

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 21

Introduced By: Raikes, 25;
Read first time: January 4, 2007
Committee: Education

A BILL

1 FOR AN ACT relating to the Tax Equity and Educational
2 Opportunities Support Act; to amend sections 79-1007.02 and
3 79-1007.10, Revised Statutes Cumulative Supplement, 2006,
4 and sections 79-1022, 79-1026, 79-1027, and 79-1031.01,
5 Revised Statutes Cumulative Supplement, 2006, as affected by
6 Referendum 2006, No. 422; to change provisions relating to
7 cost growth factor; 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 79-1007.02 Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 79-1007.02. For state aid calculated for school fiscal year
4 1998-99 and each school fiscal year thereafter:

5 (1) Using data from the annual financial reports for the
6 second school fiscal year immediately preceding the school fiscal year
7 in which aid is to be paid, the annual statistical summary reports for
8 the school fiscal year immediately preceding the school fiscal year in
9 which aid is to be paid, the fall membership reports and supplements
10 thereto for the school fiscal year immediately preceding the school
11 fiscal year in which aid is to be paid, and the school district census
12 as reported under sections 79-524 and 79-578 for the second school
13 fiscal year preceding the school fiscal year in which aid is to be
14 paid, the department shall divide the local systems into three cost
15 groupings prior to the certification of state aid based upon the
16 following criteria:

17 (a) The very sparse cost grouping will consist of local
18 systems that have (i)(A) less than one-half student per square mile in
19 each county in which each high school attendance center is located,
20 based on the school district census, (B) less than one formula student
21 per square mile in the local system, and (C) more than fifteen miles
22 between the high school attendance center and the next closest high
23 school attendance center on paved roads or (ii)(A) more than four
24 hundred fifty square miles in the local system, (B) less than one-half
25 student per square mile in the local system, and (C) more than fifteen
26 miles between each high school attendance center and the next closest
27 high school attendance center on paved roads;

1 (b) The sparse cost grouping will consist of local systems
2 that do not qualify for the very sparse cost grouping but which meet
3 the following criteria:

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

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

14 (iii)(A) Less than one and one-half formula students per
15 square mile in the local system and (B) more than two hundred
16 seventy-five square miles in the local system; or

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

22 (c) The standard cost grouping will consist of local systems
23 that do not qualify for the very sparse or the sparse cost groupings.

24 For purposes of subdivision (1) of this section, if a local
25 system did not operate and offer instruction in grades nine through
26 twelve within the boundaries of the local system during the school
27 fiscal year immediately preceding the school fiscal year in which aid

1 is to be paid, the local system shall not be considered to have a high
2 school attendance center;

3 (2)(a) The department shall calculate the average formula
4 cost per student in each cost grouping by dividing the total estimated
5 general fund operating expenditures for the cost grouping by the
6 difference between the total adjusted formula students for all local
7 systems in the cost grouping minus (i) the adjusted formula students
8 attributed to early childhood education programs approved by the
9 department pursuant to section 79-1103 for the first two school fiscal
10 years for which students attributed to early childhood education
11 programs approved by the department pursuant to section 79-1103 are
12 being included in the calculation of state aid for the local system
13 and (ii) for the first two school fiscal years immediately following
14 the school fiscal year in which a district in the local system
15 received an expansion grant pursuant to section 79-1103, the
16 difference between the adjusted formula students attributed to early
17 childhood education programs approved by the department pursuant to
18 section 79-1103 for the school fiscal year immediately following the
19 school fiscal year in which a district in the local system received an
20 expansion grant minus the adjusted formula students attributed to
21 early childhood education programs approved by the department pursuant
22 to section 79-1103 for the school fiscal year in which a district in
23 the local system received an expansion grant. For the calculation of
24 state aid for school fiscal year 1999-00 and for each school fiscal
25 year thereafter, the average formula cost per student in each cost
26 grouping shall not be recalculated for the final calculation of state
27 aid pursuant to section 79-1065. The calculation of total adjusted

1 formula students for purposes of this subdivision shall take into
2 account the requirements of subdivision (2) of section 79-1007.01. For
3 school fiscal years prior to school fiscal year 2008-09, the total
4 estimated general fund operating expenditures for the cost grouping is
5 equal to the total adjusted general fund operating expenditures for
6 all local systems in the cost grouping multiplied by a cost growth
7 factor. For school fiscal year 2008-09 and each school fiscal year
8 thereafter, the total estimated general fund operating expenditures
9 for the cost grouping is equal to the total adjusted general fund
10 operating expenditures for all local systems in the cost grouping.

11 (b) The cost growth factor for each cost grouping is equal
12 to the sum of: (i) One; plus (ii) the product of two times the ratio
13 of the difference ~~between~~ of (A) the formula students attributable
14 to the cost grouping without weighting or adjustment pursuant to
15 section 79-1007.01 minus the qualified early childhood education fall
16 membership attributable to the cost grouping without such weighting or
17 adjustment for state aid certified pursuant to section 79-1022 and
18 minus (B) the difference of the sum of the average daily
19 membership plus tuitioned students attributable to the cost grouping
20 for the most recently available complete data year minus the
21 qualified early childhood education average daily membership
22 attributable to the cost grouping without such weighting or
23 adjustment for the most recently available complete data year
24 divided by the difference of the sum of the average daily
25 membership plus tuitioned students attributable to the cost grouping
26 for the most recently available complete data year minus the
27 qualified early childhood education average daily membership

1 attributable to the cost grouping without such weighting or
2 adjustment for the most recently available complete data year,
3 except that the ratio shall not be less than zero; plus (iii) the
4 basic allowable growth rate pursuant to section 79-1025 for the school
5 fiscal year in which the aid is to be distributed; plus (iv) the basic
6 allowable growth rate pursuant to section 79-1025 for the school
7 fiscal year immediately preceding the school fiscal year in which the
8 aid is to be distributed; plus (v) one-half of any additional growth
9 rate allowed by special action of school boards for the school fiscal
10 year in which the aid is to be distributed as determined for the
11 school fiscal year immediately preceding the school fiscal year when
12 aid is to be distributed; plus (vi) one-half of any additional growth
13 rate allowed by special action of the school boards for the school
14 fiscal year immediately preceding the school fiscal year when the aid
15 is to be distributed;

16 (3) For school fiscal years 2002-03 through 2006-07, each
17 local system's formula need shall be calculated by subtracting the
18 temporary aid adjustment factor from the sum of the local system's
19 transportation allowance, the local system's special receipts
20 allowance, and the product of the local system's adjusted formula
21 students multiplied by the average formula cost per student in the
22 local system's cost grouping. The calculation of total adjusted
23 formula students for purposes of this subdivision shall take into
24 account the requirements of subdivision (2) of section 79-1007.01;

25 (4) For school fiscal year 2007-08, each local system's
26 formula need shall be calculated by subtracting the temporary aid
27 adjustment factor from the sum of the local system's transportation

1 allowance, special receipts allowance, and distance education and
2 telecommunications allowance and the product of the local system's
3 adjusted formula students multiplied by the average formula cost per
4 student in the local system's cost grouping. The calculation of total
5 adjusted formula students for purposes of this subdivision shall take
6 into account the requirements of subdivision (2) of section
7 79-1007.01; and

8 (5) For school fiscal year 2008-09 and each school fiscal
9 year thereafter, each school district's formula need shall equal the
10 greater of (a) the sum of the school district's transportation
11 allowance, elementary class size allowance, focus school and program
12 allowance, limited English proficiency allowance, poverty allowance,
13 special receipts allowance, and distance education and
14 telecommunications allowance plus the product of the school district's
15 adjusted formula students multiplied by the average formula cost per
16 student in the school district's local system cost grouping or (b) if
17 the school district's general fund levy was at or above ninety-nine
18 cents per one hundred dollars of valuation for the previous year, the
19 school district's prior year formula need multiplied by one hundred
20 percent. The calculation of total adjusted formula students for
21 purposes of this subdivision shall take into account the requirements
22 of subdivision (2) of section 79-1007.03.

23 Sec. 2. Section 79-1007.10 Revised Statutes Cumulative
24 Supplement, 2006, is amended to read:

25 79-1007.10. For state aid calculated for school fiscal year
26 2008-09 and each school fiscal year thereafter, the cost growth factor
27 for each cost grouping is equal to the sum of: (1) One; plus (2) the

1 product of two times the ratio of the difference ~~between~~ of (a)
2 the formula students attributable to the cost grouping without
3 weighting or adjustment pursuant to section 79-1007.03 minus the
4 qualified early childhood education fall membership attributable to
5 the cost grouping without such weighting or adjustment for state aid
6 certified pursuant to section 79-1022 and minus (b) the
7 difference of the sum of the average daily membership plus tuitioned
8 students attributable to the cost grouping for the most recently
9 available complete data year minus the qualified early childhood
10 education average daily membership attributable to the cost grouping
11 without such weighting or adjustment for the most recently available
12 complete data year divided by the difference of the sum of the
13 average daily membership plus tuitioned students attributable to the
14 cost grouping for the most recently available complete data year
15 minus the qualified early childhood education average daily membership
16 attributable to the cost grouping without such weighting or
17 adjustment for the most recently available complete data year,
18 except that the ratio shall not be less than zero; plus (3) the basic
19 allowable growth rate pursuant to section 79-1025 for the school
20 fiscal year in which the aid is to be distributed; plus (4) the basic
21 allowable growth rate pursuant to section 79-1025 for the school
22 fiscal year immediately preceding the school fiscal year in which the
23 aid is to be distributed; plus (5) any additional growth rate allowed
24 by special action of school boards for the school fiscal year in which
25 the aid is to be distributed as determined for the school fiscal year
26 immediately preceding the school fiscal year when aid is to be
27 distributed; plus (6) any additional growth rate allowed by special

1 action of the school boards for the school fiscal year immediately
2 preceding the school fiscal year when the aid is to be distributed.

3 Sec. 3. Section 79-1022 Revised Statutes Cumulative
4 Supplement, 2006, as affected by Referendum 2006, No. 422, is amended
5 to read:

6 79-1022. (1) On or before ~~June 15, 2003,~~ February 15,
7 2007, and on or before February 1 for each year thereafter, the
8 department shall determine the amounts to be distributed to each
9 local system and each district pursuant to the Tax Equity and
10 Educational Opportunities Support Act and shall certify the amounts to
11 the Director of Administrative Services, the Auditor of Public
12 Accounts, each learning community, and each district. The amount to be
13 distributed to each district that is not a member of a learning
14 community from the amount certified for a local system shall be
15 proportional based on the weighted formula students attributed to each
16 district in the local system. The amount to be distributed to each
17 district that is a member of a learning community from the amount
18 certified for the local system shall be proportional based on the
19 formula needs calculated for each district in the local system. On or
20 before ~~June 15, 2003,~~ February 15, 2007, and on or before
21 February 1 for each year thereafter, the department shall report the
22 necessary funding level to the Governor, the Appropriations Committee
23 of the Legislature, and the Education Committee of the Legislature.
24 Certified state aid amounts, including adjustments pursuant to section
25 79-1065.02, shall be shown as budgeted non-property-tax receipts and
26 deducted prior to calculating the property tax request in the
27 district's general fund budget statement as provided to the Auditor of

1 Public Accounts pursuant to section 79-1024.

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

11 Sec. 4. Section 79-1026 Revised Statutes Cumulative
12 Supplement, 2006, as affected by Referendum 2006, No. 422, is amended
13 to read:

14 79-1026. For school fiscal years prior to 2008-09: On or
15 before ~~June 15, 2003~~, February 15, 2007, and on or before
16 February 1 for each year thereafter, the department shall determine
17 and certify to each Class II, III, IV, V, or VI district an applicable
18 allowable growth rate carried out at least four decimal places for
19 each local system as follows:

20 (1) The department shall establish a target budget level
21 range of general fund operating expenditure levels for each school
22 fiscal year for each local system which shall begin at twenty percent
23 less than the local system's formula need and end at the local
24 system's formula need. The beginning point of the range shall be
25 assigned a number equal to the maximum allowable growth rate
26 established in section 79-1025, and the end point of the range shall
27 be assigned a number equal to the basic allowable growth rate as

1 prescribed in such section such that the lower end of the range shall
2 be assigned the maximum allowable growth rate and the higher end of
3 the range shall be assigned the basic allowable growth rate; and

4 (2) For each school fiscal year, each local system's general
5 fund operating expenditures shall be compared to its target budget
6 level along the range described in subdivision (1) of this section to
7 arrive at an applicable allowable growth rate as follows: If each
8 local system's general fund operating expenditures fall below the
9 lower end of the range, such applicable allowable growth rate shall be
10 the maximum growth rate identified in section 79-1025. If each local
11 system's general fund operating expenditures are greater than the
12 higher end of the range, the local system's allowable growth rate
13 shall be the basic allowable growth rate identified in such section.
14 If each local system's general fund operating expenditures fall
15 between the lower end and the higher end of the range, the department
16 shall use a linear interpolation calculation between the end points of
17 the range to arrive at the applicable allowable growth rate for the
18 local system.

19 Sec. 5. Section 79-1027 Revised Statutes Cumulative
20 Supplement, 2006, as affected by Referendum 2006, No. 422, is amended
21 to read:

22 79-1027. No district shall adopt a budget, which includes
23 total requirements of depreciation funds, necessary employee benefit
24 fund cash reserves, and necessary general fund cash reserves,
25 exceeding the applicable allowable reserve percentages of total
26 general fund budget of expenditures as specified in the schedule set
27 forth in this section.

1	Average daily	Allowable
2	membership of	reserve
3	district	percentage
4	0 - 471	45
5	471.01 - 3,044	35
6	3,044.01 - 10,000	25
7	10,000.01 and over	20

8 On or before ~~February 5, 2003,~~ February 15, 2007, and
9 on or before February 1 each year thereafter, the department shall
10 determine and certify each district's applicable allowable reserve
11 percentage.

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

21 Sec. 6. Section 79-1031.01 Revised Statutes Cumulative
22 Supplement, 2006, as affected by Referendum 2006, No. 422, is amended
23 to read:

24 79-1031.01. The Appropriations Committee of the Legislature
25 shall annually include the amount necessary to fund the state aid
26 certified to school districts on or before ~~May 1, 2002,~~ February
27 15, 2007, and on or before February 1 for each ensuing school year

1 thereafter in its recommendations to the Legislature to carry out the
2 requirements of the Tax Equity and Educational Opportunities Support
3 Act.

4 Sec. 7. Original sections 79-1007.02 and 79-1007.10, Revised
5 Statutes Cumulative Supplement, 2006, and sections 79-1022, 79-1026,
6 79-1027, and 79-1031.01, Revised Statutes Cumulative Supplement, 2006,
7 as affected by Referendum 2006, No. 422; are repealed.

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