

LEGISLATURE OF NEBRASKA  
 ONE HUNDRED THIRD LEGISLATURE  
 FIRST SESSION  
**LEGISLATIVE BILL 407**

Introduced by Sullivan, 41.

Read first time January 22, 2013

Committee:

A BILL

1 FOR AN ACT relating to state aid to schools; to amend section  
 2 79-1007.17, Reissue Revised Statutes of Nebraska, and  
 3 sections 77-3446, 79-1003, 79-1003.01, 79-1007.07,  
 4 79-1007.09, 79-1007.11, 79-1007.18, 79-1007.23,  
 5 79-1007.25, 79-1015.01, and 79-1028.01, Revised Statutes  
 6 Cumulative Supplement, 2012; to redefine a term; to  
 7 change provisions relating to the base limitation,  
 8 allowances, reports, calculation of formula need,  
 9 adjustments, and local system formula resources; to  
 10 harmonize provisions; to repeal the original sections;  
 11 and to declare an emergency.  
 12 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-3446, Revised Statutes Cumulative  
2 Supplement, 2012, is amended to read:

3           77-3446 Base limitation means the budget limitation rate  
4 applicable to school districts and the limitation on growth of  
5 restricted funds applicable to other political subdivisions prior to  
6 any increases in the rate as a result of special actions taken by a  
7 supermajority of any governing board or of any exception allowed by  
8 law. The base limitation is two and one-half percent until adjusted,  
9 except that the base limitation for school districts for school  
10 fiscal year ~~2010-11 is twenty five hundredths of one percent, the~~  
11 ~~base limitation for school districts for school fiscal year 2011-12~~  
12 ~~is zero percent, and the base limitation for school districts for~~  
13 ~~school fiscal year 2012-13 is one-half of one percent and the base~~  
14 limitation for school districts for school fiscal year 2013-14 is one  
15 and one-half percent. The base limitation may be adjusted annually by  
16 the Legislature to reflect changes in the prices of services and  
17 products used by school districts and political subdivisions.

18           Sec. 2. Section 79-1003, Revised Statutes Cumulative  
19 Supplement, 2012, is amended to read:

20           79-1003 For purposes of the Tax Equity and Educational  
21 Opportunities Support Act:

22           (1) Adjusted general fund operating expenditures means  
23 (a) for school fiscal years 2010-11 through 2012-13, the difference  
24 of the general fund operating expenditures as calculated pursuant to  
25 subdivision (22) of this section increased by, or for aid calculated

1 for school fiscal year 2010-11 multiplied by, the cost growth factor  
2 calculated pursuant to section 79-1007.10, minus the transportation  
3 allowance, special receipts allowance, poverty allowance, limited  
4 English proficiency allowance, distance education and  
5 telecommunications allowance, elementary site allowance, elementary  
6 class size allowance, summer school allowance, instructional time  
7 allowance, teacher education allowance, and focus school and program  
8 allowance, and (b) for school fiscal year 2013-14 and each school  
9 fiscal year thereafter, the difference of the general fund operating  
10 expenditures as calculated pursuant to subdivision (22) of this  
11 section increased by the cost growth factor calculated pursuant to  
12 section 79-1007.10, minus the transportation allowance, special  
13 receipts allowance, poverty allowance, limited English proficiency  
14 allowance, distance education and telecommunications allowance,  
15 elementary site allowance, summer school allowance, ~~instructional~~  
16 ~~time allowance, teacher education allowance,~~ and focus school and  
17 program allowance;

18 (2) Adjusted valuation means the assessed valuation of  
19 taxable property of each local system in the state, adjusted pursuant  
20 to the adjustment factors described in section 79-1016. Adjusted  
21 valuation means the adjusted valuation for the property tax year  
22 ending during the school fiscal year immediately preceding the school  
23 fiscal year in which the aid based upon that value is to be paid. For  
24 purposes of determining the local effort rate yield pursuant to  
25 section 79-1015.01, adjusted valuation does not include the value of

1 any property which a court, by a final judgment from which no appeal  
2 is taken, has declared to be nontaxable or exempt from taxation;

3 (3) Allocated income tax funds means the amount of  
4 assistance paid to a local system pursuant to section 79-1005.01 as  
5 adjusted by the minimum levy adjustment pursuant to section  
6 79-1008.02;

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

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

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

16 (7) Categorical funds means funds limited to a specific  
17 purpose by federal or state law, including, but not limited to, Title  
18 I funds, Title VI funds, federal vocational education funds, federal  
19 school lunch funds, Indian education funds, Head Start funds, and  
20 funds from the Education Innovation Fund. Categorical funds does not  
21 include funds received pursuant to section 79-1028.02 or 79-1028.04;

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

25 (9) Converted contract means an expired contract that was

1 in effect for at least fifteen school years beginning prior to school  
2 year 2012-13 for the education of students in a nonresident district  
3 in exchange for tuition from the resident district when the  
4 expiration of such contract results in the nonresident district  
5 educating students, who would have been covered by the contract if  
6 the contract were still in effect, as option students pursuant to the  
7 enrollment option program established in section 79-234;

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

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

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

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

22 (14) Equalization aid means the amount of assistance  
23 calculated to be paid to a local system pursuant to sections  
24 79-1007.11 to 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022,  
25 79-1022.02, 79-1028.02, and 79-1028.04;

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

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

7                   (17) Formula students means:

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

20                   (b) For the final calculation of state aid pursuant to  
21 section 79-1065, the sum of average daily membership plus sixty  
22 percent of the qualified early childhood education average daily  
23 membership plus tuitioned students minus the product of the number of  
24 students enrolled in kindergarten that is not full-day kindergarten  
25 from the average daily membership multiplied by 0.5 from the school

1 fiscal year immediately preceding the school fiscal year in which aid  
2 was paid;

3 (18) Free lunch and free milk student means a student who  
4 qualified for free lunches or free milk from the most recent data  
5 available on November 1 of the school fiscal year immediately  
6 preceding the school fiscal year in which aid is to be paid;

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

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

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

19 (22) General fund operating expenditures means:

20 ~~(a) For state aid calculated for school fiscal years~~  
21 ~~2010-11 and 2011-12, as reported on the annual financial report for~~  
22 ~~the second school fiscal year immediately preceding the school fiscal~~  
23 ~~year in which aid is to be paid, the total general fund expenditures~~  
24 ~~minus (i) the amount of all receipts to the general fund, to the~~  
25 ~~extent that such receipts are not included in local system formula~~

1 ~~resources, from early childhood education tuition, summer school~~  
2 ~~tuition, educational entities as defined in section 79-1201.01 for~~  
3 ~~providing distance education courses through the Educational Service~~  
4 ~~Unit Coordinating Council to such educational entities, private~~  
5 ~~foundations, individuals, associations, charitable organizations, the~~  
6 ~~textbook loan program authorized by section 79-734, federal impact~~  
7 ~~aid, and levy override elections pursuant to section 77-3444, (ii)~~  
8 ~~the amount of expenditures for categorical funds, tuition paid,~~  
9 ~~transportation fees paid to other districts, adult education,~~  
10 ~~community services, redemption of the principal portion of general~~  
11 ~~fund debt service, retirement incentive plans authorized by section~~  
12 ~~79-855, and staff development assistance authorized by section~~  
13 ~~79-856, (iii) the amount of any transfers from the general fund to~~  
14 ~~any bond fund and transfers from other funds into the general fund,~~  
15 ~~(iv) any legal expenses in excess of fifteen hundredths of one~~  
16 ~~percent of the formula need for the school fiscal year in which the~~  
17 ~~expenses occurred, (v) expenditures to pay for sums agreed to be paid~~  
18 ~~by a school district to certificated employees in exchange for a~~  
19 ~~voluntary termination occurring prior to July 1, 2009, and (vi)(A)~~  
20 ~~expenditures in school fiscal years 2009-10 through 2013-14 to pay~~  
21 ~~for employer contributions pursuant to subsection (2) of section~~  
22 ~~79-958 to the School Retirement System of the State of Nebraska to~~  
23 ~~the extent that such expenditures exceed the employer contributions~~  
24 ~~under such subsection that would have been made at a contribution~~  
25 ~~rate of seven and thirty five hundredths percent or (B) expenditures~~



1 ~~in school fiscal years 2009-10 through 2013-14 to pay for school~~  
2 ~~district contributions pursuant to subdivision (1)(c)(i) of section~~  
3 ~~79-9,113 to the retirement system established pursuant to the Class V~~  
4 ~~School Employees Retirement Act to the extent that such expenditures~~  
5 ~~exceed the school district contributions under such subdivision that~~  
6 ~~would have been made at a contribution rate of seven and thirty seven~~  
7 ~~hundredths percent; and~~

8           ~~(b)~~(a) For state aid calculated for school fiscal years  
9 ~~2012-13 and each school fiscal year thereafter, year 2012-13, as~~  
10 reported on the annual financial report for the second school fiscal  
11 year immediately preceding the school fiscal year in which aid is to  
12 be paid, the total general fund expenditures minus (i) the amount of  
13 all receipts to the general fund, to the extent that such receipts  
14 are not included in local system formula resources, from early  
15 childhood education tuition, summer school tuition, educational  
16 entities as defined in section 79-1201.01 for providing distance  
17 education courses through the Educational Service Unit Coordinating  
18 Council to such educational entities, private foundations,  
19 individuals, associations, charitable organizations, the textbook  
20 loan program authorized by section 79-734, federal impact aid, and  
21 levy override elections pursuant to section 77-3444, (ii) the amount  
22 of expenditures for categorical funds, tuition paid, transportation  
23 fees paid to other districts, adult education, community services,  
24 redemption of the principal portion of general fund debt service,  
25 retirement incentive plans authorized by section 79-855, and staff

1 development assistance authorized by section 79-856, (iii) the amount  
2 of any transfers from the general fund to any bond fund and transfers  
3 from other funds into the general fund, (iv) any legal expenses in  
4 excess of fifteen-hundredths of one percent of the formula need for  
5 the school fiscal year in which the expenses occurred, (v)  
6 expenditures to pay for sums agreed to be paid by a school district  
7 to certificated employees in exchange for a voluntary termination  
8 occurring prior to July 1, 2009, or occurring on or after the last  
9 day of the 2010-11 school year and prior to the first day of the  
10 2013-14 school year, (vi)(A) expenditures ~~in school fiscal years~~  
11 ~~2009-10 through 2016-17~~ to pay for employer contributions pursuant to  
12 subsection (2) of section 79-958 to the School Employees Retirement  
13 System of the State of Nebraska to the extent that such expenditures  
14 exceed the employer contributions under such subsection that would  
15 have been made at a contribution rate of seven and thirty-five  
16 hundredths percent or (B) expenditures ~~in school fiscal years 2009-10~~  
17 ~~through 2016-17~~ to pay for school district contributions pursuant to  
18 subdivision (1)(c)(i) of section 79-9,113 to the retirement system  
19 established pursuant to the Class V School Employees Retirement Act  
20 to the extent that such expenditures exceed the school district  
21 contributions under such subdivision that would have been made at a  
22 contribution rate of seven and thirty-seven hundredths percent, and  
23 (vii) any amounts paid by the district for lobbyist fees and expenses  
24 reported to the Clerk of the Legislature pursuant to section 49-1483;  
25 and -

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

1 the last day of the school year and prior to the first day of the  
2 2013-14 school year, (vi)(A) expenditures in school fiscal years  
3 2011-12 through 2016-17 to pay for employer contributions pursuant to  
4 subsection (2) of section 79-958 to the School Employees Retirement  
5 System of the State of Nebraska to the extent that such expenditures  
6 exceed the employer contributions under such subsection that would  
7 have been made at a contribution rate of seven and thirty-five  
8 hundredths percent or (B) expenditures in school fiscal years 2011-12  
9 through 2016-17 to pay for school district contributions pursuant to  
10 subdivision (1)(c)(i) of section 79-9,113 to the retirement system  
11 established pursuant to the Class V School Employees Retirement Act  
12 to the extent that such expenditures exceed the school district  
13 contributions under such subdivision that would have been made at a  
14 contribution rate of seven and thirty-seven hundredths percent, and  
15 (vii) any amounts paid by the district for lobbyist fees and expenses  
16 reported to the Clerk of the Legislature pursuant to section 49-1483.

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

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

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

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

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

17           (27) Local system means a learning community for purposes  
18 of calculation of state aid for the second full school fiscal year  
19 after becoming a learning community and each school fiscal year  
20 thereafter, a unified system, a Class VI district and the associated  
21 Class I districts, or a Class II, III, IV, or V district and any  
22 affiliated Class I districts or portions of Class I districts. The  
23 membership, expenditures, and resources of Class I districts that are  
24 affiliated with multiple high school districts will be attributed to  
25 local systems based on the percent of the Class I valuation that is

1 affiliated with each high school district;

2 (28) Low-income child means a child under nineteen years  
3 of age living in a household having an annual adjusted gross income  
4 for the second calendar year preceding the beginning of the school  
5 fiscal year for which aid is being calculated equal to or less than  
6 the maximum household income that would allow a student from a family  
7 of four people to be a free lunch and free milk student during the  
8 school fiscal year immediately preceding the school fiscal year for  
9 which aid is being calculated;

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

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

21 (31) Poverty students means the number of low-income  
22 students or the number of students who are free lunch and free milk  
23 students in a district plus the difference of the number of low-  
24 income students or the number of students who are free lunch and free  
25 milk students in a district, whichever is greater, minus the average

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

4 (32) Qualified early childhood education average daily  
5 membership means the product of the average daily membership for  
6 school fiscal year 2006-07 and each school fiscal year thereafter of  
7 students who will be eligible to attend kindergarten the following  
8 school year and are enrolled in an early childhood education program  
9 approved by the department pursuant to section 79-1103 for such  
10 school district for such school year multiplied by the ratio of the  
11 actual instructional hours of the program divided by one thousand  
12 thirty-two if: (a) The program is receiving a grant pursuant to such  
13 section for the third year; (b) the program has already received  
14 grants pursuant to such section for three years; or (c) the program  
15 has been approved pursuant to subsection (5) of section 79-1103 for  
16 such school year and the two preceding school years, including any  
17 such students in portions of any of such programs receiving an  
18 expansion grant;

19 (33) Qualified early childhood education fall membership  
20 means the product of membership on the last Friday in September 2006  
21 and each year thereafter of students who will be eligible to attend  
22 kindergarten the following school year and are enrolled in an early  
23 childhood education program approved by the department pursuant to  
24 section 79-1103 for such school district for such school year  
25 multiplied by the ratio of the planned instructional hours of the

1 program divided by one thousand thirty-two if: (a) The program is  
2 receiving a grant pursuant to such section for the third year; (b)  
3 the program has already received grants pursuant to such section for  
4 three years; or (c) the program has been approved pursuant to  
5 subsection (5) of section 79-1103 for such school year and the two  
6 preceding school years, including any such students in portions of  
7 any of such programs receiving an expansion grant;

8 (34) Regular route transportation means the  
9 transportation of students on regularly scheduled daily routes to and  
10 from the attendance center;

11 (35) Reorganized district means any district involved in  
12 a consolidation and currently educating students following  
13 consolidation;

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

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

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

24 (b)(i) Less than one and one-half formula students per  
25 square mile in the local system and (ii) more than fifteen miles



1 between each high school attendance center and the next closest high  
2 school attendance center on paved roads;

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

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

11 (38) Special education means specially designed  
12 kindergarten through grade twelve instruction pursuant to section  
13 79-1125, and includes special education transportation;

14 (39) Special grant funds means the budgeted receipts for  
15 grants, including, but not limited to, categorical funds,  
16 reimbursements for wards of the court, short-term borrowings  
17 including, but not limited to, registered warrants and tax  
18 anticipation notes, interfund loans, insurance settlements, and  
19 reimbursements to county government for previous overpayment. The  
20 state board shall approve a listing of grants that qualify as special  
21 grant funds;

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

25 (41) State board means the State Board of Education;

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

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

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

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

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

24                   (47) Tuition receipts from converted contracts means  
25 tuition receipts received by a district from another district in the

1 most recently available complete data year pursuant to a converted  
2 contract prior to the expiration of the contract;

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

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

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

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

19 Sec. 3. Section 79-1003.01, Revised Statutes Cumulative  
20 Supplement, 2012, is amended to read:

21 79-1003.01 (1) The department shall calculate a summer  
22 school allowance for each district which submits the information  
23 required for the calculation on a form prescribed by the department  
24 on or before October 15 of the school fiscal year preceding the  
25 school fiscal year for which aid is being calculated. ~~A-For aid~~

1 calculated for school fiscal years through school fiscal year  
2 2013-14, the summer school allowance shall be equal to two and one-  
3 half percent of the summer school student units for such district  
4 multiplied by eighty-five percent of the statewide average general  
5 fund operating expenditures per formula student. For aid calculated  
6 for school fiscal year 2014-15 and each school fiscal year  
7 thereafter, the summer school allowance shall be equal to the lesser  
8 of two and one-half percent of the product of the summer school  
9 student units for such district multiplied by eighty-five percent of  
10 the statewide average general fund operating expenditures per formula  
11 student or the summer school and early childhood summer school  
12 expenditures that are paid for with noncategorical funds generated by  
13 state or local taxes and that are not included in other allowances as  
14 reported on the annual financial report for the most recently  
15 available data year.

16 (2) Summer school student units shall be calculated for  
17 each student enrolled in summer school as defined in section 79-536  
18 in a school district who attends such summer school for at least  
19 twelve days in the most recently available complete data year,  
20 whether or not the student is in the membership of the school  
21 district. The initial number of units for each such student shall  
22 equal the sum of the ratios, each rounded down to the nearest whole  
23 number, of the number of days for which the student attended summer  
24 school classes in such district for at least three hours and less  
25 than six hours per day divided by twelve days and of two times the

1 number of days for which the student attended summer school classes  
2 in such district for six or more hours per day divided by twelve  
3 days.

4 (3) Each school district shall receive an additional  
5 summer school student unit for each summer school student unit  
6 attributed to remedial math or reading programs. Each school district  
7 shall also receive an additional summer school student unit for each  
8 summer school student unit attributed to a free lunch and free milk  
9 student.

10 (4) Beginning with state aid calculated for school fiscal  
11 year 2012-13, summer school student units shall be calculated for  
12 each student who was both enrolled in the most recently available  
13 complete data year in a summer session of an early childhood  
14 education program for which a qualified early childhood education  
15 fall membership greater than zero has been calculated for the school  
16 fiscal year for which aid is being calculated and eligible to attend  
17 kindergarten in the fall immediately following such summer session.  
18 The initial number of units for each such early childhood education  
19 student shall equal the sum of the ratios, each rounded down to the  
20 nearest whole number, of the number of days for which the student  
21 attended the summer session in such district for at least three hours  
22 and less than six hours per day divided by twelve days and of two  
23 times the number of days for which the student attended the summer  
24 session in such district for six or more hours per day divided by  
25 twelve days. The initial summer school student units for early

1 childhood education students shall be multiplied by six-tenths.  
2 Instructional hours included in the calculation of the qualified  
3 early childhood education fall membership or the qualified early  
4 childhood education average daily membership shall not be included in  
5 the calculation of the summer school allowance.

6 (5) Each school district shall receive an additional six-  
7 tenths of a summer school student unit for each early childhood  
8 education student unit attributed to a free lunch and free milk early  
9 childhood education student.

10 (6) This section does not prevent school districts from  
11 requiring and collecting fees for summer school or summer sessions of  
12 early childhood education programs, except that summer school student  
13 units shall not be calculated for school districts which collect fees  
14 for summer school from students who qualify for free or reduced-price  
15 lunches under United States Department of Agriculture child nutrition  
16 programs.

17 Sec. 4. Section 79-1007.07, Revised Statutes Cumulative  
18 Supplement, 2012, is amended to read:

19 79-1007.07 (1)(a) The annual financial report required  
20 pursuant to section 79-528 shall include:

21 (i) The amount of the poverty allowance used in the  
22 certification of state aid pursuant to section 79-1022 for such  
23 school fiscal year;

24 (ii) The amount of federal funds received based on  
25 poverty as defined by the federal program providing the funds;

1           (iii) The expenditures and sources of funding for each  
2 program related to poverty with a narrative description of the  
3 program, the method used to allocate money to the program and within  
4 the program, and the program's relationship to the poverty plan  
5 submitted pursuant to section 79-1013 for such school fiscal year;

6           (iv) The expenditures and sources of funding for support  
7 costs directly attributable to implementing the district's poverty  
8 plan; and

9           (v) An explanation of how any required elements of the  
10 poverty plan for such school fiscal year were met.

11           (b) The department shall set up accounting codes for the  
12 receipts and expenditures required to be reported on the annual  
13 financial report pursuant to this subsection.

14           (2) The department shall determine the poverty allowance  
15 expenditures using the reported expenditures on the annual financial  
16 report for the most recently available complete data year that would  
17 include in the poverty allowance expenditures only those expenditures  
18 that are not included in other allowances, that were used to  
19 specifically address issues related to the education of students  
20 living in poverty or to the implementation of the poverty plan, that  
21 do not replace expenditures that would have occurred if the students  
22 involved in the program did not live in poverty, ~~that are not~~  
23 ~~included in other allowances,~~ and that are paid for with  
24 noncategorical funds generated by state or local taxes or funds  
25 distributed through the Tax Equity and Educational Opportunities

1 Support Act pursuant to the federal American Recovery and  
2 Reinvestment Act of 2009 or the federal Education Jobs Fund created  
3 pursuant to Public Law 111-226. The department shall establish a  
4 procedure to allow school districts to receive preapproval for  
5 categories of expenditures that could be included in poverty  
6 allowance expenditures.

7 (3) If the poverty allowance expenditures do not equal  
8 117.65 percent or more of the poverty allowance for the most recently  
9 available complete data year, the department shall calculate a  
10 poverty allowance correction. The poverty allowance correction shall  
11 equal the poverty allowance minus eighty-five percent of the poverty  
12 allowance expenditures. If the poverty allowance expenditures do not  
13 equal fifty percent or more of the allowance for such school fiscal  
14 year, the school district shall also be disqualified from receiving a  
15 poverty allowance for the school fiscal year for which aid is being  
16 calculated.

17 (4) If the department determines that the school district  
18 did not meet the required elements of the poverty plan for the most  
19 recently available complete data year, the department shall calculate  
20 a poverty allowance correction equal to fifty percent of the poverty  
21 allowance for such school fiscal year and the school district shall  
22 also be disqualified from receiving a poverty allowance for the  
23 school fiscal year for which aid is being calculated. Any poverty  
24 allowance correction calculated pursuant to this subsection shall be  
25 added to any poverty allowance correction calculated pursuant to



1 subsection (3) of this section to arrive at the total poverty  
2 allowance correction.

3 (5) The department may request additional information  
4 from any school district to assist with calculations and  
5 determinations pursuant to this section. If the school district does  
6 not provide information upon the request of the department pursuant  
7 to this section, the school district shall be disqualified from  
8 receiving a poverty allowance for the school fiscal year for which  
9 aid is being calculated.

10 (6) The department shall provide electronically an annual  
11 report to the Legislature containing a general description of the  
12 expenditures and funding sources for programs related to poverty  
13 statewide and specific descriptions of the expenditures and funding  
14 sources for programs related to poverty for each school district.

15 (7) The state board shall establish a procedure for  
16 appeal of decisions of the department to the state board for a final  
17 determination.

18 Sec. 5. Section 79-1007.09, Revised Statutes Cumulative  
19 Supplement, 2012, is amended to read:

20 79-1007.09 (1)(a) The annual financial report required  
21 pursuant to section 79-528 shall include:

22 (i) The amount of the limited English proficiency  
23 allowance used in the certification of state aid pursuant to section  
24 79-1022 for such school fiscal year;

25 (ii) The amount of federal funds received based on

1 students who are limited English proficient as defined by the federal  
2 program providing the funds;

3 (iii) The expenditures and sources of funding for each  
4 program related to limited English proficiency with a narrative  
5 description of the program, the method used to allocate money to the  
6 program and within the program, and the program's relationship to the  
7 limited English proficiency plan submitted pursuant to section  
8 79-1014 for such school fiscal year;

9 (iv) The expenditures and sources of funding for support  
10 costs directly attributable to implementing the district's limited  
11 English proficiency plan; and

12 (v) An explanation of how any required elements of the  
13 limited English proficiency plan for such school fiscal year were  
14 met.

15 (b) The department shall set up accounting codes for the  
16 receipts and expenditures required to be reported on the annual  
17 financial report pursuant to this subsection.

18 (2) The department shall determine the limited English  
19 proficiency allowance expenditures using the reported expenditures on  
20 the annual financial report for the most recently available complete  
21 data year that would only include in the limited English proficiency  
22 allowance expenditures those expenditures that are not included in  
23 other allowances, that were used to specifically address issues  
24 related to the education of students with limited English proficiency  
25 or to the implementation of the limited English proficiency plan,

1 that do not replace expenditures that would have occurred if the  
2 students involved in the program did not have limited English  
3 proficiency, ~~that are not included in other allowances,~~ and that are  
4 paid for with noncategorical funds generated by state or local taxes  
5 or funds distributed through the Tax Equity and Educational  
6 Opportunities Support Act pursuant to the federal American Recovery  
7 and Reinvestment Act of 2009 or the federal Education Jobs Fund  
8 created pursuant to Public Law 111-226. The department shall  
9 establish a procedure to allow school districts to receive  
10 preapproval for categories of expenditures that could be included in  
11 limited English proficiency allowance expenditures.

12 (3) If the limited English proficiency allowance  
13 expenditures do not equal 117.65 percent or more of the limited  
14 English proficiency allowance for the most recently available  
15 complete data year, the department shall calculate a limited English  
16 proficiency allowance correction. The limited English proficiency  
17 allowance correction shall equal the limited English proficiency  
18 allowance minus eighty-five percent of the limited English  
19 proficiency allowance expenditures. If the limited English  
20 proficiency allowance expenditures do not equal fifty percent or more  
21 of the allowance for such school fiscal year, the school district  
22 shall also be disqualified from receiving a limited English  
23 proficiency allowance for the school fiscal year for which aid is  
24 being calculated.

25 (4) If the department determines that the school district

1 did not meet the required elements of the limited English proficiency  
2 plan for the most recently available complete data year, the  
3 department shall calculate a limited English proficiency allowance  
4 correction equal to fifty percent of the limited English proficiency  
5 allowance for such school fiscal year and the school district shall  
6 also be disqualified from receiving a limited English proficiency  
7 allowance for the school fiscal year for which aid is being  
8 calculated. Any limited English proficiency allowance correction  
9 calculated pursuant to this subsection shall be added to any limited  
10 English proficiency allowance correction calculated pursuant to  
11 subsection (3) of this section to arrive at the total limited English  
12 proficiency allowance correction.

13 (5) The department may request additional information  
14 from any school district to assist with calculations and  
15 determinations pursuant to this section. If the school district does  
16 not provide information upon the request of the department pursuant  
17 to this section, the school district shall be disqualified from  
18 receiving a limited English proficiency allowance for the school  
19 fiscal year for which aid is being calculated.

20 (6) The department shall annually provide the Legislature  
21 with a report containing a general description of the expenditures  
22 and funding sources for programs related to limited English  
23 proficiency statewide and specific descriptions of the expenditures  
24 and funding sources for programs related to limited English  
25 proficiency for each school district.

1                   (7) The state board shall establish a procedure for  
2 appeal of decisions of the department to the state board for a final  
3 determination.

4                   Sec. 6. Section 79-1007.11, Revised Statutes Cumulative  
5 Supplement, 2012, is amended to read:

6                   79-1007.11 ~~(1) Except as otherwise provided in this~~  
7 ~~section, for school fiscal year 2010-11, each school district's~~  
8 ~~formula need shall equal the difference of the sum of the school~~  
9 ~~district's basic funding, poverty allowance, limited English~~  
10 ~~proficiency allowance, elementary class size allowance, focus school~~  
11 ~~and program allowance, summer school allowance, special receipts~~  
12 ~~allowance, transportation allowance, elementary site allowance,~~  
13 ~~instructional time allowance, teacher education allowance, distance~~  
14 ~~education and telecommunications allowance, averaging adjustment, new~~  
15 ~~learning community transportation adjustment, student growth~~  
16 ~~adjustment, and new school adjustment, minus the sum of the limited~~  
17 ~~English proficiency allowance correction, poverty allowance~~  
18 ~~correction, and local choice adjustment.~~

19                   ~~(2)~~(1) Except as otherwise provided in this section, for  
20 school fiscal years 2011-12 and 2012-13, each school district's  
21 formula need shall equal the difference of the sum of the school  
22 district's basic funding, poverty allowance, limited English  
23 proficiency allowance, elementary class size allowance, focus school  
24 and program allowance, summer school allowance, special receipts  
25 allowance, transportation allowance, elementary site allowance,

1 instructional time allowance, teacher education allowance, distance  
2 education and telecommunications allowance, averaging adjustment, new  
3 learning community transportation adjustment, student growth  
4 adjustment, any positive student growth adjustment correction, and  
5 new school adjustment, minus the sum of the limited English  
6 proficiency allowance correction, poverty allowance correction, any  
7 negative student growth adjustment correction, and local choice  
8 adjustment.

9 ~~(3)~~ (2) Except as otherwise provided in this section, for  
10 school fiscal year 2013-14 and each school fiscal year thereafter,  
11 each school district's formula need shall equal the difference of the  
12 sum of the school district's basic funding, poverty allowance,  
13 limited English proficiency allowance, focus school and program  
14 allowance, summer school allowance, special receipts allowance,  
15 transportation allowance, elementary site allowance, ~~instructional~~  
16 ~~time allowance, teacher education allowance, distance education and~~  
17 ~~telecommunications allowance, averaging adjustment, new learning~~  
18 ~~community transportation adjustment, student growth adjustment, any~~  
19 ~~positive student growth adjustment correction, and new school~~  
20 ~~adjustment, minus the sum of the limited English proficiency~~  
21 ~~allowance correction, poverty allowance correction, and any negative~~  
22 ~~student growth adjustment correction. , ~~and local choice adjustment.~~~~

23 ~~(4) For state aid calculated for all school fiscal years~~  
24 ~~except school fiscal year 2011-12, if (3) If the formula need~~  
25 ~~calculated for a school district pursuant to subsections (1) through~~

1 ~~(3) and (2)~~ of this section is less than one hundred percent of the  
2 formula need for such district for the school fiscal year immediately  
3 preceding the school fiscal year for which aid is being calculated,  
4 the formula need for such district shall equal one hundred percent of  
5 the formula need for such district for the school fiscal year  
6 immediately preceding the school fiscal year for which aid is being  
7 calculated. For state aid calculated for school fiscal year 2011-12,  
8 if the formula need calculated for a school district pursuant to  
9 subsection (2) of this section is less than ninety five percent of  
10 the formula need for such district for the school fiscal year  
11 immediately preceding the school fiscal year for which aid is being  
12 calculated, the formula need for such district shall equal ninety-  
13 five percent of the formula need for such district for the school  
14 fiscal year immediately preceding the school fiscal year for which  
15 aid is being calculated.

16 ~~(5)~~ For state aid calculated for school fiscal years  
17 except school fiscal year 2011-12, ~~except (4)~~ Except as provided in  
18 subsection ~~(7)-(6)~~ of this section, if the formula need calculated  
19 for a school district pursuant to subsections (1) ~~through (3) and (2)~~  
20 of this section is more than one hundred twelve percent of the  
21 formula need for such district for the school fiscal year immediately  
22 preceding the school fiscal year for which aid is being calculated,  
23 the formula need for such district shall equal one hundred twelve  
24 percent of the formula need for such district for the school fiscal  
25 year immediately preceding the school fiscal year for which aid is

1 being calculated, except that the formula need shall not be reduced  
2 pursuant to this subsection for any district receiving a student  
3 growth adjustment for the school fiscal year for which aid is being  
4 calculated. ~~For state aid calculated for school fiscal year 2011-12,~~  
5 ~~except as provided in subsection (7) of this section, if the formula~~  
6 ~~need calculated for a school district pursuant to subsection (2) of~~  
7 ~~this section is more than one hundred seven percent of the formula~~  
8 ~~need for such district for the school fiscal year immediately~~  
9 ~~preceding the school fiscal year for which aid is being calculated,~~  
10 ~~the formula need for such district shall equal one hundred seven~~  
11 ~~percent of the formula need for such district for the school fiscal~~  
12 ~~year immediately preceding the school fiscal year for which aid is~~  
13 ~~being calculated, except that the formula need shall not be reduced~~  
14 ~~pursuant to this subsection for any district receiving a student~~  
15 ~~growth adjustment for the school fiscal year for which aid is being~~  
16 ~~calculated.~~

17 ~~(6)-(5)~~ For purposes of subsections (3) and (4) and ~~(5)~~  
18 of this section, the formula need for the school fiscal year  
19 immediately preceding the school fiscal year for which aid is being  
20 calculated shall be the formula need used in the final calculation of  
21 aid pursuant to section 79-1065 and for districts that were affected  
22 by a reorganization with an effective date in the calendar year  
23 preceding the calendar year in which aid is certified for the school  
24 fiscal year for which aid is being calculated, the formula need for  
25 the school fiscal year immediately preceding the school fiscal year



1 for which aid is being calculated shall be attributed to the affected  
2 school districts based on information provided to the department by  
3 the school districts or proportionally based on the adjusted  
4 valuation transferred if sufficient information has not been provided  
5 to the department.

6 ~~(7)~~ (6) For state aid calculated for the first full  
7 school fiscal year of a new learning community, if the formula need  
8 calculated for a member school district pursuant to subsections (1)  
9 through ~~(4)~~ (3) of this section is less than the sum of the school  
10 district's state aid certified for the school fiscal year immediately  
11 preceding the first full school fiscal year of the learning community  
12 plus the school district's other actual receipts included in local  
13 system formula resources pursuant to section 79-1018.01 for such  
14 school fiscal year plus the product of the school district's general  
15 fund levy for such school fiscal year up to one dollar and five cents  
16 multiplied by the school district's assessed valuation for such  
17 school fiscal year, the formula need for such school district for the  
18 school fiscal year for which aid is being calculated shall equal such  
19 sum.

20 Sec. 7. Section 79-1007.17, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22 79-1007.17 For school fiscal year ~~2008-09~~ and each school  
23 ~~fiscal year thereafter~~, years through 2012-13, the department shall  
24 calculate a local choice adjustment for each district that:

25 (1) Has fewer than three hundred ninety formula students;

1                   (2) Is not in a sparse local system or a very sparse  
2 local system; and

3                   (3) Did not receive federal funds in excess of twenty-  
4 five percent of its general fund budget of expenditures in the most  
5 recently available complete data year or in either of the two school  
6 fiscal years preceding the most recently available complete data  
7 year.

8                   The local choice adjustment for each such district shall  
9 equal fifty percent of the difference between the basic funding per  
10 formula student for the district for which the local choice  
11 adjustment is being calculated and the basic funding per formula  
12 student for the district that has the closest to three hundred ninety  
13 formula students multiplied by the formula students for the district  
14 for which the local choice adjustment is being calculated, except  
15 that the local choice adjustment shall equal zero if the basic  
16 funding per formula student for the district for which the local  
17 choice adjustment is being calculated is less than the basic funding  
18 per formula student for the district that has the closest to three  
19 hundred ninety formula students. If more than one district has the  
20 closest to three hundred ninety formula students, the basic funding  
21 representing the district that has the closest to three hundred  
22 ninety formula students shall equal the average of the basic funding  
23 per formula student for each such district. The closest to three  
24 hundred ninety formula students shall be measured using the absolute  
25 value of the difference of three hundred ninety students minus the

1 district formula students with the difference rounded to the nearest  
2 whole number.

3 Sec. 8. Section 79-1007.18, Revised Statutes Cumulative  
4 Supplement, 2012, is amended to read:

5 79-1007.18 (1) ~~The~~ For school fiscal years through  
6 2012-13, the department shall calculate an averaging adjustment for  
7 districts if the basic funding per formula student is less than the  
8 averaging adjustment threshold and the general fund levy for the  
9 school fiscal year immediately preceding the school fiscal year for  
10 which aid is being calculated was at least one dollar per one hundred  
11 dollars of taxable valuation. For school districts that are members  
12 of a learning community, the general fund levy for purposes of this  
13 section includes both the common general fund levy and the school  
14 district general fund levy authorized pursuant to subdivisions (2)(b)  
15 and (2)(c) of section 77-3442. The averaging adjustment shall equal  
16 the district's formula students multiplied by the percentage  
17 specified in this section for such district of the difference between  
18 the averaging adjustment threshold minus such district's basic  
19 funding per formula student.

20 ~~(2)(a) For school fiscal year 2010-11, the averaging~~  
21 ~~adjustment threshold shall equal the lesser of (i) the averaging~~  
22 ~~adjustment threshold for the school fiscal year immediately preceding~~  
23 ~~the school fiscal year for which aid is being calculated increased by~~  
24 ~~the sum of the basic allowable growth rate plus five tenths of one~~  
25 ~~percent or (ii) the statewide average basic funding per formula~~

1 ~~student for the school fiscal year for which aid is being calculated.~~

2 ~~(b) For school fiscal year 2011-12, the averaging~~  
3 ~~adjustment threshold shall equal ninety five percent of the lesser of~~  
4 ~~(i) the averaging adjustment threshold for school fiscal year 2010-11~~  
5 ~~increased by the basic allowable growth rate or (ii) the statewide~~  
6 ~~average basic funding per formula student for school fiscal year~~  
7 ~~2011-12.~~

8 ~~(c) For school fiscal year 2012-13 and each school fiscal~~  
9 ~~year thereafter, the~~ (2) The averaging adjustment threshold shall  
10 equal the lesser of (i) ~~(a)~~ (a) the averaging adjustment threshold for  
11 the school fiscal year immediately preceding the school fiscal year  
12 for which aid is being calculated increased by the basic allowable  
13 growth rate or (ii) ~~(b)~~ (b) the statewide average basic funding per  
14 formula student for the school fiscal year for which aid is being  
15 calculated.

16 (3) The percentage to be used in the calculation of an  
17 averaging adjustment shall be based on the general fund levy for the  
18 school fiscal year immediately preceding the school fiscal year for  
19 which aid is being calculated.

20 (4) The percentages to be used in the calculation of  
21 averaging adjustments shall be as follows:

22 (a) If such levy was at least one dollar per one hundred  
23 dollars of taxable valuation but less than one dollar and one cent  
24 per one hundred dollars of taxable valuation, the percentage shall be  
25 fifty percent;

1           (b) If such levy was at least one dollar and one cent per  
2 one hundred dollars of taxable valuation but less than one dollar and  
3 two cents per one hundred dollars of taxable valuation, the  
4 percentage shall be sixty percent;

5           (c) If such levy was at least one dollar and two cents  
6 per one hundred dollars of taxable valuation but less than one dollar  
7 and three cents per one hundred dollars of taxable valuation, the  
8 percentage shall be seventy percent;

9           (d) If such levy was at least one dollar and three cents  
10 per one hundred dollars of taxable valuation but less than one dollar  
11 and four cents per one hundred dollars of taxable valuation, the  
12 percentage shall be eighty percent; and

13           (e) If such levy was at least one dollar and four cents  
14 per one hundred dollars of taxable valuation, the percentage shall be  
15 ninety percent.

16           Sec. 9. Section 79-1007.23, Revised Statutes Cumulative  
17 Supplement, 2012, is amended to read:

18           79-1007.23 For state aid calculated for school fiscal  
19 ~~year 2009-10 and each school fiscal year thereafter;~~ years through  
20 2012-13:

21           (1) The department shall calculate an instructional time  
22 allowance for each district which submits the information required  
23 for the calculation on a form prescribed by the department on or  
24 before October 15 of the school fiscal year preceding the school  
25 fiscal year for which aid is being calculated. The instructional time

1 allowance shall be equal to the product of the formula students of  
2 such district multiplied by the instructional time factor for such  
3 district multiplied by eighty-five percent of the statewide average  
4 general fund operating expenditures per formula student;

5           (2) The instructional time factor shall equal the  
6 difference of the ratio of the district's average hours of  
7 instruction for each full-time student during the regular school year  
8 for the most recently available complete data year divided by: (a)  
9 For state aid calculated for school fiscal year 2009-10, the  
10 comparison group average hours of instruction for each full-time  
11 student during the regular school year for the most recently  
12 available complete data year minus one; or (b) for state aid  
13 calculated for school fiscal year 2010-11 and each school fiscal year  
14 thereafter, the statewide average hours of instruction for each full-  
15 time student during the regular school year for the most recently  
16 available complete data year minus one, except that if the result is  
17 less than zero, the instructional time factor shall equal zero;

18           (3) For school fiscal years 2009-10 and 2010-11, the  
19 comparison group average hours of instruction for each full-time  
20 student shall be an average of the averages for all school districts  
21 in the comparison group. The average hours of instruction shall be  
22 defined by the department and shall not include extracurricular  
23 activities outside of the regular school day or time designated for  
24 students to eat lunch. The statewide average hours of instruction for  
25 each full-time student shall be an average of the averages for all

1 school districts; and

2 (4) For school fiscal ~~year~~ years 2011-12 and each school  
3 ~~fiscal year thereafter, 2012-13,~~ the average hours of instruction  
4 shall be defined by the department and shall be based on scheduled  
5 time for courses and the number of students participating in such  
6 courses as reported to the department for the most recently available  
7 complete data year. Hours of instruction shall not include  
8 extracurricular activities outside of the regular school day or time  
9 designated for students to eat lunch. The statewide average hours of  
10 instruction for each student shall be an average of the averages for  
11 all school districts.

12 Sec. 10. Section 79-1007.25, Revised Statutes Cumulative  
13 Supplement, 2012, is amended to read:

14 79-1007.25 For school fiscal ~~year 2010-11 and each school~~  
15 ~~fiscal year thereafter, years through 2012-13,~~ the department shall  
16 calculate a teacher education allowance for each district as follows:

17 (1) Teacher education points shall be calculated for each  
18 district by the department based upon data from the fall personnel  
19 report required pursuant to section 79-804 for the school fiscal year  
20 immediately preceding the school fiscal year in which aid is to be  
21 paid. Each full-time equivalent teacher shall (a) be under contract  
22 with a school district as required pursuant to section 79-818 and (b)  
23 only be counted one time in awarding any points pursuant to this  
24 section. Each district shall receive one point for each full-time  
25 equivalent teacher who has earned and been awarded a master's degree

1 or an education specialist's degree and two points for each full-time  
2 equivalent teacher who has earned and been awarded a doctoral degree;

3 (2) A teacher education index shall be calculated for  
4 each district by dividing the ratio of teacher education points for  
5 the district divided by the number of full-time equivalent teachers  
6 in the district by the ratio of teacher education points for all  
7 districts divided by the number of full-time equivalent teachers in  
8 all districts; and

9 (3) The teacher education allowance for each district  
10 shall equal eight and one-half percent of the statewide average  
11 general fund operating expenditures per formula student multiplied by  
12 the district's formula students and multiplied by the difference of  
13 the product of the district's teacher education index minus one,  
14 except that if the result is less than zero, the teacher education  
15 allowance shall equal zero.

16 Sec. 11. Section 79-1015.01, Revised Statutes Cumulative  
17 Supplement, 2012, is amended to read:

18 79-1015.01 (1) Local system formula resources shall  
19 include local effort rate yield which shall be computed as prescribed  
20 in this section.

21 (2) For each school fiscal year except school fiscal  
22 years 2011-12 ~~and 2012-13~~ through 2014-15: (a) For state aid  
23 certified pursuant to section 79-1022, the local effort rate shall be  
24 the maximum levy, for the school fiscal year for which aid is being  
25 certified, authorized pursuant to subdivision (2)(a) of section



1 77-3442 less five cents; (b) for the final calculation of state aid  
2 pursuant to section 79-1065, the local effort rate shall be the rate  
3 which, when multiplied by the total adjusted valuation of all taxable  
4 property in local systems receiving equalization aid pursuant to the  
5 Tax Equity and Educational Opportunities Support Act, will produce  
6 the amount needed to support the total formula need of such local  
7 systems when added to state aid appropriated by the Legislature and  
8 other actual receipts of local systems described in section  
9 79-1018.01; and (c) the local effort rate yield for such school  
10 fiscal years shall be determined by multiplying each local system's  
11 total adjusted valuation by the local effort rate.

12 (3) For school fiscal years 2011-12 and 2012-13: (a) For  
13 state aid certified pursuant to section 79-1022, the local effort  
14 rate shall be the maximum levy, for the school fiscal year for which  
15 aid is being certified, authorized pursuant to subdivision (2)(a) of  
16 section 77-3442 less one and five-hundredths of one cent; (b) for the  
17 final calculation of state aid pursuant to section 79-1065, the local  
18 effort rate shall be the rate which, when multiplied by the total  
19 adjusted valuation of all taxable property in local systems receiving  
20 equalization aid pursuant to the Tax Equity and Educational  
21 Opportunities Support Act, will produce the amount needed to support  
22 the total formula need of such local systems when added to state aid  
23 appropriated by the Legislature and other actual receipts of local  
24 systems described in section 79-1018.01; and (c) the local effort  
25 rate yield for such school fiscal years shall be determined by

1 multiplying each local system's total adjusted valuation by the local  
2 effort rate.

3 (4) For school fiscal years 2013-14 and 2014-15: (a) For  
4 state aid certified pursuant to section 79-1022, the local effort  
5 rate shall be the maximum levy, for the school fiscal year for which  
6 aid is being certified, authorized pursuant to subdivision (2)(a) of  
7 section 77-3442 less two cents; (b) for the final calculation of  
8 state aid pursuant to section 79-1065, the local effort rate shall be  
9 the rate which, when multiplied by the total adjusted valuation of  
10 all taxable property in local systems receiving equalization aid  
11 pursuant to the Tax Equity and Educational Opportunities Support Act,  
12 will produce the amount needed to support the total formula need of  
13 such local systems when added to state aid appropriated by the  
14 Legislature and other actual receipts of local systems described in  
15 section 79-1018.01; and (c) the local effort rate yield for such  
16 school fiscal years shall be determined by multiplying each local  
17 system's total adjusted valuation by the local effort rate.

18 Sec. 12. Section 79-1028.01, Revised Statutes Cumulative  
19 Supplement, 2012, is amended to read:

20 79-1028.01 (1) For each school fiscal year, a school  
21 district may exceed its budget authority for the general fund budget  
22 of expenditures as calculated pursuant to section 79-1023 for such  
23 school fiscal year by a specific dollar amount for the following  
24 exclusions:

25 (a) Expenditures for repairs to infrastructure damaged by

1 a natural disaster which is declared a disaster emergency pursuant to  
2 the Emergency Management Act;

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

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

11 (d) Expenditures of amounts received from educational  
12 entities as defined in section 79-1201.01 for providing distance  
13 education courses through the Educational Service Unit Coordinating  
14 Council to such educational entities;

15 (e) Expenditures to pay another school district for the  
16 transfer of land from such other school district;

17 (f) Expenditures in school fiscal years 2009-10 through  
18 2016-17 to pay for employer contributions pursuant to subsection (2)  
19 of section 79-958 to the School Employees Retirement System of the  
20 State of Nebraska to the extent that such expenditures exceed the  
21 employer contributions under such subsection that would have been  
22 made at a contribution rate of seven and thirty-five hundredths  
23 percent;

24 (g) Expenditures in school fiscal years 2009-10 through  
25 2016-17 to pay for school district contributions pursuant to

1 subdivision (1)(c)(i) of section 79-9,113 to the retirement system  
2 established pursuant to the Class V School Employees Retirement Act  
3 to the extent that such expenditures exceed the school district  
4 contributions under such subdivision that would have been made at a  
5 contribution rate of seven and thirty-seven hundredths percent;

6 (h) Expenditures for sums agreed to be paid by a school  
7 district to certificated employees in exchange for a voluntary  
8 termination occurring prior to July 1, 2009, or occurring on or after  
9 the last day of the 2010-11 school year and prior to the first day of  
10 the 2013-14 school year;

11 (i) Any expenditures in school fiscal years 2016-17 and  
12 2017-18 of amounts specified in the notice provided by the  
13 Commissioner of Education pursuant to section 79-309.01 for teacher  
14 performance pay;

15 (j) The special education budget of expenditures; and

16 (k) Expenditures of special grant funds.

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

24 (a) Expenditures of incentive payments or base fiscal  
25 year incentive payments to be received in such school fiscal year

1 pursuant to section 79-1011;

2 (b) The first school fiscal year the district will be  
3 participating in Network Nebraska for the full school fiscal year,  
4 for the difference of the estimated expenditures for such school  
5 fiscal year for telecommunications services, access to data  
6 transmission networks that transmit data to and from the school  
7 district, and the transmission of data on such networks as such  
8 expenditures are defined by the department for purposes of the  
9 distance education and telecommunications allowance minus the dollar  
10 amount of such expenditures for the second school fiscal year  
11 preceding the first full school fiscal year the district participates  
12 in Network Nebraska; ~~and~~

13 (c) Expenditures for new elementary attendance sites in  
14 the first year of operation or the first year of operation after  
15 being closed for at least one school year if such elementary  
16 attendance site will most likely qualify for the elementary site  
17 allowance in the immediately following school fiscal year as  
18 determined by the state board; and -

19 (d) For the first school fiscal year for which early  
20 childhood education membership is included in formula students for  
21 the calculation of state aid, expenditures for early childhood  
22 education equal to the amount the school district received in early  
23 childhood education grants pursuant to section 79-1103 for the prior  
24 school fiscal year, increased by the basic allowable growth rate.

25 (3) The state board shall approve, deny, or modify the

1 amount allowed for any exclusions to the budget authority for the  
2 general fund budget of expenditures pursuant to this section.

3           Sec. 13. Original section 79-1007.17, Reissue Revised  
4 Statutes of Nebraska, and sections 77-3446, 79-1003, 79-1003.01,  
5 79-1007.07, 79-1007.09, 79-1007.11, 79-1007.18, 79-1007.23,  
6 79-1007.25, 79-1015.01, and 79-1028.01, Revised Statutes Cumulative  
7 Supplement, 2012, are repealed.

8           Sec. 14. Since an emergency exists, this act takes effect  
9 when passed and approved according to law.