

AMENDMENTS TO LB448
(Amendments to AM1555)

Introduced by Kolterman, 24.

1 1. Insert the following new section:

2 Sec. 40. Section 79-1003, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 79-1003 For purposes of the Tax Equity and Educational Opportunities
5 Support Act:

6 (1) Adjusted general fund operating expenditures means (a) for
7 school fiscal years 2013-14 through 2015-16, the difference of the
8 general fund operating expenditures as calculated pursuant to subdivision
9 (22) of this section increased by the cost growth factor calculated
10 pursuant to section 79-1007.10, minus the transportation allowance,
11 special receipts allowance, poverty allowance, limited English
12 proficiency allowance, distance education and telecommunications
13 allowance, elementary site allowance, summer school allowance,
14 instructional time allowance, teacher education allowance, and focus
15 school and program allowance, and (b) for school fiscal year 2016-17 and
16 each school fiscal year thereafter, the difference of the general fund
17 operating expenditures as calculated pursuant to subdivision (22) of this
18 section increased by the cost growth factor calculated pursuant to
19 section 79-1007.10, minus the transportation allowance, special receipts
20 allowance, poverty allowance, limited English proficiency allowance,
21 distance education and telecommunications allowance, elementary site
22 allowance, summer school allowance, and focus school and program
23 allowance;

24 (2) Adjusted valuation means the assessed valuation of taxable
25 property of each local system in the state, adjusted pursuant to the
26 adjustment factors described in section 79-1016. Adjusted valuation means

1 the adjusted valuation for the property tax year ending during the school
2 fiscal year immediately preceding the school fiscal year in which the aid
3 based upon that value is to be paid. For purposes of determining the
4 local effort rate yield pursuant to section 79-1015.01, adjusted
5 valuation does not include the value of any property which a court, by a
6 final judgment from which no appeal is taken, has declared to be
7 nontaxable or exempt from taxation;

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

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

16 (5) Base fiscal year means the first school fiscal year following
17 the school fiscal year in which the reorganization or unification
18 occurred;

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

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

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

29 (9) Converted contract means an expired contract that was in effect
30 for at least fifteen school years beginning prior to school year 2012-13
31 for the education of students in a nonresident district in exchange for

1 tuition from the resident district when the expiration of such contract
2 results in the nonresident district educating students, who would have
3 been covered by the contract if the contract were still in effect, as
4 option students pursuant to the enrollment option program established in
5 section 79-234;

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

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

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

17 (13) Ensuing school fiscal year means the school fiscal year
18 following the current school fiscal year;

19 (14) Equalization aid means the amount of assistance calculated to
20 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
21 79-1007.25, 79-1008.01 to 79-1022, 79-1022.02, 79-1028.02, and
22 79-1028.04;

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

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

29 (17) Formula students means:

30 (a) For state aid certified pursuant to section 79-1022, the sum of
31 the product of fall membership from the school fiscal year immediately

1 preceding the school fiscal year in which the aid is to be paid
2 multiplied by the average ratio of average daily membership to fall
3 membership for the second school fiscal year immediately preceding the
4 school fiscal year in which the aid is to be paid and the prior two
5 school fiscal years plus sixty percent of the qualified early childhood
6 education fall membership plus tuitioned students from the school fiscal
7 year immediately preceding the school fiscal year in which aid is to be
8 paid minus the product of the number of students enrolled in kindergarten
9 that is not full-day kindergarten from the fall membership multiplied by
10 0.5; and

11 (b) For the final calculation of state aid pursuant to section
12 79-1065, the sum of average daily membership plus sixty percent of the
13 qualified early childhood education average daily membership plus
14 tuitioned students minus the product of the number of students enrolled
15 in kindergarten that is not full-day kindergarten from the average daily
16 membership multiplied by 0.5 from the school fiscal year immediately
17 preceding the school fiscal year in which aid was paid;

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

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

24 (20) General fund budget of expenditures means the total budget of
25 disbursements and transfers for general fund purposes as certified in the
26 budget statement adopted pursuant to the Nebraska Budget Act, except that
27 for purposes of the limitation imposed in section 79-1023 and the
28 calculation pursuant to subdivision (2) of section 79-1027.01, the
29 general fund budget of expenditures does not include any special grant
30 funds, exclusive of local matching funds, received by a district;

31 (21) General fund expenditures means all expenditures from the

1 general fund;

2 (22) General fund operating expenditures means for state aid
3 calculated for school fiscal years 2012-13 and each school fiscal year
4 thereafter, as reported on the annual financial report for the second
5 school fiscal year immediately preceding the school fiscal year in which
6 aid is to be paid, the total general fund expenditures minus (a) the
7 amount of all receipts to the general fund, to the extent that such
8 receipts are not included in local system formula resources, from early
9 childhood education tuition, summer school tuition, educational entities
10 as defined in section 79-1201.01 for providing distance education courses
11 through the Educational Service Unit Coordinating Council to such
12 educational entities, private foundations, individuals, associations,
13 charitable organizations, the textbook loan program authorized by section
14 79-734, federal impact aid, and levy override elections pursuant to
15 section 77-3444, (b) the amount of expenditures for categorical funds,
16 tuition paid, transportation fees paid to other districts, adult
17 education, community services, redemption of the principal portion of
18 general fund debt service, retirement incentive plans authorized by
19 section 79-855, and staff development assistance authorized by section
20 79-856, (c) the amount of any transfers from the general fund to any bond
21 fund and transfers from other funds into the general fund, (d) any legal
22 expenses in excess of fifteen-hundredths of one percent of the formula
23 need for the school fiscal year in which the expenses occurred, (e)
24 expenditures to pay for sums agreed to be paid by a school district to
25 certificated employees in exchange for a voluntary termination occurring
26 prior to July 1, 2009, occurring on or after the last day of the 2010-11
27 school year and prior to the first day of the 2013-14 school year, or, to
28 the extent that a district has demonstrated to the State Board of
29 Education pursuant to section 79-1028.01 that the agreement will result
30 in a net savings in salary and benefit costs to the school district over
31 a five-year period, occurring on or after the first day of the 2013-14

1 school year, (f)(i) expenditures to pay for employer contributions
2 pursuant to subsection (2) of section 79-958 to the School Employees
3 Retirement System of the State of Nebraska to the extent that such
4 expenditures exceed the employer contributions under such subsection that
5 would have been made at a contribution rate of seven and thirty-five
6 hundredths percent or (ii) expenditures to pay for school district
7 contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to
8 the retirement system established pursuant to the Class V School
9 Employees Retirement Act to the extent that such expenditures exceed the
10 school district contributions under such subdivision that would have been
11 made at a contribution rate of seven and thirty-seven hundredths percent
12 and to pay for school district contributions authorized pursuant to
13 subdivision (1)(b) of section 79-966, and (g) any amounts paid by the
14 district for lobbyist fees and expenses reported to the Clerk of the
15 Legislature pursuant to section 49-1483.

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

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

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

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

31 (26) Limited English proficiency students means the number of

1 students with limited English proficiency in a district from the most
2 recent data available on November 1 of the school fiscal year preceding
3 the school fiscal year in which aid is to be paid plus the difference of
4 such students with limited English proficiency minus the average number
5 of limited English proficiency students for such district, prior to such
6 addition, for the three immediately preceding school fiscal years if such
7 difference is greater than zero;

8 (27) Local system means a learning community for purposes of
9 calculation of state aid for the second full school fiscal year after
10 becoming a learning community and each school fiscal year thereafter, a
11 unified system, a Class VI district and the associated Class I districts,
12 or a Class II, III, IV, or V district and any affiliated Class I
13 districts or portions of Class I districts. The membership, expenditures,
14 and resources of Class I districts that are affiliated with multiple high
15 school districts will be attributed to local systems based on the percent
16 of the Class I valuation that is affiliated with each high school
17 district;

18 (28) Low-income child means a child under nineteen years of age
19 living in a household having an annual adjusted gross income for the
20 second calendar year preceding the beginning of the school fiscal year
21 for which aid is being calculated equal to or less than the maximum
22 household income that would allow a student from a family of four people
23 to be a free lunch and free milk student during the school fiscal year
24 immediately preceding the school fiscal year for which aid is being
25 calculated;

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

30 (30) Most recently available complete data year means the most
31 recent single school fiscal year for which the annual financial report,

1 fall school district membership report, annual statistical summary,
2 Nebraska income tax liability by school district for the calendar year in
3 which the majority of the school fiscal year falls, and adjusted
4 valuation data are available;

5 (31) Poverty students means the number of low-income students or the
6 number of students who are free lunch and free milk students in a
7 district plus the difference of the number of low-income students or the
8 number of students who are free lunch and free milk students in a
9 district, whichever is greater, minus the average number of poverty
10 students for such district, prior to such addition, for the three
11 immediately preceding school fiscal years if such difference is greater
12 than zero;

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

27 (33) Qualified early childhood education fall membership means the
28 product of membership on the last Friday in September 2006 and each year
29 thereafter of students who will be eligible to attend kindergarten the
30 following school year and are enrolled in an early childhood education
31 program approved by the department pursuant to section 79-1103 for such

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

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

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

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

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

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

23 (b)(i) Less than one and one-half formula students per square mile
24 in the local system and (ii) more than fifteen miles between each high
25 school attendance center and the next closest high school attendance
26 center on paved roads;

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

30 (d)(i) Less than two formula students per square mile in the local
31 system and (ii) the local system includes an area equal to ninety-five

1 percent or more of the square miles in the largest county in which a high
2 school attendance center is located in the local system;

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

6 (39) Special grant funds means the budgeted receipts for grants,
7 including, but not limited to, categorical funds, reimbursements for
8 wards of the court, short-term borrowings including, but not limited to,
9 registered warrants and tax anticipation notes, interfund loans,
10 insurance settlements, and reimbursements to county government for
11 previous overpayment. The state board shall approve a listing of grants
12 that qualify as special grant funds;

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

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

16 (42) State support means all funds provided to districts by the
17 State of Nebraska for the general fund support of elementary and
18 secondary education;

19 (43) Statewide average basic funding per formula student means the
20 statewide total basic funding for all districts divided by the statewide
21 total formula students for all districts;

22 (44) Statewide average general fund operating expenditures per
23 formula student means the statewide total general fund operating
24 expenditures for all districts divided by the statewide total formula
25 students for all districts;

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

27 (46) Temporary aid adjustment factor means (a) for school fiscal
28 years before school fiscal year 2007-08, one and one-fourth percent of
29 the sum of the local system's transportation allowance, the local
30 system's special receipts allowance, and the product of the local
31 system's adjusted formula students multiplied by the average formula cost

1 per student in the local system's cost grouping and (b) for school fiscal
2 year 2007-08, one and one-fourth percent of the sum of the local system's
3 transportation allowance, special receipts allowance, and distance
4 education and telecommunications allowance and the product of the local
5 system's adjusted formula students multiplied by the average formula cost
6 per student in the local system's cost grouping;

7 (47) Tuition receipts from converted contracts means tuition
8 receipts received by a district from another district in the most
9 recently available complete data year pursuant to a converted contract
10 prior to the expiration of the contract;

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

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

15 (a)(i) Less than one-half student per square mile in each county in
16 which each high school attendance center is located based on the school
17 district census, (ii) less than one formula student per square mile in
18 the local system, and (iii) more than fifteen miles between the high
19 school attendance center and the next closest high school attendance
20 center on paved roads; or

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

26 Sec. 41. Section 79-1017.01, Reissue Revised Statutes of Nebraska,
27 is amended to read:

28 79-1017.01 (1) For state aid calculated for school fiscal year
29 2013-14, local system formula resources includes retirement aid
30 determined under section 79-1028.03, teacher education aid determined for
31 each district pursuant to subdivision (2) of section 79-1007.25,

1 instructional time aid determined pursuant to subsection (2) of section
2 79-1007.23, allocated income tax funds determined for each district
3 pursuant to section 79-1005.01, and adjustments pursuant to section
4 79-1008.02 and is reduced by amounts paid by the district in the most
5 recently available complete data year as property tax refunds pursuant to
6 or in the manner prescribed by section 77-1736.06.

7 (2) For state aid calculated for school fiscal years 2014-15 and
8 2015-16, local system formula resources includes teacher education aid
9 determined for each district pursuant to section 79-1007.25,
10 instructional time aid determined pursuant to subsection (2) of section
11 79-1007.23, allocated income tax funds determined for each district
12 pursuant to section 79-1005.01, and adjustments pursuant to section
13 79-1008.02 and is reduced by (a) amounts paid by the district in the most
14 recently available complete data year as property tax refunds pursuant to
15 or in the manner prescribed by section 77-1736.06 and (b) revenue from a
16 tax levy authorized for purposes of subdivision (1)(b) of section 79-966.

17 (3) For state aid calculated for school fiscal year 2016-17 and each
18 school fiscal year thereafter, local system formula resources includes
19 allocated income tax funds determined for each district pursuant to
20 section 79-1005.01 and adjustments pursuant to section 79-1008.02 and is
21 reduced by (a) amounts paid by the district in the most recently
22 available complete data year as property tax refunds pursuant to or in
23 the manner prescribed by section 77-1736.06 and (b) revenue from a tax
24 levy authorized for purposes of subdivision (1)(b) of section 79-966.

25 2. On page 9, lines 16 and 17, strike the new matter.

26 3. On page 10, strike lines 2 through 21 and insert "(b) For any
27 year in which a deposit is made to the School Retirement Fund under
28 subdivision (1)(a) of this section, if the actuary employed by the Class
29 V school district's retirement system determines that the actuarially
30 required contribution rate exceeds the rate of all contributions required
31 pursuant to the Class V School Employees Retirement Act, using the

1 thirty-year amortization period specified in section 79-966.01, the board
2 of education shall request tax levy authority in the next regular
3 legislative session to meet the actuarially required contribution rate
4 for the Class V school district's retirement system, using the thirty-
5 year amortization period specified in section 79-966.01."

6 4. Renumber the remaining sections and correct internal references
7 accordingly.