-978.01, 79-979, and 79-1028.01, Revised Statutes Cumulative Supplement, 2016, are repealed.