

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 957**

Introduced by Dungan, 26; Blood, 3; Cavanaugh, J., 9; Conrad, 46; DeBoer, 10; Hunt, 8; Vargas, 7; Walz, 15; Wishart, 27.

Read first time January 04, 2024

Committee:

1 A BILL FOR AN ACT relating to the Tax Equity and Educational  
2 Opportunities Support Act; to amend sections 79-1001, 79-1009,  
3 79-1017.01, 79-1021, 79-1022, 79-1022.02, 79-1023, 79-1027, and  
4 79-1031.01, Revised Statutes Supplement, 2023; to provide for early  
5 childhood aid; to change provisions relating to net option funding,  
6 local system formula resources, the Education Future Fund, and  
7 certain certification dates; to harmonize provisions; to repeal the  
8 original sections; and to declare an emergency.  
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1001, Revised Statutes Supplement, 2023, is  
2 amended to read:

3 79-1001 Sections 79-1001 to 79-1033 and section 2 of this act shall  
4 be known and may be cited as the Tax Equity and Educational Opportunities  
5 Support Act.

6 Sec. 2. (1) For school fiscal year 2024-25 and each school fiscal  
7 year thereafter, the department shall determine the early childhood aid  
8 to be paid to each school district in accordance with subsection (2) of  
9 this section.

10 (2) The early childhood aid to be paid to each school district in  
11 each school fiscal year shall equal one thousand five hundred dollars  
12 multiplied by the qualified early childhood education average daily  
13 membership for such school district.

14 (3) Twenty-four percent of the total amount of early childhood aid  
15 paid each school fiscal year shall be paid from money appropriated from  
16 the Education Future Fund.

17 (4) For school fiscal years 2024-25 and 2025-26, one hundred percent  
18 of early childhood aid shall be included as a formula resource pursuant  
19 to section 79-1017.01. For school fiscal year 2026-27 and each school  
20 fiscal year thereafter, sixty percent of early childhood aid shall be  
21 included as a formula resource pursuant to section 79-1017.01.

22 Sec. 3. Section 79-1009, Revised Statutes Supplement, 2023, is  
23 amended to read:

24 79-1009 (1)(a) A district shall receive net option funding if (i)  
25 option students as defined in section 79-233 were actually enrolled in  
26 the school year immediately preceding the school year in which the aid is  
27 to be paid, (ii) option students as defined in such section will be  
28 enrolled in the school year in which the aid is to be paid as converted  
29 contract option students, or (iii) for the calculation of aid for school  
30 fiscal year 2017-18 for school districts that are members of a learning  
31 community, open enrollment students were actually enrolled for school

1 year 2016-17 pursuant to section 79-2110.

2 (b) The determination of the net number of option students shall be  
3 based on (i) the number of students enrolled in the district as option  
4 students and the number of students residing in the district but enrolled  
5 in another district as option students as of the day of the fall  
6 membership count pursuant to section 79-528, for the school fiscal year  
7 immediately preceding the school fiscal year in which aid is to be paid,  
8 (ii) the number of option students that will be enrolled in the district  
9 or enrolled in another district as converted contract option students for  
10 the fiscal year in which the aid is to be paid, and (iii) for the  
11 calculation of aid for school fiscal year 2017-18 for school districts  
12 that are members of a learning community, the number of students enrolled  
13 in the district as open enrollment students and the number of students  
14 residing in the district but enrolled in another district as open  
15 enrollment students as of the day of the fall membership count pursuant  
16 to section 79-528 for school fiscal year 2016-17.

17 (c) Except as otherwise provided in this subsection, net number of  
18 option students means the difference of the number of option students  
19 enrolled in the district minus the number of students residing in the  
20 district but enrolled in another district as option students. For  
21 purposes of the calculation of aid for school fiscal year 2017-18 for  
22 school districts that are members of a learning community, net number of  
23 option students means the difference of the number of students residing  
24 in another school district who are option students or open enrollment  
25 students enrolled in the district minus the number of students residing  
26 in the district but enrolled in another district as option students or  
27 open enrollment students.

28 (2)(a) For school fiscal years prior to school fiscal year 2023-24,  
29 net option funding shall be the product of the net number of option  
30 students multiplied by the statewide average basic funding per formula  
31 student.

1 (b) For school fiscal year 2023-24 ~~and each school fiscal year~~  
2 ~~thereafter~~, net option funding shall be the product of the net number of  
3 option students multiplied by the difference of the statewide average  
4 basic funding per formula student minus the amount of foundation aid paid  
5 per formula student pursuant to section 79-1006.

6 (c) For school fiscal year 2024-25 and each school fiscal year  
7 thereafter, net option funding shall be the product of the net number of  
8 option students multiplied by the difference of the statewide average  
9 basic funding per formula student minus three thousand dollars.

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

12 Payments made under this section for school fiscal years prior to  
13 school fiscal year 2017-18 shall be made from the funds to be disbursed  
14 under section 79-1005.01.

15 Such payments shall go directly to the option school district but  
16 shall count as a formula resource for the local system.

17 Sec. 4. Section 79-1017.01, Revised Statutes Supplement, 2023, is  
18 amended to read:

19 79-1017.01 (1) For state aid calculated for each school fiscal year  
20 prior to school fiscal year 2023-24, local system formula resources  
21 includes other actual receipts determined pursuant to section 79-1018.01,  
22 net option funding determined pursuant to section 79-1009, allocated  
23 income tax funds determined pursuant to section 79-1005.01, and community  
24 achievement plan aid determined pursuant to section 79-1005, and is  
25 reduced by amounts paid by the district in the most recently available  
26 complete data year as property tax refunds pursuant to or in the manner  
27 prescribed by section 77-1736.06.

28 (2) For state aid calculated for school fiscal year 2023-24 ~~and each~~  
29 ~~school fiscal year thereafter~~, local system formula resources includes  
30 other actual receipts determined pursuant to section 79-1018.01, net  
31 option funding determined pursuant to section 79-1009, allocated income

1 tax funds determined pursuant to section 79-1005.01, community  
2 achievement plan aid determined pursuant to section 79-1005, and a  
3 percentage of foundation aid determined pursuant to section 79-1006, and  
4 is reduced by amounts paid by the district in the most recently available  
5 complete data year as property tax refunds pursuant to or in the manner  
6 prescribed by section 77-1736.06.

7 (3) For state aid calculated for school fiscal year 2024-25 and each  
8 school fiscal year thereafter, local system formula resources includes  
9 other actual receipts determined pursuant to section 79-1018.01, net  
10 option funding determined pursuant to section 79-1009, allocated income  
11 tax funds determined pursuant to section 79-1005.01, community  
12 achievement plan aid determined pursuant to section 79-1005, a percentage  
13 of foundation aid determined pursuant to section 79-1006, and a  
14 percentage of early childhood aid determined pursuant to section 2 of  
15 this act, and is reduced by amounts paid by the district in the most  
16 recently available complete data year as property tax refunds pursuant to  
17 or in the manner prescribed by section 77-1736.06.

18 Sec. 5. Section 79-1021, Revised Statutes Supplement, 2023, is  
19 amended to read:

20 79-1021 (1) The Education Future Fund is created. The fund shall be  
21 administered by the department and shall consist of money transferred to  
22 the fund by the Legislature. Any money in the fund available for  
23 investment shall be invested by the state investment officer pursuant to  
24 the Nebraska Capital Expansion Act and the Nebraska State Funds  
25 Investment Act.

26 (2) The fund shall be used only for the following purposes, in order  
27 of priority:

28 (a) To fully fund equalization aid under the Tax Equity and  
29 Educational Opportunities Support Act;

30 (b) To fund reimbursements related to special education under  
31 section 79-1142;

1 (c) To fund foundation aid under the Tax Equity and Educational  
2 Opportunities Support Act;

3 (d) To fund early childhood aid under the Tax Equity and Educational  
4 Opportunities Support Act;

5 (e) ~~(d)~~ To increase funding for school districts in a way that  
6 results in direct property tax relief, which means a dollar-for-dollar  
7 replacement of property taxes by a state funding source;

8 (f) ~~(e)~~ To provide funding for a grant program created by the  
9 Legislature to address teacher turnover rates and keep existing teachers  
10 in classrooms;

11 (g) ~~(f)~~ To provide funding to increase career and technical  
12 educational classroom opportunities for students. Such funding must  
13 provide students with the academic and technical skills, knowledge, and  
14 training necessary to succeed in future careers;

15 (h) ~~(g)~~ To provide funding for a grant program created by the  
16 Legislature to provide students the opportunity to have a mentor who will  
17 continuously engage with the student directly to aid in the student's  
18 professional growth and give ongoing support and encouragement to the  
19 student;

20 (i) ~~(h)~~ To provide funding for extraordinary increases in special  
21 education expenditures to allow school districts with large, unexpected  
22 special education expenditures to more easily meet the needs of all  
23 students; and

24 (j) ~~(i)~~ To provide funding to help recruit teachers throughout the  
25 state by utilizing apprenticeships through a teacher apprenticeship  
26 program and an alternative certification process.

27 (3)(a) The State Treasurer shall transfer one billion dollars from  
28 the General Fund to the Education Future Fund in fiscal year 2023-24, on  
29 such dates and in such amounts as directed by the budget administrator of  
30 the budget division of the Department of Administrative Services.

31 (b) The State Treasurer shall transfer two hundred fifty million

1 dollars from the General Fund to the Education Future Fund in fiscal year  
2 2024-25, on such dates and in such amounts as directed by the budget  
3 administrator of the budget division of the Department of Administrative  
4 Services.

5 (c) It is the intent of the Legislature that two hundred fifty  
6 million dollars be transferred from the General Fund to the Education  
7 Future Fund in fiscal year 2025-26 and each fiscal year thereafter.

8 Sec. 6. Section 79-1022, Revised Statutes Supplement, 2023, is  
9 amended to read:

10 79-1022 (1) On or before June 15, 2024 ~~2023~~, and on or before March  
11 1 of each year thereafter, the department shall determine the amounts to  
12 be distributed to each local system for the ensuing school fiscal year  
13 pursuant to the Tax Equity and Educational Opportunities Support Act and  
14 shall certify the amounts to the Director of Administrative Services, the  
15 Auditor of Public Accounts, and each local system. On or before June 15,  
16 2024 ~~2023~~, and on or before March 1 of each year thereafter, the  
17 department shall report the necessary funding level for the ensuing  
18 school fiscal year to the Governor, the Appropriations Committee of the  
19 Legislature, and the Education Committee of the Legislature. The report  
20 submitted to the committees of the Legislature shall be submitted  
21 electronically. Except as otherwise provided in this subsection,  
22 certified state aid amounts, including adjustments pursuant to section  
23 79-1065.02, shall be shown as budgeted non-property-tax receipts and  
24 deducted prior to calculating the property tax request in the local  
25 system's general fund budget statement as provided to the Auditor of  
26 Public Accounts pursuant to section 79-1024.

27 (2) Except as provided in this subsection, subsection (8) of section  
28 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts  
29 certified pursuant to subsection (1) of this section shall be distributed  
30 in ten as nearly as possible equal payments on the last business day of  
31 each month beginning in September of each ensuing school fiscal year and

1 ending in June of the following year, except that when a local system is  
2 to receive a monthly payment of less than one thousand dollars, such  
3 payment shall be one lump-sum payment on the last business day of  
4 December during the ensuing school fiscal year.

5 Sec. 7. Section 79-1022.02, Revised Statutes Supplement, 2023, is  
6 amended to read:

7 79-1022.02 Notwithstanding any other provision of law, any  
8 certification of state aid pursuant to section 79-1022, certification of  
9 budget authority pursuant to section 79-1023, and certification of  
10 applicable allowable reserve percentages pursuant to section 79-1027  
11 completed prior to the effective date of this act June 1, 2023, for  
12 school fiscal year 2024-25 ~~2023-24~~ are null and void.

13 Sec. 8. Section 79-1023, Revised Statutes Supplement, 2023, is  
14 amended to read:

15 79-1023 (1) On or before June 15, 2024 ~~2023~~, and on or before March  
16 1 of each year thereafter, the department shall determine and certify to  
17 each school district budget authority for the general fund budget of  
18 expenditures for the ensuing school fiscal year.

19 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and  
20 81-829.51, each school district shall have budget authority for the  
21 general fund budget of expenditures equal to the greater of (a) the  
22 general fund budget of expenditures for the immediately preceding school  
23 fiscal year minus exclusions pursuant to subsection (1) of section  
24 79-1028.01 for such school fiscal year with the difference increased by  
25 the basic allowable growth rate for the school fiscal year for which  
26 budget authority is being calculated, (b) the general fund budget of  
27 expenditures for the immediately preceding school fiscal year minus  
28 exclusions pursuant to subsection (1) of section 79-1028.01 for such  
29 school fiscal year with the difference increased by an amount equal to  
30 any student growth adjustment calculated for the school fiscal year for  
31 which budget authority is being calculated, or (c) one hundred ten



1 percent of formula need for the school fiscal year for which budget  
2 authority is being calculated minus the special education budget of  
3 expenditures as filed on the school district budget statement on or  
4 before September 30 for the immediately preceding school fiscal year,  
5 which special education budget of expenditures is increased by the basic  
6 allowable growth rate for the school fiscal year for which budget  
7 authority is being calculated.

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

14 Sec. 9. Section 79-1027, Revised Statutes Supplement, 2023, is  
15 amended to read:

16 79-1027 No district shall adopt a budget, which includes total  
17 requirements of depreciation funds, necessary employee benefit fund cash  
18 reserves, and necessary general fund cash reserves, exceeding the  
19 applicable allowable reserve percentages of total general fund budget of  
20 expenditures as specified in the schedule set forth in this section.

21	Average daily	Allowable
22	membership of	reserve
23	district	percentage
24	0 - 471	45
25	471.01 - 3,044	35
26	3,044.01 - 10,000	25
27	10,000.01 and over	20

28 On or before June 15, ~~2024~~ 2023, and on or before March 1 each year  
29 thereafter, the department shall determine and certify each district's  
30 applicable allowable reserve percentage for the ensuing school fiscal  
31 year.

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

9           Sec. 10. Section 79-1031.01, Revised Statutes Supplement, 2023, is  
10 amended to read:

11           79-1031.01 The Appropriations Committee of the Legislature shall  
12 annually include the amount necessary to fund the state aid that will be  
13 certified to school districts on or before June 15, 2024 ~~2023~~, and on or  
14 before March 1 of each year thereafter for each ensuing school fiscal  
15 year in its recommendations to the Legislature to carry out the  
16 requirements of the Tax Equity and Educational Opportunities Support Act.

17           Sec. 11. Original sections 79-1001, 79-1009, 79-1017.01, 79-1021,  
18 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Revised Statutes  
19 Supplement, 2023, are repealed.

20           Sec. 12. Since an emergency exists, this act takes effect when  
21 passed and approved according to law.