

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 548**

Introduced by Lindstrom, 18.

Read first time January 18, 2017

Committee:

- 1 A BILL FOR AN ACT relating to retirement; to amend section 79-933,
- 2 Reissue Revised Statutes of Nebraska, and sections 79-916, 79-934,
- 3 79-966, 79-978.01, 79-979, and 79-1028.01, Revised Statutes
- 4 Cumulative Supplement, 2016; to provide for the consolidation of the
- 5 Class V school employees' retirement system and the School Employees
- 6 Retirement System of the State of Nebraska; to harmonize provisions;
- 7 and to repeal the original sections.
- 8 Be it enacted by the people of the State of Nebraska,

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

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

23           (b) The consolidation of the retirement systems pursuant to this  
24 section shall not impair or diminish the current or future benefits of an  
25 active, deferred, or retired member of the retirement system established  
26 pursuant to section 79-979 or the survivor of such member, including the  
27 accrual of benefits for service and compensation paid as a school  
28 employee after June 30, 2020, early retirement benefits, the normal or  
29 optional forms of benefit available to such members, the service annuity  
30 to be paid by the State of Nebraska as provided in sections 79-933 to  
31 79-935 and 79-951, the disability retirement benefit, and the refund of

1 accumulated contributions upon severance of employment, all of which  
2 shall be calculated and provided to such members in accordance with the  
3 provisions of the Class V School Employees Retirement Act as of July 1,  
4 2020. The purchase of service credit for time served in the armed forces,  
5 leaves of absence, and prior service for periods of service with other  
6 school districts, as provided in the Class V School Employees Act, shall  
7 continue to apply to all transferred members.

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

16 (4) Beginning July 1, 2020, all of the assets, rights and interests  
17 to assets, liabilities, and obligations of the retirement system  
18 established under the Class V School Employees Retirement Act shall  
19 become the assets, rights, liabilities, and obligations of the School  
20 Employees Retirement System of the State of Nebraska. The State Treasurer  
21 shall transfer to the School Employees Retirement System of the State of  
22 Nebraska all of the assets, cash accounts, and properties belonging to  
23 the retirement system established under the Class V School Employees  
24 Retirement Act. Beginning July 1, 2020, the board of trustees of the  
25 retirement system established under the Class V School Employees  
26 Retirement Act shall cause to be transferred and assigned to the School  
27 Employees Retirement System of the State of Nebraska, all other  
28 interests, property rights, contracts, accounts receivable, member  
29 obligations for purchased service credit, and intangible property rights  
30 and interests of the retirement system established under the Class V  
31 School Employees Retirement Act which are not in the custody of the State

1 Treasurer. Beginning July 1, 2020, the School Employees Retirement System  
2 of the State of Nebraska is the successor in interest to all claims which  
3 the retirement system established under the Class V School Employees  
4 Retirement Act has, may have, or may assert against any person and is the  
5 successor in interest to all claims which could have been asserted  
6 against the retirement system established under the Class V School  
7 Employees Retirement Act, subject to the following exceptions:

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

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

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

29 (b) Prior to July 1, 2020, the Nebraska Retirement Systems Committee  
30 of the Legislature shall contract with an actuary to provide a detailed  
31 actuarial analysis that will identify the additional contribution to be

1 made each year pursuant to subdivision (a) of this subsection that  
2 provides the additional funding that would have been required for the  
3 retirement system established under the Class V School Employees  
4 Retirement Act, if any, as of July 1, 2020, to achieve for such  
5 retirement system the same funding ratio as the funding ratio of the  
6 School Employees Retirement System of the State of Nebraska, as  
7 determined on June 30, 2020, immediately before the consolidation and  
8 assumption of the accrued and future liabilities of the retirement system  
9 established under the Class V School Employees Retirement Act.

10 (6) A person first hired by a Class V school district after June 30,  
11 2020, shall be a member and participate in the School Employees  
12 Retirement System of the State of Nebraska, but shall not be eligible for  
13 or receive any of the benefits provided in this section for the members  
14 transferred to the School Employees Retirement System of the State of  
15 Nebraska under subsection (1) of this section.

16 Sec. 2. Section 79-916, Revised Statutes Cumulative Supplement,  
17 2016, is amended to read:

18 79-916 (1)(a) On July 1, 2004, the board shall transfer from the  
19 School Retirement Fund to the Service Annuity Fund an amount equal to the  
20 funded ratio of the retirement system which is equal to the market value  
21 of the retirement system assets divided by the actuarial accrued  
22 liability of the retirement system, times the actuarial accrued liability  
23 of the service annuity, as determined pursuant to section 79-966.01, of  
24 the employees who are members of the retirement system established  
25 pursuant to the Class V School Employees Retirement Act or, after June  
26 30, 2020, were former members of such retirement system. Beginning July  
27 1, 2013, such actuarial accrued liability shall be determined for each  
28 employee on a level percentage of salary basis. On or before July 1 of  
29 each fiscal year, the state shall deposit into the Service Annuity Fund  
30 such amounts as may be necessary to pay the normal cost and amortize the  
31 unfunded actuarial accrued liability of the service annuity, as

1 determined pursuant to section 79-966.01, as of the end of the previous  
2 fiscal year of the employees who are, or following June 30, 2020, were,  
3 former members of the retirement system established pursuant to the Class  
4 V School Employees Retirement Act. Based on the fiscal year of the  
5 retirement system established pursuant to the Class V School Employees  
6 Retirement Act, the administrator of such system or, after June 30, 2020,  
7 the Class V school district, shall provide all membership information  
8 needed for the actuary engaged by the retirement board to determine the  
9 normal cost and the amortization payment of the unfunded actuarial  
10 accrued liability, as determined pursuant to section 79-966.01, to be  
11 paid by the state to the Service Annuity Fund each fiscal year as  
12 required by this subdivision.

13 (b) At the time of retirement before July 1, 2020, of any employee  
14 who is a member of the retirement system established pursuant to the  
15 Class V School Employees Retirement Act and who was hired prior to July  
16 1, 2016, the retirement board shall, upon receipt of a certification of  
17 ~~the administrator of such retirement system of the~~ name, identification  
18 number, date of birth, retirement date, last date of employment, type of  
19 retirement, and number of years of service credited to such eligible  
20 employee at the date of retirement, transfer to such retirement system  
21 from the Service Annuity Fund the actuarial accrued liability of the  
22 service annuity to be paid by the state to the eligible employee for the  
23 years of service thus certified as provided for members of the School  
24 Employees Retirement System of the State of Nebraska under sections  
25 79-933 and 79-952. Such transfer of the actuarial accrued liability to  
26 the retirement system established pursuant to the Class V School  
27 Employees Retirement Act shall be in lieu of the payment of the service  
28 annuity to which the employee would be entitled. Beginning July 1, 2020,  
29 the actuarial accrued liability of the service annuity for any former  
30 member of the retirement system established by the Class V School  
31 Employees Retirement Act who retires after June 30, 2020, shall be

1 transferred to the School Retirement Fund and the service annuity for  
2 such employee shall be paid from the School Retirement Fund.

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

11 (2) In addition to the transfer of the actuarial accrued liability  
12 of the service annuity to be paid by the state, the state shall also  
13 transfer for each fiscal year ending before January 1, 2021, to the funds  
14 of the Class V school district's retirement system an amount determined  
15 by multiplying the compensation of all members of such retirement system  
16 by the percent specified in subsection (2) of section 79-966 for  
17 determining the amount of the state's payment to the School Retirement  
18 Fund plus the amount determined under subdivision (1)(b) of section  
19 79-966. The transfer shall be made annually on or before July 1 of each  
20 fiscal year.

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

23 79-933 (1) Upon retirement under section 79-931, a member or  
24 emeritus member shall receive a school retirement allowance which shall  
25 consist of the sum of: (a) A savings annuity which shall be the actuarial  
26 equivalent, as determined by the retirement board, of the member's  
27 accumulated contributions at the time of his or her retirement or, in the  
28 case of an emeritus member, the savings annuity fixed by the retirement  
29 board at the time of his or her original retirement; and (b) a service  
30 annuity to be paid by the State of Nebraska, except that if such member  
31 is a former member of the retirement system established pursuant to the

1 Class V School Employees Retirement Act who was transferred to the  
2 retirement system established in section 79-903 in the consolidation of  
3 the retirement systems on July 1, 2020, such member shall receive a  
4 retirement allowance which is the sum of (i) the retirement annuity that  
5 is determined and provided in accordance with the applicable provisions  
6 of the Class V School Employees Retirement Act as they existed on June  
7 30, 2020; and (ii) the service annuity to be paid by the State of  
8 Nebraska.

9 (2) The amount of any individual service annuity for (a) a full-time  
10 school employee hired on or before April 1, 1988, who retires with  
11 thirty-five or more years of service or who retires under the provisions  
12 of disability retirement, (b) a full-time school employee who provided  
13 compensated service after April 1, 1988, but prior to July 19, 1996, if  
14 the service annuity commences on or after the member's sixty-fifth  
15 birthday, who retires with thirty-five or more years of service or who  
16 retires under the provisions of disability retirement, or (c) an emeritus  
17 member shall be three dollars and fifty cents per month for each year of  
18 creditable service commencing with his or her retirement on or after May  
19 19, 1981. For employees not enumerated in subdivision (a) or (b) of this  
20 subsection or for employees hired on or after July 19, 1996, if the  
21 service annuity commences prior to the member's sixty-fifth birthday, it  
22 shall be on an actuarially reduced basis. Each school employee or  
23 emeritus member who retired before July 1, 1973, and who is receiving a  
24 service annuity as of that date shall have such service annuity adjusted  
25 by the increase in the cost of living as determined by the difference  
26 between the Consumer Price Index for Urban Wage Earners and Clerical  
27 Workers from the date the service annuity commenced and July 1, 1973,  
28 except that such annuity shall not exceed three dollars and fifty cents  
29 monthly per year of service based on the same number of years of service  
30 that is currently being used to determine his or her service annuity.  
31 Such increased service annuity shall commence on July 1, 1973.



1           Sec. 4. Section 79-934, Revised Statutes Cumulative Supplement,  
2 2016, is amended to read:

3           79-934 (1) In lieu of the school retirement allowance provided by  
4 section 79-933, any member who, before July 1, 2020, is not an employee  
5 of a Class V school district or, after June 30, 2020, is not an employee  
6 who is a former member of the retirement system established pursuant to  
7 the Class V School Employees Retirement Act and transferred to the  
8 retirement system in the consolidation of such retirement systems on July  
9 1, 2020, and who becomes eligible to make application for and receive a  
10 school retirement allowance under section 79-931 may receive a formula  
11 annuity retirement allowance if it is greater than the school retirement  
12 allowance provided by section 79-933.

13           (2) Subject to the other provisions of this section, the monthly  
14 formula annuity in the normal form shall be determined by multiplying the  
15 number of years of creditable service for which such member would  
16 otherwise receive the service annuity provided by section 79-933 by (a)  
17 one and one-quarter percent of his or her final average compensation for  
18 a member who has acquired the equivalent of one-half year of service or  
19 more as a school employee under the retirement system following August  
20 24, 1975, (b) one and one-half percent of his or her final average  
21 compensation for a member who has acquired the equivalent of one-half  
22 year of service or more as a school employee under the retirement system  
23 following July 17, 1982, (c) one and sixty-five hundredths percent of his  
24 or her final average compensation for a member who has acquired the  
25 equivalent of one-half year of service or more as a school employee under  
26 the retirement system following July 1, 1984, (d) one and seventy-three  
27 hundredths percent of his or her final average compensation for a member  
28 actively employed as a school employee under the retirement system or  
29 under contract with an employer on or after June 5, 1993, (e) one and  
30 eight-tenths percent of his or her final average compensation for a  
31 member who has acquired the equivalent of one-half year of service or

1 more as a school employee under the retirement system following July 1,  
2 1995, and was employed as a school employee under the retirement system  
3 or under contract with an employer on or after April 10, 1996, (f) one  
4 and nine-tenths percent of his or her final average compensation for a  
5 member who has acquired the equivalent of one-half year of service or  
6 more as a school employee under the retirement system following July 1,  
7 1998, and was employed as a school employee under the retirement system  
8 or under contract with an employer on or after April 29, 1999, (g) two  
9 percent of his or her final average compensation for a member who has  
10 acquired the equivalent of one-half year of service or more as a school  
11 employee under the retirement system following July 1, 2000, who was  
12 employed as a school employee under the retirement system or under  
13 contract with an employer on or after May 2, 2001, and hired prior to  
14 July 1, 2016, and who has not retired prior to May 2, 2001, or (h) two  
15 percent of his or her final average compensation for a member initially  
16 hired on or after July 1, 2016, or a member who has taken a refund or  
17 retirement and is rehired or hired by a separate employer covered by the  
18 retirement system on or after July 1, 2016, and has acquired the  
19 equivalent of five years of service or more as a school employee under  
20 the retirement system or under contract with an employer on or after July  
21 1, 2016. Subdivision (2)(f) of this section shall not apply to a member  
22 who is retired prior to April 29, 1999. Subdivision (2)(g) of this  
23 section shall not apply to a member who is retired prior to May 2, 2001.

24 (3) If the annuity begins on or after the sixty-fifth birthday of a  
25 member, the annuity shall not be reduced. If the annuity begins prior to  
26 the sixty-fifth birthday of the member and the member has completed  
27 thirty or more years of creditable service and is at least sixty years of  
28 age, the annuity shall not be reduced. If the annuity begins prior to the  
29 sixtieth birthday of the member and the member has completed thirty-five  
30 or more years of creditable service, the annuity shall be actuarially  
31 reduced on the basis of age sixty-five. If the annuity begins on or after

1 the sixtieth birthday of the member and the member has completed at least  
2 a total of five years of (a) creditable service plus (b) eligibility and  
3 vesting credit but less than thirty years of creditable service, the  
4 annuity shall be reduced by three percent for each year by which the  
5 member's age is less than the age at which the member's age plus years of  
6 creditable service would have totaled ninety or three percent for each  
7 year after the member's sixtieth birthday and prior to his or her sixty-  
8 fifth birthday, whichever provides the greater annuity.

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

18 (b) For retirements for a member hired on or after July 1, 2016, or  
19 for a member who has taken a refund or retirement and is rehired or hired  
20 by a separate employer covered by the retirement system on or after July  
21 1, 2016, if the annuity begins at a time when the sum of the member's  
22 attained age and creditable service totals eighty-five and the member is  
23 at least fifty-five years of age, the annuity shall not be reduced. This  
24 subdivision shall only apply to a member who has acquired the equivalent  
25 of five years of service or more as a school employee under the  
26 retirement system.

27 (5) Except as provided in section 42-1107, the normal form of the  
28 formula annuity shall be an annuity payable monthly during the remainder  
29 of the member's life with the provision that in the event of his or her  
30 death before sixty monthly payments have been made the monthly payments  
31 will be continued to his or her estate or to the beneficiary he or she

1 has designated until sixty monthly payments have been made. Except as  
2 provided in section 42-1107, a member may elect to receive in lieu of the  
3 normal form of annuity an actuarially equivalent annuity in any optional  
4 form provided by section 79-938.

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

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

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

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

28 (B) Compensation base means (I) for current members, employed with  
29 the same employer, the member's compensation for the plan year ending  
30 June 30, 2005, or (II) for members newly hired or hired by a separate  
31 employer on or after July 1, 2005, the member's compensation for the

1 first full plan year following the member's date of hiring. Thereafter,  
2 the member's compensation base shall be increased each plan year by the  
3 lesser of seven percent of the member's preceding plan year's  
4 compensation base or the member's actual annual compensation increase  
5 during the preceding plan year; and

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

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

14 (ii) For purposes of subdivision (7)(b) of this section,  
15 compensation base means (A) for current members employed with the same  
16 employer, the member's compensation for the plan year ending June 30,  
17 2012, or (B) for members newly hired or hired by a separate employer on  
18 or after July 1, 2012, the member's compensation for the first full plan  
19 year following the member's date of hiring.

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

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

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

31 (B) Final compensation date means the later of (I) the date on which

1 a retiring member's final compensation is actually paid or (II) if a  
2 retiring member's final compensation is paid in advance as a lump sum,  
3 the date on which such final compensation would have been paid to the  
4 member in the absence of such advance payment.

5 Sec. 5. Section 79-966, Revised Statutes Cumulative Supplement,  
6 2016, is amended to read:

7 79-966 (1)(a) On the basis of all data in the possession of the  
8 retirement board, including such mortality and other tables as are  
9 recommended by the actuary engaged by the retirement board and adopted by  
10 the retirement board, the retirement board shall annually, on or before  
11 July 1, determine the state deposit to be made by the state in the School  
12 Retirement Fund for that fiscal year. The amount of such state deposit  
13 shall be determined pursuant to section 79-966.01. The retirement board  
14 shall thereupon certify the amount of such state deposit, and on the  
15 warrant of the Director of Administrative Services, the State Treasurer  
16 shall, as of July 1 of such year, transfer from funds appropriated by the  
17 state for that purpose to the School Retirement Fund the amount of such  
18 state deposit.

19 (b) Beginning July 1, 2016, the contingent state deposit described  
20 in this subsection shall be calculated as a percent of compensation of  
21 all members of the retirement system. For any year in which a deposit is  
22 made to the School Retirement Fund under this subsection, if the actuary  
23 for a retirement system provided for under the Class V School Employees  
24 Retirement Act determines that the actuarially required contribution  
25 rate, for the fiscal year of the retirement system that begins before the  
26 state deposit, exceeds the rate of all contributions required pursuant to  
27 the Class V School Employees Retirement Act, using the thirty-year  
28 amortization period specified in section 79-966.01, the Class V district  
29 school board may request a public hearing of the Appropriations Committee  
30 of the Legislature to ask the state to transfer to the funds of the  
31 retirement system provided for under the Class V School Employees

1 Retirement Act an amount determined by multiplying the compensation of  
2 all members of such retirement system by the lesser of the percent of  
3 compensation deposited into the School Retirement Fund under this  
4 subsection or the percent of compensation of the members of the  
5 retirement system provided for under the Class V School Employees  
6 Retirement Act needed to meet the actuarially required contribution rate  
7 for such system, using the thirty-year amortization period specified in  
8 section 79-966.01. Any additional amount of transfer so calculated,  
9 recommended by the Appropriations Committee of the Legislature and  
10 approved by the Legislature, shall be added to the two percent specified  
11 in subsection (2) of this section for the amount required by subsection  
12 (2) of section 79-916 to be transferred to the funds of the retirement  
13 system provided for under the Class V School Employees Retirement Act.

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

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

30 Sec. 6. Section 79-978.01, Revised Statutes Cumulative Supplement,  
31 2016, is amended to read:

1           79-978.01 Sections 79-978 to 79-9,118 and section 1 of this act  
2 shall be known and may be cited as the Class V School Employees  
3 Retirement Act.

4           Sec. 7. Section 79-979, Revised Statutes Cumulative Supplement,  
5 2016, is amended to read:

6           79-979 (1) Prior to September 13, 1997, and through June 30, 2020,  
7 in each Class V school district in the State of Nebraska there is hereby  
8 established a separate retirement system for all regular employees of  
9 such school district. Such system shall be for the purpose of providing  
10 retirement benefits for all regular employees of the school district as  
11 provided in the Class V School Employees Retirement Act. The system shall  
12 be known as School Employees' Retirement System of (corporate name of the  
13 school district as described in section 79-405). All of its business  
14 shall be transacted, all of its funds shall be invested, and all of its  
15 cash and securities and other property shall be held in trust on behalf  
16 of the retirement system for the purposes set forth in the act. Such  
17 funds shall be kept separate from all other funds of the school district  
18 and shall be used for no other purpose. Effective July 1, 2020, the  
19 retirement system is consolidated with the School Employees Retirement  
20 System of the State of Nebraska and its existence as a separate  
21 retirement system for employees of the Class V school district ceases  
22 except to the extent necessary to determine and calculate the benefits of  
23 former members of the retirement system who are transferred to the School  
24 Employees Retirement System of the State of Nebraska in such  
25 consolidation.

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

31           (3) Any new Class V school districts formed before July 1, 2020,



1 pursuant to the Learning Community Reorganization Act shall continue to  
2 participate in the retirement system established pursuant to the Class V  
3 School Employees Retirement Act if such new Class V school district was  
4 formed at least in part by territory that had been in a Class V school  
5 district that participated in the retirement system established pursuant  
6 to the Class V School Employees Retirement Act.

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

9 79-1028.01 (1) For each school fiscal year, a school district may  
10 exceed its budget authority for the general fund budget of expenditures  
11 as calculated pursuant to section 79-1023 for such school fiscal year by  
12 a specific dollar amount for the following exclusions:

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

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

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

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

28 (e) Expenditures to pay for (i) employer contributions pursuant to  
29 subsection (2) of section 79-958 to the School Employees Retirement  
30 System of the State of Nebraska to the extent that such expenditures  
31 exceed the employer contributions under such subsection that would have

1 been made at a contribution rate of seven and thirty-five hundredths  
2 percent and (ii) employer contributions pursuant to subsection (5) of  
3 section 1 of this act;

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

10 (g) Expenditures for sums agreed to be paid by a school district to  
11 certificated employees in exchange for a voluntary termination occurring  
12 prior to July 1, 2009, occurring on or after the last day of the 2010-11  
13 school year and prior to the first day of the 2013-14 school year, or, to  
14 the extent that a district demonstrates to the State Board of Education  
15 pursuant to subsection (3) of this section that the agreement will result  
16 in a net savings in salary and benefit costs to the school district over  
17 a five-year period, occurring on or after the first day of the 2013-14  
18 school year;

19 (h) The special education budget of expenditures;

20 (i) Expenditures of special grant funds; and

21 (j) Expenditures of funds received as federal impact aid pursuant to  
22 20 U.S.C. 7701 to 7714, as such sections existed on January 1, 2016, due  
23 to a district having land within its boundaries that is federal property  
24 classified as Indian lands under 20 U.S.C. 7713(7), as such section  
25 existed on January 1, 2016, and funds received as impact aid due to  
26 children in attendance who resided on Indian lands in accordance with 20  
27 U.S.C. 7703(a)(1)(C), as such section existed on January 1, 2016.

28 (2) For each school fiscal year, a school district may exceed its  
29 budget authority for the general fund budget of expenditures as  
30 calculated pursuant to section 79-1023 for such school fiscal year by a  
31 specific dollar amount and include such dollar amount in the budget of

1 expenditures used to calculate budget authority for the general fund  
2 budget of expenditures pursuant to section 79-1023 for future years for  
3 the following exclusions:

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

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

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

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

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

31 Sec. 9. Original section 79-933, Reissue Revised Statutes of

- 1 Nebraska, and sections 79-916, 79-934, 79-966, 79-978.01, 79-979, and
- 2 79-1028.01, Revised Statutes Cumulative Supplement, 2016, are repealed.