

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 877**

Introduced by Kolowski, 31.

Read first time January 08, 2018

Committee: Education

1 A BILL FOR AN ACT relating to the Tax Equity and Educational  
2 Opportunities Support Act; to amend section 79-1001, Revised  
3 Statutes Cumulative Supplement, 2016, and sections 79-1003,  
4 79-1007.11, and 79-1017.01, Revised Statutes Supplement, 2017; to  
5 change provisions related to early childhood education aid; to  
6 provide aid; to harmonize provisions; and to repeal the original  
7 sections.  
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1001, Revised Statutes Cumulative Supplement,  
2 2016, is amended to read:

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

6 Sec. 2. Section 79-1003, Revised Statutes Supplement, 2017, is  
7 amended to read:

8 79-1003 For purposes of the Tax Equity and Educational Opportunities  
9 Support Act:

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

1 limited English proficiency allowance, distance education and  
2 telecommunications allowance, elementary site allowance, summer school  
3 allowance, early childhood education allowance, community achievement  
4 plan allowance, and focus school and program allowance;

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

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

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

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

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

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

1 Innovation Fund;

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

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

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

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

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

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

24 (14) Equalization aid means the amount of assistance calculated to  
25 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,  
26 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

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

31 (16) Fiscal year means the state fiscal year which is the period

1 from July 1 to the following June 30;

2 (17) Formula students means:

3 (a) For state aid certified pursuant to section 79-1022, the sum of  
4 the product of fall membership from the school fiscal year immediately  
5 preceding the school fiscal year in which the aid is to be paid  
6 multiplied by the average ratio of average daily membership to fall  
7 membership for the second school fiscal year immediately preceding the  
8 school fiscal year in which the aid is to be paid and the prior two  
9 school fiscal years plus ~~sixty percent~~ of the qualified early childhood  
10 education fall membership plus tuitioned students from the school fiscal  
11 year immediately preceding the school fiscal year in which aid is to be  
12 paid minus the product of the number of students enrolled in kindergarten  
13 that is not full-day kindergarten from the fall membership multiplied by  
14 0.5; and

15 (b) For the final calculation of state aid pursuant to section  
16 79-1065, the sum of average daily membership plus ~~sixty percent~~ of the  
17 qualified early childhood education average daily membership plus  
18 tuitioned students minus the product of the number of students enrolled  
19 in kindergarten that is not full-day kindergarten from the average daily  
20 membership multiplied by 0.5 from the school fiscal year immediately  
21 preceding the school fiscal year in which aid was paid;

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

25 (a) for schools that did not provide free meals to all students pursuant  
26 to the community eligibility provision, students who individually  
27 qualified for free lunches or free milk pursuant to the federal Richard  
28 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the  
29 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts  
30 and sections existed on January 1, 2015, and rules and regulations  
31 adopted thereunder, plus (b) for schools that provided free meals to all

1 students pursuant to the community eligibility provision, (i) for school  
2 fiscal year 2016-17, the product of the students who attended such school  
3 multiplied by the identified student percentage calculated pursuant to  
4 such federal provision or (ii) for school fiscal year 2017-18 and each  
5 school fiscal year thereafter, the greater of the number of students in  
6 such school who individually qualified for free lunch or free milk using  
7 the most recent school fiscal year for which the school did not provide  
8 free meals to all students pursuant to the community eligibility  
9 provision or one hundred ten percent of the product of the students who  
10 qualified for free meals at such school pursuant to the community  
11 eligibility provision multiplied by the identified student percentage  
12 calculated pursuant to such federal provision, except that the free lunch  
13 and free milk students calculated for any school pursuant to subdivision  
14 (18)(b)(ii) of this section shall not exceed one hundred percent of the  
15 students qualified for free meals at such school pursuant to the  
16 community eligibility provision;

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

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

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

31 (22) General fund expenditures means all expenditures from the

1 general fund;

2 (23) General fund operating expenditures means for state aid  
3 calculated for school fiscal years 2012-13 and each school fiscal year  
4 thereafter, as reported on the annual financial report for the second  
5 school fiscal year immediately preceding the school fiscal year in which  
6 aid is to be paid, the total general fund expenditures minus (a) the  
7 amount of all receipts to the general fund, to the extent that such  
8 receipts are not included in local system formula resources, from early  
9 childhood education tuition, summer school tuition, educational entities  
10 as defined in section 79-1201.01 for providing distance education courses  
11 through the Educational Service Unit Coordinating Council to such  
12 educational entities, private foundations, individuals, associations,  
13 charitable organizations, the textbook loan program authorized by section  
14 79-734, federal impact aid, and levy override elections pursuant to  
15 section 77-3444, (b) the amount of expenditures for categorical funds,  
16 tuition paid, transportation fees paid to other districts, adult  
17 education, community services, redemption of the principal portion of  
18 general fund debt service, retirement incentive plans authorized by  
19 section 79-855, and staff development assistance authorized by section  
20 79-856, (c) the amount of any transfers from the general fund to any bond  
21 fund and transfers from other funds into the general fund, (d) any legal  
22 expenses in excess of fifteen-hundredths of one percent of the formula  
23 need for the school fiscal year in which the expenses occurred, (e)(i)  
24 for state aid calculated for school fiscal years prior to school fiscal  
25 year 2018-19, expenditures to pay for sums agreed to be paid by a school  
26 district to certificated employees in exchange for a voluntary  
27 termination occurring prior to July 1, 2009, occurring on or after the  
28 last day of the 2010-11 school year and prior to the first day of the  
29 2013-14 school year, or, to the extent that a district has demonstrated  
30 to the State Board of Education pursuant to section 79-1028.01 that the  
31 agreement will result in a net savings in salary and benefit costs to the

1 school district over a five-year period, occurring on or after the first  
2 day of the 2013-14 school year or (ii) for state aid calculated for  
3 school fiscal year 2018-19 and each school fiscal year thereafter,  
4 expenditures to pay for incentives agreed to be paid by a school district  
5 to certificated employees in exchange for a voluntary termination of  
6 employment for which the State Board of Education approved an exclusion  
7 pursuant to subdivisions (1)(h), (i), (j), or (k) of section 79-1028.01,  
8 (f)(i) expenditures to pay for employer contributions pursuant to  
9 subsection (2) of section 79-958 to the School Employees Retirement  
10 System of the State of Nebraska to the extent that such expenditures  
11 exceed the employer contributions under such subsection that would have  
12 been made at a contribution rate of seven and thirty-five hundredths  
13 percent or (ii) expenditures to pay for school district contributions  
14 pursuant to subdivision (1)(c)(i) of section 79-9,113 to the retirement  
15 system established pursuant to the Class V School Employees Retirement  
16 Act to the extent that such expenditures exceed the school district  
17 contributions under such subdivision that would have been made at a  
18 contribution rate of seven and thirty-seven hundredths percent, and (g)  
19 any amounts paid by the district for lobbyist fees and expenses reported  
20 to the Clerk of the Legislature pursuant to section 49-1483.

21 For purposes of this subdivision (23) of this section, receipts from  
22 levy override elections shall equal ninety-nine percent of the difference  
23 of the total general fund levy minus a levy of one dollar and five cents  
24 per one hundred dollars of taxable valuation multiplied by the assessed  
25 valuation for school districts that have voted pursuant to section  
26 77-3444 to override the maximum levy provided pursuant to section  
27 77-3442;

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

30 (25) Income tax liability means the amount of the reported income  
31 tax liability for resident individuals pursuant to the Nebraska Revenue

1 Act of 1967 less all nonrefundable credits earned and refunds made;

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

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

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

22 (29) Low-income child means (a) for school fiscal years prior to  
23 2016-17, a child under nineteen years of age living in a household having  
24 an annual adjusted gross income for the second calendar year preceding  
25 the beginning of the school fiscal year for which aid is being calculated  
26 equal to or less than the maximum household income that would allow a  
27 student from a family of four people to be a free lunch and free milk  
28 student during the school fiscal year immediately preceding the school  
29 fiscal year for which aid is being calculated and (b) for school fiscal  
30 year 2016-17 and each school fiscal year thereafter, a child under  
31 nineteen years of age living in a household having an annual adjusted

1 gross income for the second calendar year preceding the beginning of the  
2 school fiscal year for which aid is being calculated equal to or less  
3 than the maximum household income pursuant to sections 9(b)(1) and 17(c)  
4 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.  
5 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)  
6 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)  
7 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections  
8 existed on January 1, 2015, for a household of that size that would have  
9 allowed the child to meet the income qualifications for free meals during  
10 the school fiscal year immediately preceding the school fiscal year for  
11 which aid is being calculated;

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

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

22 (32) Poverty students means (a) for school fiscal years prior to  
23 2016-17, the number of low-income students or the number of students who  
24 are free lunch and free milk students in a district plus the difference  
25 of the number of low-income students or the number of students who are  
26 free lunch and free milk students in a district, whichever is greater,  
27 minus the average number of poverty students for such district, prior to  
28 such addition, for the three immediately preceding school fiscal years if  
29 such difference is greater than zero and (b) for school fiscal year  
30 2016-17 and each school fiscal year thereafter, the unadjusted poverty  
31 students plus the difference of such unadjusted poverty students minus

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

4 (33) Qualified early childhood education average daily membership  
5 means (a) for aid calculated for school fiscal years prior to school  
6 fiscal year 2019-20, the product of sixty percent of the average daily  
7 membership for school fiscal year 2006-07 and each school fiscal year  
8 thereafter of students who will be eligible to attend kindergarten the  
9 following school year and are enrolled in an early childhood education  
10 program approved by the department pursuant to section 79-1103 for such  
11 school district for such school year multiplied by the ratio of the  
12 actual instructional hours of the program divided by one thousand thirty-  
13 two if: (i) ~~(a)~~ The program is receiving a grant pursuant to such section  
14 for the third year; (ii) ~~(b)~~ the program has already received grants  
15 pursuant to such section for three years; or (iii) ~~(c)~~ the program has  
16 been approved pursuant to subsection (5) of section 79-1103 for such  
17 school year and the two preceding school years, including any such  
18 students in portions of any of such programs receiving an expansion grant  
19 and (b) for aid calculated for school fiscal year 2019-20 and each school  
20 fiscal year thereafter, the product of the average daily membership of  
21 students who will be eligible to attend kindergarten in one of the two  
22 immediately following school years and are enrolled in an early childhood  
23 education program approved by the department pursuant to section 79-1103  
24 for such school district for such school year multiplied by the ratio of  
25 the actual instructional hours of the program divided by one thousand  
26 thirty-two if: (i) The program is receiving a grant pursuant to such  
27 section for the third year; (ii) the program has already received grants  
28 pursuant to such section for three years; or (iii) the program has been  
29 approved pursuant to subsection (5) of section 79-1103 for such school  
30 year and the two preceding school years, including any such students in  
31 portions of any of such programs receiving an expansion grant;

1           (34) Qualified early childhood education fall membership means (a)  
2 for aid calculated for school fiscal years prior to school fiscal year  
3 2019-20, the product of sixty percent of membership on the last Friday in  
4 September 2006 and each year thereafter of students who will be eligible  
5 to attend kindergarten the following school year and are enrolled in an  
6 early childhood education program approved by the department pursuant to  
7 section 79-1103 for such school district for such school year multiplied  
8 by the ratio of the planned instructional hours of the program divided by  
9 one thousand thirty-two if: (i) (a) The program is receiving a grant  
10 pursuant to such section for the third year; (ii) (b) the program has  
11 already received grants pursuant to such section for three years; or  
12 (iii) (c) the program has been approved pursuant to subsection (5) of  
13 section 79-1103 for such school year and the two preceding school years,  
14 including any such students in portions of any of such programs receiving  
15 an expansion grant and (b) for aid calculated for school fiscal year  
16 2019-20 and each school fiscal year thereafter, the product of membership  
17 on the last Friday of students who will be eligible to attend  
18 kindergarten in one of the two immediately following school years and are  
19 enrolled in an early childhood education program approved by the  
20 department pursuant to section 79-1103 for such school district for such  
21 school year multiplied by the ratio of the planned instructional hours of  
22 the program divided by one thousand thirty-two if: (i) The program is  
23 receiving a grant pursuant to such section for the third year; (ii) the  
24 program has already received grants pursuant to such section for three  
25 years; or (iii) the program has been approved pursuant to subsection (5)  
26 of section 79-1103 for such school year and the two preceding school  
27 years, including any such students in portions of any of such programs  
28 receiving an expansion grant;

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

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

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

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

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

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

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

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

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

26           (40) Special grant funds means the budgeted receipts for grants,  
27 including, but not limited to, categorical funds, reimbursements for  
28 wards of the court, short-term borrowings including, but not limited to,  
29 registered warrants and tax anticipation notes, interfund loans,  
30 insurance settlements, and reimbursements to county government for  
31 previous overpayment. The state board shall approve a listing of grants

1 that qualify as special grant funds;

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

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

5 (43) State support means all funds provided to districts by the  
6 State of Nebraska for the general fund support of elementary and  
7 secondary education;

8 (44) Statewide average basic funding per formula student means the  
9 statewide total basic funding for all districts divided by the statewide  
10 total formula students for all districts;

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

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

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

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

31 (49) Tuitioned students means students in kindergarten through grade

1 twelve of the district whose tuition is paid by the district to some  
2 other district or education agency;

3 (50) Unadjusted poverty students means, for school fiscal year  
4 2016-17 and each school fiscal year thereafter, the greater of the number  
5 of low-income students or the free lunch and free milk calculated  
6 students in a district; and

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

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

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

19 Sec. 3. (1) For school fiscal year 2019-20 and each school fiscal  
20 year thereafter, the department shall calculate an early childhood  
21 education allowance for each district as follows:

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

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

1       (2) For school fiscal year 2019-20 and each school fiscal year  
2 thereafter, the department shall calculate early childhood education  
3 transportation costs for each district which shall equal the sum of:

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

12       (b) The in lieu of transportation expenditures pursuant to section  
13 79-611 included in the calculation for the transportation allowance that  
14 were paid exclusively to transport early childhood education students.

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

20       (4) For purposes of the Tax Equity and Educational Opportunities  
21 Support Act, if an educational service unit provides an early childhood  
22 education program approved by the department pursuant to section 79-1103  
23 for one or more school districts, the early childhood education students  
24 and the associated expenditures of a school district shall continue to be  
25 attributable to such school district.

26       Sec. 4. Section 79-1007.11, Revised Statutes Supplement, 2017, is  
27 amended to read:

28       79-1007.11 (1) Except as otherwise provided in this section, for  
29 school fiscal years 2013-14 through 2015-16, each school district's  
30 formula need shall equal the difference of the sum of the school  
31 district's basic funding, poverty allowance, limited English proficiency

1 allowance, focus school and program allowance, summer school allowance,  
2 special receipts allowance, transportation allowance, elementary site  
3 allowance, instructional time allowance, teacher education allowance,  
4 distance education and telecommunications allowance, averaging  
5 adjustment, new learning community transportation adjustment, student  
6 growth adjustment, any positive student growth adjustment correction, and  
7 new school adjustment, minus the sum of the limited English proficiency  
8 allowance correction, poverty allowance correction, and any negative  
9 student growth adjustment correction.

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

22 (3) Except as otherwise provided in this section, for school fiscal  
23 years 2017-18 and 2018-19, each school district's formula need shall  
24 equal the difference of the sum of the school district's basic funding,  
25 poverty allowance, poverty allowance adjustment, limited English  
26 proficiency allowance, focus school and program allowance, summer school  
27 allowance, special receipts allowance, transportation allowance,  
28 elementary site allowance, distance education and telecommunications  
29 allowance, averaging adjustment, new community achievement plan  
30 adjustment, student growth adjustment, any positive student growth  
31 adjustment correction, and new school adjustment minus the sum of the

1 limited English proficiency allowance correction, poverty allowance  
2 correction, and any negative student growth adjustment correction.

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

16 (5) If the formula need calculated for a school district pursuant to  
17 subsections (1) through (4) of this section is less than one hundred  
18 percent of the formula need for such district for the school fiscal year  
19 immediately preceding the school fiscal year for which aid is being  
20 calculated, the formula need for such district shall equal one hundred  
21 percent of the formula need for such district for the school fiscal year  
22 immediately preceding the school fiscal year for which aid is being  
23 calculated.

24 (6) If the formula need calculated for a school district pursuant to  
25 subsections (1) through (4) of this section is more than one hundred  
26 twelve percent of the formula need for such district for the school  
27 fiscal year immediately preceding the school fiscal year for which aid is  
28 being calculated, the formula need for such district shall equal one  
29 hundred twelve percent of the formula need for such district for the  
30 school fiscal year immediately preceding the school fiscal year for which  
31 aid is being calculated, except that the formula need shall not be

1 reduced pursuant to this subsection for any district receiving a student  
2 growth adjustment for the school fiscal year for which aid is being  
3 calculated.

4 (7) For purposes of subsections (5) and (6) of this section, the  
5 formula need for the school fiscal year immediately preceding the school  
6 fiscal year for which aid is being calculated shall be the formula need  
7 used in the final calculation of aid pursuant to section 79-1065 and for  
8 districts that were affected by a reorganization with an effective date  
9 in the calendar year preceding the calendar year in which aid is  
10 certified for the school fiscal year for which aid is being calculated,  
11 the formula need for the school fiscal year immediately preceding the  
12 school fiscal year for which aid is being calculated shall be attributed  
13 to the affected school districts based on information provided to the  
14 department by the school districts or proportionally based on the  
15 adjusted valuation transferred if sufficient information has not been  
16 provided to the department.

17 Sec. 5. Section 79-1017.01, Revised Statutes Supplement, 2017, is  
18 amended to read:

19 79-1017.01 (1) For state aid calculated for school fiscal years  
20 2014-15 and 2015-16, local system formula resources includes other actual  
21 receipts determined pursuant to section 79-1018.01, net option funding  
22 determined pursuant to section 79-1009, teacher education aid determined  
23 pursuant to section 79-1007.25, instructional time aid determined  
24 pursuant to subsection (2) of section 79-1007.23, allocated income tax  
25 funds determined pursuant to section 79-1005.01, and minimum levy  
26 adjustments determined pursuant to section 79-1008.02 and is reduced by  
27 amounts paid by the district in the most recently available complete data  
28 year as property tax refunds pursuant to or in the manner prescribed by  
29 section 77-1736.06.

30 (2) For state aid calculated for school fiscal years ~~year~~ 2016-17  
31 through 2018-19 and ~~each school fiscal year thereafter~~, local system

1 formula resources includes other actual receipts determined pursuant to  
2 section 79-1018.01, net option funding determined pursuant to section  
3 79-1009, allocated income tax funds determined pursuant to section  
4 79-1005.01, community achievement plan aid determined pursuant to section  
5 79-1005, and minimum levy adjustments determined pursuant to section  
6 79-1008.02 for school fiscal years prior to school fiscal year 2017-18,  
7 and is reduced by amounts paid by the district in the most recently  
8 available complete data year as property tax refunds pursuant to or in  
9 the manner prescribed by section 77-1736.06.

10 (3) For state aid calculated for school fiscal year 2019-20 and each  
11 school fiscal year thereafter, local system formula resources includes  
12 other actual receipts determined pursuant to section 79-1018.01, net  
13 option funding determined pursuant to section 79-1009, early childhood  
14 education aid, allocated income tax funds determined pursuant to section  
15 79-1005.01, and community achievement plan aid determined pursuant to  
16 section 79-1005, and is reduced by amounts paid by the district in the  
17 most recently available complete data year as property tax refunds  
18 pursuant to or in the manner prescribed by section 77-1736.06.

19 Sec. 6. Original section 79-1001, Revised Statutes Cumulative  
20 Supplement, 2016, and sections 79-1003, 79-1007.11, and 79-1017.01,  
21 Revised Statutes Supplement, 2017, are repealed.