LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 691

Introduced by Synowiecki, 7

Read first time January 17, 2007

Committee: Education

A BILL

1   FOR AN ACT relating to the Tax Equity and Educational Opportunities
2   Support Act; to amend sections 79-1007.01 and 79-1007.03,
3   Revised Statutes Cumulative Supplement, 2006, and section
4   79-1028, Revised Statutes Cumulative Supplement, 2006,
5   as affected by Referendum 2006, No. 422; to change
6   provisions relating to weighting factors in calculating
7   adjusted formula students as prescribed; to change
8   provisions relating to applicable allowable growth rates;
9   and to repeal the original sections.
10   Be it enacted by the people of the State of Nebraska,

1   Section   1.   Section   79-1007.01,   Revised   Statutes

2   Cumulative Supplement, 2006, is amended to read:

3   79-1007.01 For state aid calculated for school fiscal

4   years prior to 2008-09:

5   (1) The adjusted formula students for each local system

6   shall be calculated by:

7   (a) Multiplying the formula students in each grade range

8   by the corresponding weighting factors to calculate the weighted

9   formula students for each grade range as follows:

10   (i) The weighting factor for early childhood education

11   programs is six-tenths;

12   (ii) The weighting factor for kindergarten other than

13   full-day kindergarten is five-tenths;

14   (iii) The weighting factor for full-day kindergarten is

15   one and four-tenths;

16   (iii) (iv) The weighting factor for grades one through

17   six, including full-day kindergarten, is one;

18   (iv) (v) The weighting factor for grades seven and eight

19   is one and two-tenths; and

20   (v) (vi) The weighting factor for grades nine through

21   twelve is one and four-tenths;

22   (b) Adding the weighted formula students for each grade

23   range to calculate the weighted formula students for the local

24   system; and

25   (c) Adjusting the weighted formula students by adding the

 1 following demographic factors:

 2   (i) The Indian-land factor shall equal 0.25 times the

 3 average daily attendance of students who reside on Indian land

 4 as reported by the United States Department of Education in

 5 calculating the local system's payment pursuant to 20 U.S.C. 7701

 6 et seq., as such sections existed on April 12, 2002;

 7   (ii) The limited English proficiency factor shall equal

 8 0.25 1.0 times the students in the local system with limited

 9 English proficiency as defined under 20 U.S.C. 7601, as such

10 section existed on April 12, 2002;

11   (iii) The department shall calculate the number of

12 formula students to whom the poverty factor shall apply. The

13 department shall calculate a ratio of the formula students to the

14 total children under nineteen years of age residing in the local

15 system and shall apply the ratio to the low-income children within

16 the local system, in order to determine the number of low-income

17 students within such local system. The number of children under

18 nineteen years of age used in this calculation shall be derived

19 from income tax information. The poverty factor shall equal the

20 number of low-income students or the formula students qualified

21 for free lunches or free milk under United States Department

22 of Agriculture child nutrition programs, whichever is greater,

23 multiplied by the following factors:

24   (A) 0 0.10 for the qualified formula students comprising

25 the first five percent of the formula students in the local system;

1   (B) ~~0.05~~ 0.20 for the qualified formula students

2   comprising more than five percent and not more than ten percent of

3   the formula students in the local system;

4   (C) ~~0.10~~ 0.30 for the qualified formula students

5   comprising more than ten percent and not more than fifteen percent

6   of the formula students in the local system;

7   (D) ~~0.15~~ 0.40 for the qualified formula students

8   comprising more than fifteen percent and not more than twenty

9   percent of the formula students in the local system;

10   (E) ~~0.20~~ 0.50 for the qualified formula students

11   comprising more than twenty percent and not more than twenty-five

12   percent of the formula students in the local system;

13   (F) ~~0.25~~ 0.60 for the qualified formula students

14   comprising more than twenty-five percent and not more than thirty

15   percent of the formula students in the local system; and

16   (G) ~~0.30~~ 0.70 for the qualified formula students

17   comprising more than thirty percent of the formula students in the

18   local system; and

19   (iv) The extreme remoteness factor shall equal 0.125

20   times the formula students in the local system for each local

21   system that has fewer than two hundred formula students, more

22   than six hundred square miles in the local system, less than

23   three-tenths formula student per square mile in the local system,

24   and more than twenty-five miles between the high school attendance

25   center and the next closest high school attendance center on paved

1 roads; and

2 (2) The total adjusted formula students for each

3 local system shall equal the weighted formula students plus the

4 demographic factors, except that (a) for local systems qualifying

5 for the extreme remoteness factor, the total adjusted formula

6 students shall be greater than or equal to one hundred fifty

7 adjusted formula students, (b) the total adjusted formula students

8 for a local system shall not include the extreme remoteness factor

9 or any adjustment to the adjusted formula students resulting from

10 qualification for the extreme remoteness factor for the calculation

11 of the average formula cost per student in each cost grouping

12 pursuant to subdivision (2) of section 79-1007.02, and (c) the

13 total adjusted formula students for a local system shall include

14 the extreme remoteness factor and any adjustment to the adjusted

15 formula students resulting from qualification for the extreme

16 remoteness factor for the calculation of the local system's formula

17 need pursuant to subdivision (3) of section 79-1007.02.

18 Sec. 2. Section 79-1007.03, Revised Statutes Cumulative

19 Supplement, 2006, is amended to read:

20 79-1007.03 For state aid calculated for school fiscal

21 year 2008-09 and each school fiscal year thereafter:

22 (1) The adjusted formula students for each school

23 district shall be calculated by:

24 (a) Multiplying the formula students in each grade range

25 by the corresponding weighting factors to calculate the weighted

1   formula students for each grade range as follows:

2   (i) The weighting factor for early childhood education

3   programs is six-tenths;

4   (ii) The weighting factor for kindergarten other than

5   full-day kindergarten is five-tenths;

6   (iii) The weighting factor for full-day kindergarten is

7   one and four-tenths;

8   (iii) (iv) The weighting factor for grades one through

9   six, including full-day kindergarten, is one;

10   (iv) (v) The weighting factor for grades seven and eight

11 is one and two-tenths; and

12   (v) (vi) The weighting factor for grades nine through

13 twelve is one and four-tenths;

14   (b) Adding the weighted formula students for each grade

15 range to calculate the weighted formula students for the local

16 system; and

17   (c) Adjusting the weighted formula students by adding the

18 following demographic factors:

19   (i) The Indian-land factor shall equal 0.25 times the

20 average daily attendance of students who reside on Indian land

21 as reported by the United States Department of Education in

22 calculating the local system's payment pursuant to 20 U.S.C. 7701

23 et seq., as such sections existed on January 1, 2006; and

24   (ii) The extreme remoteness factor shall equal 0.125

25 times the formula students in the school district for each school

1   district that has fewer than two hundred formula students, more

2   than six hundred square miles in the school district, less than

3   three-tenths formula student per square mile in the local system,

4   and more than twenty-five miles between the high school attendance

5   center and the next closest high school attendance center on paved

6   roads; and

7   (2) The total adjusted formula students for each

8   school district shall equal the weighted formula students plus

9   the demographic factors, except that (a) for school districts

10   qualifying for the extreme remoteness factor, the total adjusted

11   formula students shall be greater than or equal to one hundred

12   fifty adjusted formula students, (b) the total adjusted formula

13   students for a school district shall not include the extreme

14   remoteness factor or any adjustment to the adjusted formula

15   students resulting from qualification for the extreme remoteness

16   factor for the calculation of the average formula cost per student

17   in each cost grouping pursuant to section 79-1007.02, and (c) the

18   total adjusted formula students for a school district shall include

19   the extreme remoteness factor and any adjustment to the adjusted

20   formula students resulting from qualification for the extreme

21   remoteness factor for the calculation of the school district's

22   formula need pursuant to section 79-1007.02.

23   Sec. 3. Section 79-1028, Revised Statutes Cumulative

24   Supplement, 2006, as affected by Referendum 2006, No. 422, is

25   amended to read:

1   79-1028 (1) A Class II, III, IV, V, or VI school

2   district may exceed its applicable allowable growth rate for (a)

3   expenditures in support of a service which is the subject of

4   an agreement or a modification of an existing agreement whether

5   operated by one of the parties to the agreement or an independent

6   joint entity or joint public agency, (b) expenditures to pay for

7   repairs to infrastructure damaged by a natural disaster which is

8   declared a disaster emergency pursuant to the Emergency Management

9   Act, (c) expenditures to pay for judgments, except judgments

10   or orders from the Commission of Industrial Relations, obtained

11   against a school district which require or obligate a school

12   district to pay such judgment, to the extent such judgment is not

13   paid by liability insurance coverage of a school district, (d)

14   expenditures to pay for sums agreed to be paid by a school district

15   to certificated employees in exchange for a voluntary termination

16   of employment, or (e) expenditures to pay for lease-purchase

17   contracts approved on or after July 1, 1997, and before July

18   1, 1998, to the extent the lease payments were not budgeted

19   expenditures for fiscal year 1997-98.

20   (2) A Class II, III, IV, V, or VI district may exceed its

21   applicable allowable growth rate by a specific dollar amount if the

22   district projects an increase in formula students in the district

23   over the current school year greater than twenty-five students

24   or greater than those listed in the schedule provided in this

25   subsection, whichever is less. Districts shall project increases

1   in formula students on forms prescribed by the department. The

2   department shall approve, deny, or modify the projected increases.

Average daily membership of district	Projected increase of formula students by percentage
0 – 50	10
50.01 – 250	5
250.01 – 1,000	3
1,000.01 and over	1

10   The department shall compute the district's estimated

11 allowable budget per pupil using the budgeted general fund

12 expenditures found on the budget statement for the current school

13 year divided by the number of formula students in the current

14 school year and multiplied by the district's applicable allowable

15 growth rate. The resulting allowable budget per pupil shall be

16 multiplied by the projected formula students to arrive at the

17 estimated budget needs for the ensuing year. The department

18 shall allow the district to increase its general fund budget

19 of expenditures for the ensuing school year by the amount

20 necessary to fund the estimated budget needs of the district

21 as computed pursuant to this subsection. On or before July

22 1, the department shall make available to districts which have

23 been allowed additional growth pursuant to this subsection the

24 necessary document to recalculate the actual formula students of

25 such district. Such document shall be filed with the department

1   under subsection (1) of section 79-1024.

2   (3) A Class II, III, IV, V, or VI district may exceed

3   its applicable allowable growth rate by a specific dollar amount

4   if construction, expansion, or alteration of district buildings

5   will cause an increase in building operation and maintenance

6   costs of at least five percent. The department shall document

7   the projected increase in building operation and maintenance costs

8   and may allow a Class II, III, IV, V, or VI district to exceed

9   its applicable allowable growth rate by the amount necessary to

10 fund such increased costs. The department shall compute the actual

11 increased costs for the school year and shall notify the district

12 on or before July 1 of the recovery of the additional growth

13 pursuant to this subsection.

14   (4) A Class II, III, IV, V, or VI district may exceed its

15 applicable allowable growth rate by a specific dollar amount if the

16 district demonstrates to the satisfaction of the department that

17 it will exceed its applicable allowable growth rate as a result

18 of costs pursuant to the Retirement Incentive Plan authorized

19 in section 79-855 or the Staff Development Assistance authorized

20 in section 79-856. The department shall compute the amount by

21 which the increased cost of such program or programs exceeds the

22 district's applicable allowable growth rate and shall allow the

23 district to increase its general fund expenditures by such amount

24 for that fiscal year.

25   (5) A Class II, III, IV, or V district may exceed its

1   applicable allowable growth rate by the specific dollar amount of

2   incentive payments or base fiscal year incentive payments to be

3   received in such school fiscal year pursuant to section 79-1011.

4   (6) A Class II, III, IV, V, or VI district may exceed

5   its applicable allowable growth rate by a specific dollar amount

6   in any year for which the state aid calculation for the local

7   system includes students in the qualified early childhood education

8   fall membership of the district for the first time or for a year

9   in which an early childhood education program of the district is

10   receiving an expansion grant. The department shall compute the

11   amount by which the district may exceed the district's applicable

12   allowable growth rate by multiplying the cost grouping cost

13   per student for the applicable cost grouping by the district's

14   adjusted formula students attributed to early childhood education

15   programs if students are included in the district's qualified

16   early childhood education fall membership for the first time or by

17   the district's adjusted formula students attributed to such early

18   childhood education programs minus the district's adjusted formula

19   students attributed to such early childhood education programs for

20   the prior school fiscal year if a program is receiving an expansion

21   grant in the school fiscal year for which the fall membership is

22   measured. The department shall allow the district to increase its

23   general fund expenditures by such amount for such school fiscal

24   year.

25   (7) For school fiscal year 2005-06, a Class II, III, IV,

1   V, or VI district may exceed its applicable allowable growth rate

2   by a specific dollar amount not to exceed seventy-four hundredths

3   percent of the amount budgeted for employee salaries for such

4   school fiscal year. For school fiscal year 2006-07, a Class II,

5   III, IV, V, or VI district may exceed its applicable allowable

6   growth rate by a specific dollar amount not to exceed fifty-nine

7   hundredths percent of the amount budgeted for employee salaries for

8   such school fiscal year.

9   (8) A Class II, III, IV, or V district that is a

10 member of a learning community may exceed its applicable allowable

11 growth rate for the first school fiscal year in which the school

12 district will be a member of a learning community for the full

13 school fiscal year by an amount equal to anticipated increases in

14 transportation expenditures necessary to meet the requirements of

15 subsection (2) of section 79-611 as approved by the department. The

16 department shall approve, deny, or modify the amount allowed

17 for anticipated increases in transportation expenditures. The

18 department shall compute the actual increase in transportation

19 expenditures necessary to meet the requirements of subsection (2)

20 of section 79-611 for such school fiscal year and shall, if needed,

21 modify the district's applicable allowable growth rate for the

22 ensuing school fiscal year.

23   (9) For school fiscal year 2008-09, a Class II, III,

24 IV, or V district may exceed its applicable allowable growth

25 rate by a specific dollar amount if the sum of the poverty

1   allowance, elementary class size allowance, focus school and

2   program allowance, and limited English proficiency allowance for

3   the school district for school fiscal year 2008-09 exceeds the

4   poverty weightings plus limited English proficiency weightings

5   multiplied by the cost grouping cost per student for the school

6   district for school fiscal year 2007-08. The department shall

7   compute the amount by which the district may exceed the applicable

8   allowable growth rate by subtracting the product of the sum of

9   the poverty weightings and limited English proficiency weightings

10 for school fiscal year 2007-08 multiplied by the average formula

11 cost per student in the school district's cost grouping for school

12 fiscal year 2007-08 from the sum of the school fiscal year 2008-09

13 poverty allowance, elementary class size allowance, focus school

14 and program allowance, and limited English proficiency allowance

15 for the school district. The department shall allow the district to

16 increase its general fund expenditures by such amount for school

17 fiscal year 2008-09.

18   (10) For school year 2008-09, a Class II, III, IV,

19 V, or VI district may exceed its applicable allowable growth

20 rate by a specific dollar amount if the district demonstrates

21 to the satisfaction of the department that it will exceed its

22 applicable allowable growth rate as a result of changes in the

23 adjusted formula student count due to increased weighting factors

24 for full-day kindergarten, the limited English proficiency factor,

25 or the poverty factor. The department shall compute the amount

1   by which the increases will result in the district exceeding its

2   applicable allowable growth rate and shall allow the district to

3   increase its general fund expenditures by such amount for that

4   school year.

5   (10) (11) For school fiscal year 2009-10 and each school

6   fiscal year thereafter, a Class II, III, IV, or V district may

7   exceed its applicable allowable growth rate by a specific dollar

8   amount if the sum of the poverty allowance, elementary class size

9   allowance, focus school and program allowance, and limited English

10   proficiency allowance for the school district has grown at a rate

11   higher than the applicable allowable growth rate of the district.

12   The department shall compute the amount by which the district

13   may exceed the applicable allowable growth rate by subtracting

14   the product of the sum of the poverty allowance, elementary class

15   size allowance, focus school and program allowance, and limited

16   English proficiency allowance for the immediately preceding school

17   fiscal year multiplied by the sum of one plus the applicable

18   allowable growth rate to be exceeded from the sum of the poverty

19   allowance, elementary class size allowance, focus school and

20   program allowance, and limited English proficiency allowance for

21   the district for the school fiscal year for which the applicable

22   allowable growth rate would be exceeded. The department shall allow

23   the district to increase its general fund expenditures by such

24   amount for the applicable school fiscal year.

25   (11) (12) A Class II, III, IV, or V school district may

1   exceed its applicable allowable growth rate by a specific dollar

2   amount not to exceed the amount received during such school fiscal

3   year from educational entities as defined in section 79-1332 for

4   providing distance education courses through the Distance Education

5   Council to such educational entities.

6   ~~(12)~~ (13) A Class II, III, IV, or V school district may

7   exceed its applicable allowable growth rate for school fiscal year

8   2007-08 by a specific dollar amount equal to the amount paid in

9   school fiscal year 2006-07 to any distance education consortium

10   in which the school district was participating pursuant to an

11   interlocal agreement.

12   Sec. 4. Original sections 79-1007.01 and 79-1007.03,

13   Revised Statutes Cumulative Supplement, 2006, and section 79-1028,

14   Revised Statutes Cumulative Supplement, 2006, as affected by

15   Referendum 2006, No. 422, are repealed.