LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 890

Introduced by Walz, 15; Kolterman, 24; Lindstrom, 18.
Read first time January 07, 2022
Committee: Education

A BILL FOR AN ACT relating to education; to amend sections 79-1002, 79-1009.01, and 79-1031, Reissue Revised Statutes of Nebraska, sections 79-703, 79-1001, 79-1005, 79-1005.01, 79-1007.13, 79-1008.01, 79-1009, 79-1015.01, 79-1017.01, 79-1018.01, 79-1022, 79-1022.02, 79-1027, 79-1031.01, 79-11,155, 79-2104, 79-2104.01, 79-2104.03, and 79-2104.04, Revised Statutes Cumulative Supplement, 2020, and sections 79-1003, 79-1007.11, 79-1023, 79-1065.02, and 79-2104.02, Revised Statutes Supplement, 2021; to change the Tax Equity and Educational Opportunities Support Act as prescribed; to create a fund; to eliminate provisions relating to community achievement plans; to eliminate obsolete provisions; to harmonize provisions; to repeal the original sections; to outright repeal section 79-2122, Revised Statutes Cumulative Supplement, 2020; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,
Section 1. Section 79-703, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-703 (1) To ensure both equality of opportunity and quality of programs offered, all public schools in the state shall be required to meet quality and performance-based approval or accreditation standards as prescribed by the State Board of Education. The board shall establish a core curriculum standard, which shall include multicultural education and vocational education courses, for all public schools in the state. Accreditation and approval standards shall be designed to assure effective schooling and quality of instructional programs regardless of school size, wealth, or geographic location. Accreditation standards for school districts that are members of a learning community shall include participation in the community achievement plan for the learning community as approved by the board. Accreditation standards for education programs in state institutions under the supervision of the Department of Health and Human Services that house juveniles shall include an annual report to the State Board of Education by the superintendent of institutional schools. The board shall recognize and encourage the maximum use of cooperative programs and may provide for approval or accreditation of programs on a cooperative basis, including the sharing of administrative and instructional staff, between school districts for the purpose of meeting the approval and accreditation requirements established pursuant to this section and section 79-318.

(2) The Commissioner of Education shall appoint an accreditation committee which shall be representative of the educational institutions and agencies of the state and shall include as a member the director of admissions of the University of Nebraska.

(3) The accreditation committee shall be responsible for: (a) Recommending appropriate standards and policies with respect to the accreditation and classification of schools; and (b) making recommendations annually to the commissioner relative to the
accreditation and classification of individual schools. No school shall
be considered for accreditation status which has not first fulfilled all
requirements for an approved school.

(4) All public schools in the state, including, but not limited to,
schools operated by school districts and education programs in state
institutions under the supervision of the Department of Health and Human
Services that house juveniles, shall be accredited.

(5) It is the intent of the Legislature that all public school
students shall have access to all educational services required of
accredited schools. Such services may be provided through cooperative
programs or alternative methods of delivery.

Sec. 2. Section 79-1001, Revised Statutes Cumulative Supplement,
2020, is amended to read:

79-1001 Sections 79-1001 to 79-1033 and sections 4, 13, 14, 15, 19,
20, 21, 28, and 29 of this act shall be known and may be cited as the Tax
Equity and Educational Opportunities Support Act.

Sec. 3. Section 79-1002, Reissue Revised Statutes of Nebraska, is
amended to read:

79-1002 It is the intent, purpose, and goal of the Legislature to
revise the current create a system of financing the public school system
so that it which will:

(1) Provide state support from all sources of state funding
sufficient to match support the statewide aggregate general fund
operating expenditures for Nebraska elementary and secondary public
education that cannot be met by local resources;

(2) Reduce the reliance on the property tax for the support of the
public school system to the median level of reliance on property taxes
for the support of public schools in all other states;

(3) Broaden financial support for the public school system by
dedicating twenty percent a portion of the revenue received from the
state income tax for support of the system;
(4) Keep pace with the increasing cost of operating the public school system;

(5) Assure a foundation support level for the operation of the public school system through education stabilization base aid, taking local resources into consideration;

(6) Reserve funds, as available, in a trust to assist the state in meeting education funding goals during economic downturns;

(7) Recognize a portion of the costs of programs to address the unique educational needs of students who are in poverty or who have limited English proficiency as being specific to the local system providing such programs;

(8) Create a process to collect information regarding the programs and the cost of the programs provided to address the unique educational needs of students who are in poverty or who have limited English proficiency in order to analyze which programs may be appropriate to receive state support and to analyze the poverty and limited English proficiency allowances;

(9) Assure a greater level of equity of educational opportunities for all public school students;

(10) Assure a greater level of equity in property tax rates for the support of the public school system; and

(11) Assure measured growth in the state aid appropriation through the continuation of limits on the growth of general fund budgets of districts.

Sec. 4. (1) For school fiscal years prior to school fiscal year 2022-23, the state aid for each school district shall equal the sum to be paid to such school district for such school fiscal year as equalization aid calculated pursuant to section 79-1008.01, allocated income tax funds calculated pursuant to section 79-1005.01, net option funding calculated pursuant to section 79-1009, community achievement plan aid calculated pursuant to section 79-1005, and adjustments due to changes in school
district boundaries pursuant to section 79-1065.02.

(2) For school fiscal years 2022-23 and 2023-24, the state aid for each school district shall equal the sum to be paid to such school district for such school fiscal year as education stabilization base aid calculated pursuant to section 13 of this act, equalization aid calculated pursuant to section 79-1008.01, allocated income tax funds calculated pursuant to section 79-1005.01, hold harmless adjustments calculated pursuant to section 15 of this act, and adjustments due to changes in school district boundaries pursuant to section 79-1065.02.

(3) For school fiscal year 2024-25 and each school fiscal year thereafter, the state aid for each school district shall equal the sum to be paid to such school district for such school fiscal year as education stabilization base aid calculated pursuant to section 13 of this act, equalization aid calculated pursuant to section 79-1008.01, allocated income tax funds calculated pursuant to section 79-1005.01, and any adjustments due to changes in school district boundaries pursuant to section 79-1065.02.

Sec. 5. Section 79-1003, Revised Statutes Supplement, 2021, is amended to read:

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

(1) Adjusted general fund operating expenditures means the difference of the general fund operating expenditures increased by the cost growth factor calculated pursuant to section 79-1007.10, minus (a) for school fiscal years prior to school fiscal year 2022-23, the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, community achievement plan allowance, and focus school and program allowance or (b) for school fiscal year 2022-23 and each school fiscal year thereafter, the transportation allowance, special receipts...
allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school 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;

(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 career and technical education funds, federal school lunch funds, Indian education funds, Head Start funds, and funds received prior to July 1, 2022, from the Nebraska Education Improvement 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 school district or 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 section 79-1008.01;

(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 (i) for school fiscal years prior to school fiscal year 2022-23, sixty percent or (ii) for school fiscal year 2022-23 and each school fiscal year thereafter, one hundred 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 (i) for school fiscal years prior to school fiscal year 2022-23, sixty percent or (ii) for school fiscal year 2022-23 and each school fiscal year thereafter, one hundred 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 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, 2021, and rules and regulations
adopted thereunder, plus (b) for schools that provided free meals to all
students pursuant to the community eligibility provision, 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 calculated students for any school pursuant to
subdivision (18)(b) 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) Full-day kindergarten means kindergarten offered by a district
for at least one thousand thirty-two instructional hours;

(20) 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, the general
fund budget of expenditures does not include any special grant funds,
exclusive of local matching funds, received by a district;

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

(22) General fund operating expenditures means, for state aid
calculated for each school fiscal year, 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 to other school districts, tuition paid to postsecondary institutions for college credit, 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 incentives agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment for which the State Board of Education approved an exclusion pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01, (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) or (1)(d)(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 (22) of this section, receipts from levy override elections shall equal ninety-nine percent of the difference of the total general fund levy minus the maximum levy authorized pursuant to subdivision (2)(a) of section 77-3442 for the same fiscal year 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;

(23) 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;

(24) 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;

(25) 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;

(26) Local system means a unified system or a school district;

(27) Low-income child means 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, 2021, 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;

(28) 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;

(29) 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;

(30) Poverty students means 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;

(31) Qualified early childhood education average daily membership means the product of the average daily membership 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: (a) The program is receiving a grant pursuant to such section for the third year; (b) the program has already received grants pursuant to such section for three years; or (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;

(32) Qualified early childhood education fall membership means the product of membership on October 1 of each school year 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: (a) The program is receiving a grant pursuant to such section for the third year; (b) the program has already received grants pursuant to such section for three years; or (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;

(33) Regular route transportation means the transportation of students on regularly scheduled daily routes to and from the schools such students attend;

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

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

(36) 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 and the next closest high school 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 and the next closest high school 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 is located in the local system;

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

(38) 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;

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

(40) State board means the State Board of Education;

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

(42) 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;

(43) 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;

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

(45) 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;

(46) 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;

(47) Unadjusted poverty students means the greater of the number of low-income students or the free lunch and free milk calculated students in a district; and

(48) 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 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 and the next closest high school 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 and the next closest high school on paved roads.

Sec. 6. Section 79-1005, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1005 (1) For school fiscal years prior to school fiscal year 2022-23 year 2017-18 and each school fiscal year thereafter, the department shall determine the community achievement plan aid to be paid to each school district that will participate in a community achievement plan approved by the State Board of Education pursuant to section 79-2122 for such school fiscal year. For the first two school fiscal years a school district will participate in such plan, a new community
achievement plan adjustment equal to the community achievement aid shall be included in the calculation of formula need for such school district. For all other school fiscal years, a community achievement plan allowance equal to the community achievement aid shall be included in the calculation of formula need for school districts qualifying for community achievement plan aid. Community achievement plan aid shall be included as a formula resource pursuant to section 79-1017.01.

(2) Community achievement plan aid shall equal 0.4643 percent of the product of the statewide average general fund operating expenditures per formula student multiplied by the total formula students for all of the member school districts in such learning community. The community achievement plan aid for each learning community shall be divided proportionally among the member school districts based on the sum of two percent of the poverty allowance calculated pursuant to section 79-1007.06, two percent of the limited English proficiency allowance calculated pursuant to section 79-1007.08, and, for school districts with poverty students greater than forty percent of the formula students, except as otherwise provided in this section, three percent of the product of the statewide average general fund operating expenditures per formula student multiplied by the difference of the poverty students minus forty percent of the formula students for such school district.

(3) For school fiscal year 2017-18, community achievement plan aid and a new community achievement plan adjustment shall be calculated for school districts that are members of a learning community and shall be included in formula resources pursuant to section 79-1017.01 in such amount regardless of the status of the approval of a community achievement plan, but community achievement plan aid shall not be paid to such school districts until a community achievement plan for such learning community is approved by the state board. If a community achievement plan is not approved for such learning community prior to September 1, 2017, the adjustment and aid calculated pursuant to this
section shall be removed for the final calculation of state aid pursuant
to section 79-1065 for school fiscal year 2017-18 and such amount shall
be subtracted from the state aid appropriated by the Legislature for the
determination of the local effort rate pursuant to section 79-1015.01 for
the final calculation of state aid for school fiscal year 2017-18.

Sec. 7. Section 79-1005.01, Revised Statutes Cumulative Supplement,
2020, is amended to read:

79-1005.01 (1) Not later than November 15 of each year, the Tax
Commissioner shall certify to the department for the preceding tax year
the income tax liability of resident individuals for each local system.

(2) For school fiscal years prior to 2017-18, one hundred two
million two hundred eighty-nine thousand eight hundred seventeen dollars
which is equal to the amount appropriated to the School District Income
Tax Fund for distribution in school fiscal year 1992-93 shall be
disbursed as option payments as determined under section 79-1009 and as
allocated income tax funds as determined in this section and sections
79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01. For school fiscal
years prior to school fiscal year 2017-18, funds not distributed as
allocated income tax funds due to minimum levy adjustments shall not
increase the amount available to local systems for distribution as
allocated income tax funds.

(3) Using the data certified by the Tax Commissioner pursuant to
subsection (1) of this section, the department shall calculate the
allocation percentage and each local system's allocated income tax funds.
The allocation percentage shall be the amount stated in subsection (2) of
this section minus the total amount paid for option students pursuant to
section 79-1009, with the difference divided by the aggregate statewide
income tax liability of all resident individuals certified pursuant to
subsection (1) of this section. Each local system's allocated income tax
funds shall be calculated by multiplying the allocation percentage times
the local system's income tax liability certified pursuant to subsection
(2) (4) For school fiscal years prior to school fiscal year 2022-23 and each school fiscal year thereafter, each local system’s allocated income tax funds shall be calculated by multiplying the local system’s income tax liability certified pursuant to subsection (1) of this section by two and twenty-three hundredths percent.

(3) For school fiscal year 2022-23, each local system's allocated income tax funds shall be calculated by multiplying the local system's income tax liability certified pursuant to subsection (1) of this section by ten percent.

(4) For school fiscal year 2023-24 and each school fiscal year thereafter, each local system's allocated income tax funds shall be calculated by multiplying the local system's income tax liability certified pursuant to subsection (1) of this section by twenty percent.

Sec. 8. Section 79-1007.11, Revised Statutes Supplement, 2021, is amended to read:

79-1007.11 (1) For school fiscal years prior to school fiscal year 2022-23:

(a) Except as otherwise provided in this section, 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, 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.

(b) If the formula need calculated for a school district
pursuant to subdivision (1)(a) subsection (1) 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.

(c) (3) If the formula need calculated for a school district pursuant to subdivision (1)(a) subsection (1) 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 subdivision subsection for any district receiving a student growth adjustment for the school fiscal year for which aid is being calculated.

(d) (4) For purposes of subdivisions (1)(b) and (c) subsections (2) and (3) of this section, the formula need for the school fiscal year immediately preceding 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.
(2) For school fiscal year 2022-23 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, special receipts allowance, transportation allowance, elementary site allowance, distance education and telecommunications allowance, averaging adjustment, student growth adjustment, positive student growth adjustment correction, and new school adjustment minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and negative student growth adjustment correction.

Sec. 9. Section 79-1007.13, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1007.13 The department shall calculate a special receipts allowance for each district equal to the amount of special education, state ward, and accelerated or differentiated curriculum program receipts included in local system formula resources under subdivisions (7), (8), (15), and (16) of section 79-1018.01 attributable to the school district.

Sec. 10. Section 79-1008.01, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1008.01 (1) Except as otherwise provided in this section, each local system shall receive equalization aid in the amount that the total formula need, as determined pursuant to section 79-1007.11, exceeds its total formula resources, as determined pursuant to section 79-1017.01.

(2) The equalization aid for a local system shall be zero if the total formula resources equals or exceeds the total formula need for such local system.

(3) For school fiscal year 2022-23 and each school fiscal year thereafter, if the state and local spending authority aid adjustment calculated for any local system pursuant to section 20 of this act is
greater than zero, the equalization aid for such local system shall equal
the equalization aid calculated pursuant to subsections (1) and (2) of
this section minus such state and local spending authority aid
adjustment.

Sec. 11. Section 79-1009, Revised Statutes Cumulative Supplement,
2020, is amended to read:

79-1009 (1)(a) For school fiscal years prior to school fiscal year
2022-23, a district shall receive net option funding if (i) option
students as defined in section 79-233 were actually enrolled in the
school year immediately preceding the school year in which the aid is to
be paid or (ii) option students as defined in such section will be
enrolled in the school year in which the aid is to be paid as converted
contract option students, or (iii) for the calculation of aid for school
fiscal year 2017-18 for school districts that are members of a learning
community, open enrollment students were actually enrolled for school
year 2016-17 pursuant to section 79-2110.

(b) The determination of the net number of option students shall be
based on (i) the number of students enrolled in the district as option
students and the number of students residing in the district but enrolled
in another district as option students as of the day of the fall
membership count pursuant to section 79-528, for the school fiscal year
immediately preceding the school fiscal year in which aid is to be paid
and (ii) the number of option students that will be enrolled in the
district or enrolled in another district as converted contract option
students for the fiscal year in which the aid is to be paid, and (iii)
for the calculation of aid for school fiscal year 2017-18 for school
districts that are members of a learning community, the number of
students enrolled in the district as open enrollment students and the
number of students residing in the district but enrolled in another
district as open enrollment students as of the day of the fall membership
count pursuant to section 79-528 for school fiscal year 2016-17.
(c) **Net** Except as otherwise provided in this subsection, net number of option students means the difference of the number of option students enrolled in the district minus the number of students residing in the district but enrolled in another district as option students. For purposes of the calculation of aid for school fiscal year 2017-18 for school districts that are members of a learning community, net number of option students means the difference of the number of students residing in another school district who are option students or open enrollment students enrolled in the district minus the number of students residing in the district but enrolled in another district as option students or open enrollment students.

(2) **Net** (2)(a) For all school fiscal years except school fiscal years 2017-18 and 2018-19, net option funding shall be the product of the net number of option students multiplied by the statewide average basic funding per formula student.

(b) For school fiscal years 2017-18 and 2018-19, net option funding shall be the product of the net number of option students multiplied by ninety-five and five-tenths percent of the statewide average basic funding per formula student.

(3) A district's net option funding shall be zero if the calculation produces a negative result.

Payments made under this section for school fiscal years prior to school fiscal year 2017-18 shall be made from the funds to be disbursed under section 79-1005.01. Such payments shall go directly to the option school district but shall count as a formula resource for the local system.

Sec. 12. Section 79-1009.01, Reissue Revised Statutes of Nebraska, is amended to read:

79-1009.01 For school fiscal years prior to school fiscal year 2022-23 2027-28, a district which will have converted contract option students shall apply to the department on a form approved by the
department within fifteen days after April 27, 2011, for converted contract option students for school fiscal year 2011-12 and on or before November 1 of the calendar year preceding the beginning of all other school fiscal years for which there will be converted contract option students. The department shall determine the amount of tuition receipts from converted contracts to be excluded from the calculation of local system formula resources for each of the first two school fiscal years for which the converted contract will not be in effect and shall determine the number of converted contract option students to be attributed to the receiving district in the calculation of state aid for the first school fiscal year for which the converted contract will not be in effect, and the same number shall be attributed as optioning out of the resident school district. In the final calculation of state aid pursuant to section 79-1065, students that were attributed as optioning into or out of a district shall be replaced with the actual number from fall membership. The department shall notify the applicant district within thirty days after receipt of the completed application.

Sec. 13. (1) For school fiscal year 2022-23 and each school fiscal year thereafter, the department shall determine the education stabilization base aid to be paid to each school district from money appropriated from the Education Stabilization Base Aid Trust Fund and any additional appropriations by the Legislature as provided in this section.

(2) For school fiscal year 2022-23, the education stabilization base shall equal five hundred fifty dollars per formula student.

(3) For school fiscal year 2023-24, the education stabilization base shall equal one thousand one hundred dollars per formula student.

(4) For school fiscal year 2024-25 and each school fiscal year thereafter, the education stabilization base shall equal the education stabilization base for the school fiscal year immediately preceding the school fiscal year for which the education stabilization base is being calculated multiplied by the basic allowable growth rate pursuant to
section 79-1025 for the school fiscal year for which education
stabilization base aid is being calculated.

(5) The education stabilization base aid to be paid to each school
district in each school fiscal year shall equal the education
stabilization base multiplied by the number of formula students for such
school district.

(6) For each school fiscal year, if the total education
stabilization base aid for all school districts is less than the total
amount transferred to the Education Stabilization Base Aid Trust Fund
during the state fiscal year immediately preceding the state fiscal year
during which the calculation is being made, such difference shall be
reserved in the fund for future education stabilization base aid payments
pursuant to subsection (7) of this section.

(7) For each school fiscal year, if the total education
stabilization base aid for all school districts is greater than the total
amount transferred to the Education Stabilization Base Aid Trust Fund
during the state fiscal year immediately preceding the state fiscal year
during which the calculation is being made:

(i) Any money in the Education Stabilization Base Aid Trust Fund
reserved for future payments pursuant to subsection (6) of this section
shall be used to, if possible, fund education stabilization base aid as
calculated pursuant to subsection (5) of this section; and

(ii) If there is not enough money in the Education Stabilization
Base Aid Trust Fund to fund education stabilization base aid as
calculated pursuant to subsection (5) of this section, the State
Treasurer shall transfer from the General Fund to the Education
Stabilization Base Aid Trust Fund the amount necessary to pay education
stabilization base aid at such level.

(8) Education stabilization base aid shall be paid directly to the
school district, but shall count as a formula resource for the local
system.
Sec. 14. (1) The Education Stabilization Base Aid Trust Fund is created.

(2) The Education Stabilization Base Aid Trust Fund shall consist of money transferred to the fund by the State Treasurer, and all such money shall be held in trust solely for the purposes described in this section.

(3) The State Treasurer shall disburse money transferred into the Education Stabilization Base Aid Trust Fund to the State Department of Education monthly as appropriated by the Legislature to provide education stabilization base aid pursuant to section 13 of this act. Any excess money in the fund shall be reserved for future payments of education stabilization base aid.

(4) Any money in the Education Stabilization Base Aid Trust 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, and the earnings, if any, shall be credited to the fund.

Sec. 15. For school fiscal years 2022-23 and 2023-24, the department shall calculate a hold harmless adjustment for each school district. The hold harmless adjustment shall equal the greater of zero or the difference of the state aid calculated prior to any hold harmless adjustment for the school district for such school fiscal year minus the state aid certified for such school district for school fiscal year 2021-22. The hold harmless adjustment shall be paid directly to the school district as part of the school district's state aid.

Sec. 16. Section 79-1015.01, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1015.01 (1) Local system formula resources shall include local effort rate yield which shall be computed as prescribed in this section.

(2) For each school fiscal years prior to school fiscal year 2022-23 year except school fiscal years 2017-18 and 2018-19: (a) For state aid certified pursuant to section 79-1022, the local effort rate shall be the
maximum levy, for the school fiscal year for which aid is being certified, authorized pursuant to subdivision (2)(a) of section 77-3442 less five cents; (b) for the final calculation of state aid pursuant to section 79-1065, the local effort rate shall be the rate which, when multiplied by the total adjusted valuation of all taxable property in local systems receiving equalization aid pursuant to the Tax Equity and Educational Opportunities Support Act, will produce the amount needed to support the total formula need of such local systems when added to state aid appropriated by the Legislature and other actual receipts of local systems described in section 79-1018.01; and (c) the local effort rate yield for such school fiscal years shall be determined by multiplying each local system's total adjusted valuation by the local effort rate.

(3) For school fiscal year 2022-23 years 2017-18 and 2018-19: (a) For state aid certified pursuant to section 79-1022, the local effort rate shall be the maximum levy, for the school fiscal year for which aid is being certified, authorized pursuant to subdivision (2)(a) of section 77-3442 less two and ninety-seven hundredths cents; (b) for the final calculation of state aid pursuant to section 79-1065, the local effort rate shall be the rate which, when multiplied by the total adjusted valuation of all taxable property in local systems receiving equalization aid pursuant to the Tax Equity and Educational Opportunities Support Act, will produce the amount needed to support the total formula need of such local systems when added to state aid appropriated by the Legislature and other actual receipts of local systems described in section 79-1018.01; and (c) the local effort rate yield for such school fiscal years shall be determined by multiplying each local system's total adjusted valuation by the local effort rate.

(4) Except as provided in subsection (5) of this section, for school fiscal year 2023-24 and each school fiscal year thereafter: (a) For state aid certified pursuant to section 79-1022, the local effort rate shall be the maximum levy, for the school fiscal year for which aid is being
certified, authorized pursuant to subdivision (2)(a) of section 77-3442
less twenty cents; (b) for the final calculation of state aid pursuant to
section 79-1065, the local effort rate shall be the rate which, when
multiplied by the total adjusted valuation of all taxable property in
local systems receiving equalization aid pursuant to the Tax Equity and
Educational Opportunities Support Act, will produce the amount needed to
support the total formula need of such local systems when added to state
aid appropriated by the Legislature and other actual receipts of local
systems described in section 79-1018.01; and (c) the local effort rate
yield for such school fiscal years shall be determined by multiplying
each local system's total adjusted valuation by the local effort rate.

(5) For school fiscal year 2023-24 and each school fiscal year
thereafter, if (a) the total sales and use tax collected for the
immediately preceding fiscal year has dropped to a rate lower than the
amount collected in the second preceding fiscal year and (b) the total
General Fund revenues collected for the state during the immediately
preceding fiscal year have dropped to a rate lower than the amount
collected in the second preceding fiscal year, the Legislature may adjust
the local effort rate for one year to a rate no less than seventy-five
cents and no greater than eighty-five cents.

Sec. 17. Section 79-1017.01, Revised Statutes Cumulative Supplement,
2020, is amended to read:

79-1017.01 (1) For state aid calculated for each school fiscal year
prior to school fiscal year 2022-23, local system formula resources
includes other actual receipts determined pursuant to section 79-1018.01,
net option funding determined pursuant to section 79-1009, 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.
(2) For state aid calculated for school fiscal year 2022-23 and each
school fiscal year thereafter, local system formula resources includes
education stabilization base aid determined pursuant to section 13 of
this act, other actual receipts determined pursuant to section
79-1018.01, local effort rate yield determined pursuant to section
79-1015.01, and allocated income tax funds determined pursuant to section
79-1005.01, 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. 18. Section 79-1018.01, Revised Statutes Cumulative Supplement,
2020, is amended to read:

79-1018.01  (1)(a) Except as otherwise provided in this section,
local system formula resources include other actual receipts available
for the funding of general fund operating expenditures as determined by
the department for the second school fiscal year immediately preceding
the school fiscal year in which aid is to be paid.

(b) For school fiscal years prior to school fiscal year 2022-23,
other actual receipts include:

(i) (1) Public power district sales tax revenue;

(ii) (2) Fines, penalties, and license money distributed in
accordance with Article VII, section 5, of the Constitution of Nebraska
fees;

(iii) (3) Tuition receipts from individuals, other districts, or any
other source except receipts derived from adult education, receipts
derived from summer school tuition, receipts derived from early childhood
education tuition, tuition receipts from converted contracts beginning
with the calculation of state aid to be distributed in school fiscal year
2011-12, and receipts 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;
(iv) (4) Transportation receipts;
(v) (5) Interest on investments;
(vi) (6) Other miscellaneous noncategorical local receipts, not including receipts from private foundations, individuals, associations, or charitable organizations;
(vii) (7) Special education receipts;
(viii) (8) Special education receipts and non-special education receipts from the state for wards of the court and wards of the state;
(ix) (9) All receipts from the temporary school fund. Receipts from the temporary school fund shall only include (A) (a) receipts pursuant to section 79-1035 and (B) (b) the receipt of funds pursuant to section 79-1036 for property leased for a public purpose as set forth in subdivision (1)(a) of section 77-202;
(x) (10) Motor vehicle tax receipts received;
(xi) (11) Pro rata motor vehicle license fee receipts;
(xii) (12) Other miscellaneous state receipts excluding revenue from the textbook loan program authorized by section 79-734;
(xiii) (13) Impact aid entitlements for the school fiscal year which have actually been received by the district to the extent allowed by federal law;
(xiv) (14) All other noncategorical federal receipts;
(xv) (15) Receipts under the federal Medicare Catastrophic Coverage Act of 1988, as such act existed on January 1, 2014, as authorized pursuant to sections 43-2510 and 43-2511 for services to school-age children, excluding amounts designated as reimbursement for costs associated with the implementation and administration of the billing system pursuant to section 43-2511;
(xvi) (16) Receipts for accelerated or differentiated curriculum programs pursuant to sections 79-1106 to 79-1108.03; and
(xvii) (17) Revenue received from the nameplate capacity tax distributed pursuant to section 77-6204.
(c) For school fiscal year 2022-23 and each school fiscal year thereafter, other actual receipts include:

(i) Tuition receipts from individuals, other districts, or any other source except receipts derived from adult education, receipts derived from summer school tuition, receipts derived from early childhood education tuition, tuition receipts from converted contracts beginning with the calculation of state aid to be distributed in school fiscal year 2011-12, and receipts 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;

(ii) Transportation receipts;

(iii) Special education receipts;

(iv) Special education receipts and non-special education receipts from the state for wards of the court and wards of the state;

(v) Impact aid entitlements for the school fiscal year which have actually been received by the school district to the extent allowed by federal law;

(vi) Accelerated or differentiated curriculum program receipts pursuant to sections 79-1106 to 79-1108.03; and

(vii) Receipts under the federal Medicare Catastrophic Coverage Act of 1988, as such act existed on January 1, 2014, as authorized pursuant to sections 43-2510 and 43-2511 for services to school-age children, excluding amounts designated as reimbursement for costs associated with the implementation and administration of the billing system pursuant to section 43-2511.

(2) For school fiscal year 2022-23 and each school fiscal year thereafter, except as otherwise provided in this section, total state and local spending authority includes additional revenue receipts available for the funding of general fund operating expenditures as determined by the department for the second school fiscal year immediately preceding
the school fiscal year in which aid is to be paid. Additional revenue receipts include:

(a) Public power district sales tax revenue;
(b) Fines, penalties, and license money distributed in accordance with Article VII, section 5, of the Constitution of Nebraska;
(c) Interest on investments;
(d) Other miscellaneous noncategorical local receipts, not including receipts from private foundations, individuals, associations, or charitable organizations;
(e) All receipts from the temporary school fund. Receipts from the temporary school fund shall only include (i) receipts pursuant to section 79-1035 and (ii) the receipt of funds pursuant to section 79-1036 for property leased for a public purpose as set forth in subdivision (1)(a) of section 77-202;
(f) Motor vehicle tax receipts received;
(g) Pro rata motor vehicle license fee receipts;
(h) Other miscellaneous state receipts excluding revenue from the textbook loan program authorized by section 79-734; and
(i) Revenue received from the nameplate capacity tax distributed pursuant to section 77-6204.

Sec. 19. (1) For school fiscal year 2022-23 and each school fiscal year thereafter, the total state and local spending authority for each school district shall equal the sum of the budget authority for the general fund budget of expenditures pursuant to section 79-1023, exclusions to the budget authority pursuant to section 79-1028.01, and the projected state and local special education expenditures as would be reported for federal special education maintenance of effort purposes.

(2) For school fiscal year 2022-23 and each school fiscal year thereafter, no school district shall collect state and local revenue in excess of the total state and local spending authority for such school district.
Sec. 20. (1) The State Department of Education shall calculate a total state and local spending authority aid adjustment for each school district as follows:

(a) Add other actual receipts pursuant to section 79-1018.01 to the school district's formula need calculated pursuant to section 79-1007.11;

(b) Subtract the total calculated pursuant to subdivision (a) of this subsection from the total state and local spending authority calculated pursuant to section 19 of this act;

(c) If the difference calculated pursuant to subdivision (b) of this subsection is greater than zero, the state and local spending authority aid adjustment shall equal such difference except that the state and local spending authority adjustment shall not exceed the equalization aid calculated pursuant to subsection (1) of section 79-1008.01; and

(d) If the difference calculated pursuant to subdivision (b) of this subsection is less than or equal to zero, the state and local spending authority aid adjustment shall equal zero.

(2) Equalization aid shall be reduced by the state and local spending authority aid adjustment pursuant to section 79-1008.01.

Sec. 21. (1) For school fiscal year 2022-23 and each school fiscal year thereafter, the department shall calculate a projected general fund tax asking for the immediately following school fiscal year for each school district.

(2) The projected general fund tax asking shall equal the total state and local spending authority pursuant to section 19 of this act minus the sum of the education stabilization base aid to be paid pursuant to section 13 of this act, allocated income tax funds pursuant to section 79-1005.01, equalization aid pursuant to section 79-1008.01, other actual receipts and additional revenue receipts determined pursuant to section 79-1018.01, and, for school fiscal years 2022-23 and 2023-24, any hold harmless adjustment pursuant to section 15 of this act, less any state and local spending authority aid adjustment pursuant to section 20 of
(3) Each school district shall calculate a district-specific maximum levy on the proposed budget statement prescribed by the Auditor of Public Accounts pursuant to subsection (1) of section 13-504. Except as provided in subsection (4) of this section, the district-specific maximum levy shall equal the projected general fund tax asking calculated pursuant to subsection (2) of this section multiplied by one hundred and divided by the total current taxable value of all taxable property in such school district as certified by the county assessor pursuant to section 13-509.

(4) If the district-specific maximum levy calculated pursuant to subsection (3) of this section for a school district is greater than the maximum levy authorized pursuant to subdivision (2)(a) of section 77-3442, the district-specific maximum levy for such school district shall equal such maximum levy.

(5) A school district may exceed the district-specific maximum levy determined pursuant to subsections (3) and (4) of this section by an amount approved by a two-thirds majority of all members of the school board of such school district, not to exceed the maximum levy authorized pursuant to subdivision (2)(a) of section 77-3442.

Sec. 22. Section 79-1022, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1022 (1) On or before May 15, 2022, and on or before March 1 of each year thereafter, the department shall determine, publish on its website for the public, and certify to the Director of Administrative Services, the Auditor of Public Accounts, the State Treasurer, and each school district the following information for each local system and school district for the ensuing school fiscal year: the amounts to be distributed to each local system for the ensuing school fiscal year pursuant to the Tax Equity and Educational Opportunities Support Act.

(a) For school fiscal years 2022-23 and 2023-24:
(i) The state aid to be paid pursuant to section 4 of this act;
(ii) Allocated income tax funds to be paid as a part of state aid pursuant to section 79-1005.01;
(iii) Education stabilization base aid to be paid as a part of state aid pursuant to section 13 of this act;
(iv) Equalization aid to be paid as a part of state aid pursuant to section 79-1008.01;
(v) Any hold harmless adjustment to be paid as a part of state aid pursuant to section 15 of this act;
(vi) Projected general fund tax asking calculated pursuant to section 21 of this act;
(vii) The budget authority for the general fund budget of expenditures calculated pursuant to section 79-1023; and
(viii) The applicable allowable reserve percentage determined pursuant to section 79-1027.

(b) For school fiscal year 2024-25 and each school fiscal year thereafter:
(i) The state aid to be paid pursuant to section 4 of this act;
(ii) Allocated income tax funds to be paid as a part of state aid pursuant to section 79-1005.01;
(iii) Education stabilization base aid to be paid as a part of state aid pursuant to section 13 of this act;
(iv) Equalization aid to be paid as a part of state aid pursuant to section 79-1008.01;
(v) The projected general fund tax asking calculated pursuant to section 21 of this act;
(vi) The budget authority for the general fund budget of expenditures for the ensuing school fiscal year calculated pursuant to section 79-1023; and
(vii) The applicable allowable reserve percentage determined pursuant to section 79-1027.
(2) and shall certify the amounts to the Director of Administrative Services, the Auditor of Public Accounts, and each local system. On or before May 15, 2022, and on or before March 1 of each year thereafter, the department shall report the necessary funding level for the ensuing school fiscal year to the Governor, the Appropriations Committee of the Legislature, and the Education Committee of the Legislature. The report submitted to the committees of the Legislature shall be submitted electronically.

(3) State aid certified pursuant to subsection (1) of this section except as otherwise provided in this subsection, certified state aid amounts, including adjustments pursuant to section 79-1065.02, shall be shown as budgeted non-property-tax receipts and deducted prior to calculating the property tax request in the local system's general fund budget statement as provided to the Auditor of Public Accounts pursuant to section 79-1024.

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

Sec. 23. Section 79-1022.02, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1022.02 Notwithstanding any other provision of law, any certification of state aid pursuant to section 79-1022, certification of budget authority pursuant to section 79-1023, and certification of applicable allowable reserve percentages pursuant to section 79-1027 completed prior to March 2, 2022 February 13, 2020, for school fiscal
year 2022-23 2020-21 are null and void.

Sec. 24. Section 79-1023, Revised Statutes Supplement, 2021, is amended to read:

79-1023 (1) The On or before May 1, 2020, and on or before March 1 of each year thereafter, the department shall determine and certify pursuant to section 79-1022 to each school district budget authority for the general fund budget of expenditures for each school district for the ensuing school fiscal year.

(2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and 81-829.51, each school district shall have budget authority for the general fund budget of expenditures equal to the greater of (a) the general fund budget of expenditures for the immediately preceding school fiscal year minus exclusions pursuant to subsection (1) of section 79-1028.01 for such school fiscal year with the difference increased by the basic allowable growth rate for the school fiscal year for which budget authority is being calculated, (b) the general fund budget of expenditures for the immediately preceding school fiscal year minus exclusions pursuant to subsection (1) of section 79-1028.01 for such school fiscal year with the difference increased by an amount equal to any student growth adjustment calculated for the school fiscal year for which budget authority is being calculated, or (c) one hundred ten percent of formula need for the school fiscal year for which budget authority is being calculated minus the special education budget of expenditures as filed on the school district budget statement on or before September 30 for the immediately preceding school fiscal year, which special education budget of expenditures is increased by the basic allowable growth rate for the school fiscal year for which budget authority is being calculated.

(3) For any school fiscal year for which the budget authority for the general fund budget of expenditures for a school district is based on a student growth adjustment, the budget authority for the general fund...
budget of expenditures for such school district shall be adjusted in future years to reflect any student growth adjustment corrections related to such student growth adjustment.

Sec. 25. Section 79-1027, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1027 No district shall adopt a budget, which includes total requirements of depreciation funds, necessary employee benefit fund cash reserves, and necessary general fund cash reserves, exceeding the applicable allowable reserve percentages of total general fund budget of expenditures as specified in the schedule set forth in this section.

<table>
<thead>
<tr>
<th>Average daily membership of</th>
<th>Allowable reserve percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>district</td>
<td></td>
</tr>
<tr>
<td>0 - 471</td>
<td>45</td>
</tr>
<tr>
<td>471.01 - 3,044</td>
<td>35</td>
</tr>
<tr>
<td>3,044.01 - 10,000</td>
<td>25</td>
</tr>
<tr>
<td>10,000.01 and over</td>
<td>20</td>
</tr>
</tbody>
</table>

The department shall determine and certify pursuant to section 79-1022 each district's applicable allowable reserve percentage for the ensuing school fiscal year.

Each district with combined necessary general fund cash reserves, total requirements of depreciation funds, and necessary employee benefit fund cash reserves less than the applicable allowable reserve percentage specified in this section may, notwithstanding the district's applicable allowable growth rate, increase its necessary general fund cash reserves such that the total necessary general fund cash reserves, total requirements of depreciation funds, and necessary employee benefit fund cash reserves do not exceed such applicable allowable reserve percentage.

Sec. 26. Section 79-1031, Reissue Revised Statutes of Nebraska, is amended to read:
79-1031 The department, with assistance from the Property Tax Administrator, the Tax Commissioner or the Tax Commissioner's designee, the Legislative Fiscal Analyst, and the budget division of the Department of Administrative Services, shall annually, on or before November 15, provide an estimate of the necessary funding level for the next school fiscal year under the Tax Equity and Educational Opportunities Support Act to the Governor, the Appropriations Committee of the Legislature, and the Education Committee of the Legislature.

Sec. 27. Section 79-1031.01, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1031.01 The Appropriations Committee of the Legislature shall annually include the amount necessary to fund the state aid that will be certified pursuant to section 79-1022 to school districts on or before May 1, 2020, and on or before March 1 of each year thereafter for each ensuing school fiscal year in its recommendations to the Legislature to carry out the requirements of the Tax Equity and Educational Opportunities Support Act.

Sec. 28. (1) On or before December 15, 2026, and on or before December 15 every fourth year thereafter, the Education Committee of the Legislature shall submit a report and recommendations regarding the Tax Equity and Educational Opportunities Support Act electronically to the Clerk of the Legislature as provided in this section.

(2) The report required by this section shall include, but not be limited to, the following:

(a) An analysis of the effectiveness of the Tax Equity and Educational Opportunities Support Act in meeting the legislative intent described in section 79-1002;

(b) A summary of any changes that were made to the act since the enactment of this legislative bill, with a focus on the changes made since the last time a report was submitted under this section;

(c) A breakdown of the annual funding from the Insurance Tax Fund
pursuant to section 77-913, the Education Stabilization Base Aid Trust Fund pursuant to section 14 of this act, and the General Fund;

(d) A financial summary of the Education Stabilization Base Aid Trust Fund;

(e) A review of property valuation fluctuations by sector;

(f) A year-over-year graphical representation of the local effort rate pursuant to section 79-1015.01, the allocated income tax rate pursuant to section 79-1005.01, the basic allowable growth rate pursuant to section 79-1025, the maximum levy for general fund budgets pursuant to section 77-3442, and the per student equalization stabilization base pursuant to section 13 of this act;

(g) A brief narrative of any extenuating factors that impacted the economy, school districts, or school finance during the reporting period including, but not limited to, enacted policy changes that have affected revenue receipts; and

(h) Any proposed statutory changes to the calculations for formula need pursuant to section 79-1007.11, the budget authority for the general fund budget of expenditures pursuant to section 79-1023, and education stabilization base aid pursuant to section 13 of this act that are needed to better reflect the current economic conditions in the state.

(3) The committee may receive assistance from the State Department of Education, the Property Tax Administrator, the Tax Commissioner or the Tax Commissioner's designee, the Legislative Fiscal Analyst, or the budget division of the Department of Administrative Services in preparing the report required by this section.

(4) At the discretion of the chairperson of the Education Committee, or at the request of the chairperson of the Appropriations Committee, such report may be submitted on a more frequent basis than required under subsection (1) of this section.

Sec. 29. The Legislature finds that adjustments to the Tax Equity and Educational Opportunities Support Act may be necessary during
economic downturns in order for the state to continue to meet its
education funding goals. In such cases, it is the intent of the
Legislature that adjustments be made to the act in the following order of
priority:

(1) The first priority shall be to, for one year, increase the
education stabilization base amount to be paid for each formula student
pursuant to section 13 of this act to an amount no greater than necessary
to cover the deficit, to the extent funds are available for such purpose;

(2) The second priority shall be to adjust the local effort rate as
described in subsection (5) of section 79-1015.01; and

(3) The third priority shall be to adjust the base limitation as
described in section 77-3446.

Sec. 30. Section 79-1065.02, Revised Statutes Supplement, 2021, is
amended to read:

79-1065.02 (1) State aid payments pursuant to the Tax Equity and
Educational Opportunities Support Act and payments of core services and
technology infrastructure funds pursuant to section 79-1241.03 shall be
adjusted when property within the boundaries of a school district or
educational service unit is transferred to another school district or
educational service unit in response to annexation of the transferred
property by a city or village.

(2)(a) For a school district to qualify for additional state aid
pursuant to this section, the school district from which property is
being transferred shall apply on a form prescribed by the State
Department of Education on or before August 20 preceding the first school
fiscal year for which the property will not be available for taxation for
the school district's general fund levy.

(b) For an educational service unit to qualify for additional core
services and technology infrastructure funds pursuant to this section,
the educational service unit from which property is being transferred
shall apply on a form prescribed by the State Department of Education on
or before August 20 preceding the first school fiscal year for which the
property will not be available for taxation for the educational service
unit's general fund levy.

(3)(a) Upon receipt of an application from a school district, the
department, with the assistance of the Property Tax Administrator, shall
calculate the amount of additional state aid, if any, that the local
system, as defined in section 79-1003, for the applicant school district
would have received for such school fiscal year if the adjusted valuation
for the transferred property had not been included in the adjusted
valuation of such local system for the calculation of state aid for such
school fiscal year. On or before September 20 of such school fiscal year,
the department shall certify to the applicant school district the amount
of additional state aid, if any, such school district will receive.
Except as otherwise provided in this subdivision, if such school district
receives a lump-sum payment pursuant to subsection (4) (2) of section
79-1022, such lump-sum payment shall be increased by the amount of
additional state aid. Except as otherwise provided in this subdivision,
if such school district does not receive a lump-sum payment pursuant to
subsection (4) (2) of section 79-1022, state aid payments shall be
increased by one-tenth of the amount of additional state aid for each of
the ten state aid payments for such school fiscal year. If a portion of
the total reduction calculated pursuant to subdivision (4)(a) of this
section for local systems receiving valuation in the transfer of property
that is the subject of the application is delayed until future years, the
additional state aid to be paid in the school fiscal year described in
subdivision (2)(a) of this section shall be reduced by the amount of the
total reduction that is delayed until future years. The amount of the
reduction shall be paid as additional aid in the next school fiscal year.

(b) Upon receipt of an application from an educational service unit,
the department, with the assistance of the Property Tax Administrator,
shall calculate the amount of additional core services and technology
infrastructure funds, if any, that such educational service unit would 
have received for such school fiscal year if the adjusted valuation for 
the transferred property had not been included in the adjusted valuation 
of such educational service unit for the calculation of core services and 
technology infrastructure funds for such school fiscal year. On or before 
September 20 of such school fiscal year, the department shall certify to 
the applicant educational service unit the amount of additional core 
services and technology infrastructure funds, if any, such educational 
service unit will receive. Except as otherwise provided in this 
subdivision, payments of core services and technology infrastructure 
funds shall be increased by one-tenth of the amount of any additional 
core services and technology infrastructure funds for each of the ten 
payments of core services and technology infrastructure funds for such 
school fiscal year. If a portion of the total reduction calculated 
pursuant to subdivision (4)(b) of this section for an educational service 
unit receiving valuation in the transfer of property that is the subject 
of the application is delayed until future years, the additional state 
aid or core services and technology infrastructure funds to be paid to 
the applicant educational service unit in the school fiscal year 
described in subdivision (2)(b) of this section shall be reduced by the 
amount of the total reduction that is delayed until future years. The 
amount of the reduction shall be paid as additional core services and 
technology infrastructure funds to such educational service unit in the 
next school fiscal year.

(4)(a) The state aid payments shall be reduced for the school 
districts of each receiving local system. An amount equal to the 
additional state aid calculated pursuant to subdivision (3)(a) of this 
section for the local system of an applicant school district shall be 
attributed to the local systems receiving valuation in such transfer 
based upon the ratio of the adjusted valuation received by each local 
system divided by the total adjusted valuation transferred from the
applicant school district. For any school district of a receiving local
system that receives a lump-sum payment pursuant to subsection (4) (2) of
section 79-1022, such lump-sum payment shall be reduced by the amount
attributed to the receiving local system. For any school district of a
receiving local system that does not receive a lump-sum payment pursuant
to subsection (4) (2) of section 79-1022, state aid payments shall be
reduced by one-tenth of the amount attributed to such receiving local
system for each of the ten state aid payments for such school fiscal
year. If the total reduction is greater than the total state aid payments
for such school fiscal year, the remainder shall be subtracted from state
aid payments in future school fiscal years until the total reduction has
been subtracted from state aid payments. On or before September 20 of
such school fiscal year, the department shall certify to each school
district of the receiving local system the amount of the reduction in
state aid.

(b) Core services and technology infrastructure funds shall be
reduced for each receiving educational service unit. An amount equal to
the additional core services and technology infrastructure funds
calculated pursuant to subdivision (3)(b) of this section for the
applicant educational service unit shall be attributed to the educational
service units receiving valuation in such transfer based upon the ratio
of the adjusted valuation received by each educational service unit
divided by the total adjusted valuation transferred from the applicant
educational service unit. Core services and technology infrastructure
funds shall be reduced by one-tenth of the amount attributed to any such
receiving educational service unit for each of the ten payments of core
services and technology infrastructure funds for such school fiscal year.
If the total reduction is greater than the total payments of core
services and technology infrastructure funds for any such educational
service unit for such school fiscal year, the remainder shall be
subtracted from payments of core services and technology infrastructure
funds in future school fiscal years until the total reduction has been subtracted from such payments. On or before September 20 of such school fiscal year, the department shall certify to the receiving educational service units the amount of the reduction in core services and technology infrastructure funds.

(5) For purposes of the final calculation of state aid for school districts pursuant to section 79-1065, the adjusted valuation of the property that was transferred shall also be transferred for purposes of adjusted valuation for the final calculation of state aid. For determining adjustments in state aid pursuant to section 79-1065, the final calculation of state aid shall be compared to the state aid certified for such school fiscal year combined with any adjustments in state aid payments and transfers from other districts pursuant to this section.

Sec. 31. Section 79-11,155, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-11,155 The Commissioner of Education shall appoint a student achievement coordinator, subject to confirmation by a majority vote of the members of the State Board of Education. The coordinator shall have a background and training in addressing the unique educational needs of low-achieving students, including students in poverty, limited English proficient students, and highly mobile students.

The coordinator shall evaluate and coordinate existing resources for effective programs to increase achievement for such students across the state.

The coordinator or other department staff designated by the Commissioner of Education shall also consult with learning communities, educational service units, and school districts on the development, implementation, and evaluation of community achievement plans. In addition, the coordinator or other department staff designated by the commissioner shall conduct an initial review of submitted community...
achievement plans and return the plans with any suggestions or comments prior to the final submission of the plan for approval by the State Board of Education.

Sec. 32. Section 79-2104, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-2104 A learning community coordinating council shall have the authority to:

(1) For fiscal years prior to fiscal year 2017-18, levy a common levy for the general funds of member school districts pursuant to sections 77-3442 and 79-1073;

(2) Levy for elementary learning center facility leases, for remodeling of leased elementary learning center facilities, and for up to fifty percent of the estimated cost for focus school or program capital projects approved by the learning community coordinating council pursuant to subdivision (2)(f) of section 77-3442 and section 79-2111;

(3) Levy for early childhood education programs for children in poverty, for elementary learning center employees, for contracts with other entities or individuals who are not employees of the learning community for elementary learning center programs and services, and for pilot projects pursuant to subdivision (2)(g) of section 77-3442, except that not more than ten percent of such levy may be used for elementary learning center employees;

(4) Develop, submit, administer, and evaluate community achievement plans in collaboration with the advisory committee, educational service units serving member school districts, member school districts, and the student achievement coordinator or other department staff designated by the Commissioner of Education;

(5) Collect, analyze, and report data and information, including, but not limited to, information provided by a school district pursuant to subsection (5) of section 79-201;

(5) Approve focus schools and focus programs to be operated by
member school districts;

(6) (7) Adopt, approve, and implement a diversity plan pursuant to sections 79-2110 and 79-2118;

(7) (8) Through school year 2016-17, administer the open enrollment provisions in section 79-2110 for the learning community as part of a diversity plan developed by the council to provide educational opportunities which will result in increased diversity in schools across the learning community;

(8) (9) Annually conduct school fairs to provide students and parents the opportunity to explore the educational opportunities available at each school in the learning community and develop other methods for encouraging access to such information and promotional materials;

(9) (10) Develop procedures for determining best practices for addressing student achievement barriers and for disseminating such practices within the learning community and to other school districts;

(10) (11) Establish and administer elementary learning centers through achievement subcouncils pursuant to sections 79-2112 to 79-2114;

(11) (12) Administer the learning community funds distributed to the learning community pursuant to section 79-2111;

(12) (13) Establish a procedure for receiving community input and complaints regarding the learning community;

(13) (14) Establish a procedure to assist parents, citizens, and member school districts in accessing an approved center pursuant to the Dispute Resolution Act to resolve disputes involving member school districts or the learning community. Such procedure may include payment by the learning community for some mediation services;

(14) (15) Establish and administer pilot projects related to enhancing the academic achievement of elementary students, particularly students who face challenges in the educational environment due to factors such as poverty, limited English skills, and mobility;
(15) Provide funding to public or private entities engaged in the juvenile justice system providing prefiling and diversion programming designed to reduce excessive absenteeism and unnecessary involvement with the juvenile justice system; and

(16) Hold public hearings at its discretion in response to issues raised by residents regarding the learning community, a member school district, and academic achievement.

Sec. 33. Section 79-2104.01, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-2104.01 Each learning community coordinating council shall have an advisory committee composed of the superintendent from each member school district or his or her representative. The advisory committee shall:

(1) Collaborate with the learning community coordinating council on the development, implementation, and evaluation of the community achievement plan;

(1) Review proposals for focus programs, focus schools, magnet schools, and pathways;

(2) Provide recommendations for improving the learning community's diversity plan;

(3) Review results and provide recommendations to the learning community coordinating council regarding the implementation and administration of early childhood education programs for children in poverty; and

(4) Provide input to the learning community coordinating council on other issues as requested.

Sec. 34. Section 79-2104.02, Revised Statutes Supplement, 2021, is amended to read:

79-2104.02 Each learning community coordinating council shall use any funds received pursuant to section 79-1241.03 for evaluation of programs related to the community achievement plan developed with the
assistance of the student achievement coordinator or other department 
staff designated by the Commissioner of Education and evaluation and 
research regarding the progress of the learning community pursuant to 
plans developed by the learning community coordinating council with 
assistance from the Educational Service Unit Coordinating Council and 
adjusted on an ongoing basis. The evaluation regarding the progress of 
the learning community shall be conducted by one or more other entities 
or individuals who are not employees of the learning community and shall 
measure progress toward the goals and objectives of the learning 
community, which goals and objectives shall include reduction of 
excessive absenteeism of students in the member school districts of the 
learning community and closing academic achievement gaps based on 
socioeconomic status, and the effectiveness of the approaches used by the 
learning community or pilot project to reach such goals and objectives. 
Any research conducted pursuant to this section shall also be related to 
such goals and objectives or programs related to the community 
achievement plan. Each learning community shall report evaluation and 
research results electronically to the Education Committee of the 
Legislature on or before February 1 of each year.

Sec. 35. Section 79-2104.03, Revised Statutes Cumulative Supplement, 
2020, is amended to read:

79-2104.03 The advisory committee described in section 79-2104.01 
shall submit a plan as provided in subdivision (3) (4) of section 
79-2104.01 to the learning community coordinating council for any early 
childhood education programs for children in poverty and the services to 
be provided by such programs. In developing the plan, the advisory 
committee shall seek input from member school districts and community 
resources and collaborate with such resources in order to maximize the 
available opportunities and resources for such programs. The advisory 
committee may, as part of such plan, recommend services to be provided 
through contract with, or grants to, school districts to provide or
contract for some or all of the services. The advisory committee shall
take special efforts to establish early childhood education programs for
children in poverty so that such programs are readily available and
accessible to children and families located in areas with a high
concentration of poverty.

Sec. 36. Section 79-2104.04, Revised Statutes Cumulative Supplement,
2020, is amended to read:

79-2104.04 Each learning community coordinating council shall be
required to select at least two members to meet with the advisory
commitee and learning community administrators at least twice annually
to discuss the community achievement plan, results of evaluations
conducted with learning community or school district funds, best
practices for improving achievement, particularly for students with
achievement obstacles, learning community programs, and other matters
related to improving education for students within the learning community
and throughout the state.

Sec. 37. Original sections 79-1002, 79-1009.01, and 79-1031,
Reissue Revised Statutes of Nebraska, sections 79-703, 79-1001, 79-1005,
79-1005.01, 79-1007.13, 79-1008.01, 79-1009, 79-1015.01, 79-1017.01,
79-1018.01, 79-1022, 79-1022.02, 79-1027, 79-1031.01, 79-11,155, 79-2104,
79-2104.01, 79-2104.03, and 79-2104.04, Revised Statutes Cumulative
Supplement, 2020, and sections 79-1003, 79-1007.11, 79-1023, 79-1065.02,
and 79-2104.02, Revised Statutes Supplement, 2021, are repealed.

Sec. 38. The following section is outright repealed: Section

Sec. 39. Since an emergency exists, this act takes effect when
passed and approved according to law.