

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 883

Introduced by Scheer, 19; Ebke, 32; Fox, 7; Friesen, 34; Groene, 42;
Hughes, 44; Kolterman, 24; Kuehn, 38; Larson, 40;
Lindstrom, 18; Riepe, 12; Watermeier, 1.

Read first time January 11, 2016

Committee: Education

1 A BILL FOR AN ACT relating to the Tax Equity and Educational
2 Opportunities Support Act; to amend sections 79-1005.01, 79-1007.15,
3 79-1007.18, 79-1008.01, 79-1008.02, 79-1009, 79-1009.01, and
4 79-1024, Reissue Revised Statutes of Nebraska, and sections 79-1001,
5 79-1003, 79-1003.01, 79-1007.11, and 79-1018.01, Revised Statutes
6 Supplement, 2015; to state intent; to provide for foundation aid per
7 student as prescribed; to add, change, and eliminate provisions
8 relating to the formula for calculation of state aid; to provide for
9 forfeiture of certain funds as prescribed; to provide for citizen
10 oversight groups; to harmonize provisions; to repeal the original
11 sections; to outright repeal section 79-1007.04, Reissue Revised
12 Statutes of Nebraska; and to declare an emergency.
13 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1001, Revised Statutes Supplement, 2015, is
2 amended to read:

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

6 Sec. 2. (1) The Legislature finds that:

7 (a) When the Tax Equity and Educational Opportunities Support Act
8 was originally enacted, one of its major purposes was to provide property
9 tax relief revising the formula by which state aid to schools is
10 calculated;

11 (b) Another of the original purposes of the act was to set limits on
12 tax levies and spending by school districts in order to slow or stop the
13 yearly increases in property taxes;

14 (c) Because of increases in property valuations, property taxes
15 continue to rise even with levy and spending limits in place; and

16 (d) An annual flat-amount payment to school districts can and should
17 only be used to offset what are becoming annual increases in property
18 taxes due to increased property valuations.

19 (2) It is the intent of the Legislature to provide an annual payment
20 to each school district which shall only be used to offset the amount of
21 the district's budget which relies on property tax revenue.

22 Sec. 3. (1) Beginning with state aid calculated for school year
23 2016-17, each school district shall receive foundation aid in an amount
24 equal to:

25 (a) For state aid calculated for school fiscal year 2016-17, one
26 thousand five hundred dollars per student;

27 (b) For state aid calculated for school fiscal year 2017-18, two
28 thousand dollars per student;

29 (c) For state aid calculated for school fiscal year 2018-19, two
30 thousand five hundred dollars per student; and

31 (d) For state aid calculated for school fiscal year 2019-20 and each

1 school fiscal year thereafter, three thousand dollars per student.

2 (2) The number of students for each district shall equal the greater
3 of the previous school year's average daily membership or the previous
4 school year's fall membership, as determined by the State Department of
5 Education.

6 Sec. 4. For state aid calculated for school fiscal year 2016-17, no
7 school district shall receive less in state aid than it received in state
8 aid calculated for the previous school fiscal year.

9 For state aid calculated for school fiscal year 2017-18, no school
10 district shall receive less in state aid than an amount equal to seventy-
11 five percent of the state aid it received in state aid calculated for
12 school fiscal year 2016-17.

13 For state aid calculated for school fiscal year 2018-19, no school
14 district shall receive less in state aid than an amount equal to fifty
15 percent of the state aid it received in state aid calculated for school
16 fiscal year 2016-17.

17 For state aid calculated for school fiscal year 2019-20, no school
18 district shall receive less in state aid than an amount equal to twenty-
19 five percent of the state aid it received in state aid calculated for
20 school fiscal year 2016-17.

21 For state aid calculated for school fiscal year 2020-21 and each
22 school fiscal year thereafter, each school district shall receive in
23 state aid the amount calculated pursuant to the state aid formula then in
24 effect.

25 Sec. 5. Section 79-1003, Revised Statutes Supplement, 2015, is
26 amended to read:

27 79-1003 For purposes of the Tax Equity and Educational Opportunities
28 Support Act:

29 (1) Adjusted general fund operating expenditures means (a) for
30 school fiscal years 2013-14 through 2015-16, the difference of the
31 general fund operating expenditures as calculated pursuant to subdivision

1 (23) of this section increased by the cost growth factor calculated
2 pursuant to section 79-1007.10, minus the transportation allowance,
3 special receipts allowance, poverty allowance, limited English
4 proficiency allowance, distance education and telecommunications
5 allowance, elementary site allowance, summer school allowance,
6 instructional time allowance, teacher education allowance, and focus
7 school and program allowance, and (b) for school fiscal year 2016-17 and
8 each school fiscal year thereafter, the difference of the general fund
9 operating expenditures as calculated pursuant to subdivision (23) of this
10 section increased by the cost growth factor calculated pursuant to
11 section 79-1007.10, minus the transportation allowance, special receipts
12 allowance, poverty allowance, limited English proficiency allowance,
13 distance education and telecommunications allowance, ~~elementary site~~
14 ~~allowance, summer school allowance,~~ best practices allowance, and focus
15 school and program allowance;

16 (2) Adjusted valuation means the assessed valuation of taxable
17 property of each local system in the state, adjusted pursuant to the
18 adjustment factors described in section 79-1016. Adjusted valuation means
19 the adjusted valuation for the property tax year ending during the school
20 fiscal year immediately preceding the school fiscal year in which the aid
21 based upon that value is to be paid. For purposes of determining the
22 local effort rate yield pursuant to section 79-1015.01, adjusted
23 valuation does not include the value of any property which a court, by a
24 final judgment from which no appeal is taken, has declared to be
25 nontaxable or exempt from taxation;

26 (3) Allocated income tax funds means the amount of assistance paid
27 to a local system pursuant to section 79-1005.01 as adjusted, for school
28 fiscal years prior to school fiscal year 2016-17, by the minimum levy
29 adjustment pursuant to section 79-1008.02;

30 (4) Average daily membership means the average daily membership for
31 grades kindergarten through twelve attributable to the local system, as

1 provided in each district's annual statistical summary, and includes the
2 proportionate share of students enrolled in a public school instructional
3 program on less than a full-time basis;

4 (5) Base fiscal year means the first school fiscal year following
5 the school fiscal year in which the reorganization or unification
6 occurred;

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

8 (7) Categorical funds means funds limited to a specific purpose by
9 federal or state law, including, but not limited to, Title I funds, Title
10 VI funds, federal vocational education funds, federal school lunch funds,
11 Indian education funds, Head Start funds, and funds from the Education
12 Innovation Fund. Categorical funds does not include funds received
13 pursuant to section 79-1028.02 or 79-1028.04;

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

17 (9) Converted contract means an expired contract that was in effect
18 for at least fifteen school years beginning prior to school year 2012-13
19 for the education of students in a nonresident district in exchange for
20 tuition from the resident district when the expiration of such contract
21 results in the nonresident district educating students, who would have
22 been covered by the contract if the contract were still in effect, as
23 option students pursuant to the enrollment option program established in
24 section 79-234;

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

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

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

5 (13) Ensuing school fiscal year means the school fiscal year
6 following the current school fiscal year;

7 (14) Equalization aid means the amount of assistance calculated to
8 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
9 79-1007.25, 79-1008.01 to 79-1022, 79-1022.02, 79-1028.02, and
10 79-1028.04;

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

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

17 (17) Formula students means:

18 (a) For state aid certified pursuant to section 79-1022, the sum of
19 the product of fall membership from the school fiscal year immediately
20 preceding the school fiscal year in which the aid is to be paid
21 multiplied by the average ratio of average daily membership to fall
22 membership for the second school fiscal year immediately preceding the
23 school fiscal year in which the aid is to be paid and the prior two
24 school fiscal years plus sixty percent of the qualified early childhood
25 education fall membership plus tuitioned students from the school fiscal
26 year immediately preceding the school fiscal year in which aid is to be
27 paid minus the product of the number of students enrolled in kindergarten
28 that is not full-day kindergarten from the fall membership multiplied by
29 0.5; and

30 (b) For the final calculation of state aid pursuant to section
31 79-1065, the sum of average daily membership plus sixty percent of the

1 qualified early childhood education average daily membership plus
2 tuitioned students minus the product of the number of students enrolled
3 in kindergarten that is not full-day kindergarten from the average daily
4 membership multiplied by 0.5 from the school fiscal year immediately
5 preceding the school fiscal year in which aid was paid;

6 (18) Free lunch and free milk calculated student means, for school
7 fiscal year 2016-17 and each school fiscal year thereafter, using the
8 most recent data available on November 1 of the school fiscal year
9 immediately preceding the school fiscal year in which aid is to be paid,
10 (a) a student who qualified for free lunches or free milk and attended a
11 school that uses information collected from parents and guardians
12 pursuant to section 79-10,143 to determine such qualifications pursuant
13 to the federal Richard B. Russell National School Lunch Act, 42 U.S.C.
14 1751 et seq., and the federal Child Nutrition Act of 1966, 42 U.S.C. 1771
15 et seq., as such acts and sections existed on January 1, 2015, and rules
16 and regulations adopted thereunder, plus (b) the product of the students
17 who attend a school that provides free meals to all students pursuant to
18 the community eligibility provision multiplied by the identified student
19 percentage calculated pursuant to such federal provision;

20 (19) Free lunch and free milk student means, for school fiscal years
21 prior to school fiscal year 2016-17, a student who qualified for free
22 lunches or free milk from the most recent data available on November 1 of
23 the school fiscal year immediately preceding the school fiscal year in
24 which aid is to be paid;

25 (20) Full-day kindergarten means kindergarten offered by a district
26 for at least one thousand thirty-two instructional hours;

27 (21) General fund budget of expenditures means the total budget of
28 disbursements and transfers for general fund purposes as certified in the
29 budget statement adopted pursuant to the Nebraska Budget Act, except that
30 for purposes of the limitation imposed in section 79-1023 and the
31 calculation pursuant to subdivision (2) of section 79-1027.01, the

1 general fund budget of expenditures does not include any special grant
2 funds, exclusive of local matching funds, received by a district;

3 (22) General fund expenditures means all expenditures from the
4 general fund;

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

1 Education pursuant to section 79-1028.01 that the agreement will result
2 in a net savings in salary and benefit costs to the school district over
3 a five-year period, occurring on or after the first day of the 2013-14
4 school year, (f)(i) expenditures to pay for employer contributions
5 pursuant to subsection (2) of section 79-958 to the School Employees
6 Retirement System of the State of Nebraska to the extent that such
7 expenditures exceed the employer contributions under such subsection that
8 would have been made at a contribution rate of seven and thirty-five
9 hundredths percent or (ii) expenditures to pay for school district
10 contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to
11 the retirement system established pursuant to the Class V School
12 Employees Retirement Act to the extent that such expenditures exceed the
13 school district contributions under such subdivision that would have been
14 made at a contribution rate of seven and thirty-seven hundredths percent,
15 and (g) any amounts paid by the district for lobbyist fees and expenses
16 reported to the Clerk of the Legislature pursuant to section 49-1483.

17 For purposes of this subdivision (23) of this section, receipts from
18 levy override elections shall equal ninety-nine percent of the difference
19 of the total general fund levy minus a levy of one dollar and five cents
20 per one hundred dollars of taxable valuation multiplied by the assessed
21 valuation for school districts that have voted pursuant to section
22 77-3444 to override the maximum levy provided pursuant to section
23 77-3442;

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

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

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

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

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

19 (29) Low-income child means (a) for school fiscal years prior to
20 2016-17, a child under nineteen years of age living in a household having
21 an annual adjusted gross income for the second calendar year preceding
22 the beginning of the school fiscal year for which aid is being calculated
23 equal to or less than the maximum household income that would allow a
24 student from a family of four people to be a free lunch and free milk
25 student during the school fiscal year immediately preceding the school
26 fiscal year for which aid is being calculated and (b) for school fiscal
27 year 2016-17 and each school fiscal year thereafter, a child under
28 nineteen years of age living in a household having an annual adjusted
29 gross income for the second calendar year preceding the beginning of the
30 school fiscal year for which aid is being calculated equal to or less
31 than the maximum household income pursuant to sections 9(b)(1) and 17(c)

1 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
2 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
3 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
4 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
5 existed on January 1, 2015, for a household of that size that would have
6 allowed the child to meet the income qualifications for free meals during
7 the school fiscal year immediately preceding the school fiscal year for
8 which aid is being calculated;

9 (30) Low-income students means the number of low-income children
10 within the district multiplied by the ratio of the formula students in
11 the district divided by the total children under nineteen years of age
12 residing in the district as derived from income tax information;

13 (31) Most recently available complete data year means the most
14 recent single school fiscal year for which the annual financial report,
15 fall school district membership report, annual statistical summary,
16 Nebraska income tax liability by school district for the calendar year in
17 which the majority of the school fiscal year falls, and adjusted
18 valuation data are available;

19 (32) Poverty students means (a) for school fiscal years prior to
20 2016-17, the number of low-income students or the number of students who
21 are free lunch and free milk students in a district plus the difference
22 of the number of low-income students or the number of students who are
23 free lunch and free milk students in a district, whichever is greater,
24 minus the average number of poverty students for such district, prior to
25 such addition, for the three immediately preceding school fiscal years if
26 such difference is greater than zero and (b) for school fiscal year
27 2016-17 and each school fiscal year thereafter, the unadjusted poverty
28 students plus the difference of such unadjusted poverty students minus
29 the average number of poverty students for such district, prior to such
30 addition, for the three immediately preceding school fiscal years if such
31 difference is greater than zero;

1 (33) Qualified early childhood education average daily membership
2 means the product of the average daily membership for school fiscal year
3 2006-07 and each school fiscal year thereafter of students who will be
4 eligible to attend kindergarten the following school year and are
5 enrolled in an early childhood education program approved by the
6 department pursuant to section 79-1103 for such school district for such
7 school year multiplied by the ratio of the actual instructional hours of
8 the program divided by one thousand thirty-two if: (a) The program is
9 receiving a grant pursuant to such section for the third year; (b) the
10 program has already received grants pursuant to such section for three
11 years; or (c) the program has been approved pursuant to subsection (5) of
12 section 79-1103 for such school year and the two preceding school years,
13 including any such students in portions of any of such programs receiving
14 an expansion grant;

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

28 (35) Regular route transportation means the transportation of
29 students on regularly scheduled daily routes to and from the attendance
30 center;

31 (36) Reorganized district means any district involved in a

1 consolidation and currently educating students following consolidation;

2 (37) School year or school fiscal year means the fiscal year of a
3 school district as defined in section 79-1091;

4 (38) Sparse local system means a local system that is not a very
5 sparse local system but which meets the following criteria:

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

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

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

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

22 (39) Special education means specially designed kindergarten through
23 grade twelve instruction pursuant to section 79-1125, and includes
24 special education transportation;

25 (40) Special grant funds means the budgeted receipts for grants,
26 including, but not limited to, categorical funds, reimbursements for
27 wards of the court, short-term borrowings including, but not limited to,
28 registered warrants and tax anticipation notes, interfund loans,
29 insurance settlements, and reimbursements to county government for
30 previous overpayment. The state board shall approve a listing of grants
31 that qualify as special grant funds;

1 (41) State aid means the amount of assistance paid to a district
2 pursuant to the Tax Equity and Educational Opportunities Support Act;

3 (42) State board means the State Board of Education;

4 (43) State support means all funds provided to districts by the
5 State of Nebraska for the general fund support of elementary and
6 secondary education;

7 (44) Statewide average basic funding per formula student means the
8 statewide total basic funding for all districts divided by the statewide
9 total formula students for all districts;

10 (45) Statewide average general fund operating expenditures per
11 formula student means the statewide total general fund operating
12 expenditures for all districts divided by the statewide total formula
13 students for all districts;

14 (46) Teacher has the definition found in section 79-101;

15 (47) Temporary aid adjustment factor means (a) for school fiscal
16 years before school fiscal year 2007-08, one and one-fourth percent of
17 the sum of the local system's transportation allowance, the local
18 system's special receipts allowance, and the product of the local
19 system's adjusted formula students multiplied by the average formula cost
20 per student in the local system's cost grouping and (b) for school fiscal
21 year 2007-08, one and one-fourth percent of the sum of the local system's
22 transportation allowance, special receipts allowance, and distance
23 education and telecommunications allowance and the product of the local
24 system's adjusted formula students multiplied by the average formula cost
25 per student in the local system's cost grouping;

26 (48) Tuition receipts from converted contracts means tuition
27 receipts received by a district from another district in the most
28 recently available complete data year pursuant to a converted contract
29 prior to the expiration of the contract;

30 (49) Tuitioned students means students in kindergarten through grade
31 twelve of the district whose tuition is paid by the district to some

1 other district or education agency;

2 (50) Unadjusted poverty students means, for school fiscal year
3 2016-17 and each school fiscal year thereafter, the greater of the number
4 of low-income students or the free lunch and free milk calculated
5 students in a district; and

6 (51) Very sparse local system means a local system that has:

7 (a)(i) Less than one-half student per square mile in each county in
8 which each high school attendance center is located based on the school
9 district census, (ii) less than one formula student per square mile in
10 the local system, and (iii) more than fifteen miles between the high
11 school attendance center and the next closest high school attendance
12 center on paved roads; or

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

18 Sec. 6. Section 79-1003.01, Revised Statutes Supplement, 2015, is
19 amended to read:

20 79-1003.01 (1) For school fiscal years before school fiscal year
21 2016-17, the The department shall calculate a summer school allowance for
22 each district which submits the information required for the calculation
23 on a form prescribed by the department on or before October 15 of the
24 school fiscal year preceding the school fiscal year for which aid is
25 being calculated. For aid calculated for school fiscal years through
26 school fiscal year 2013-14, the summer school allowance shall be equal to
27 two and one-half percent of the summer school student units for such
28 district multiplied by eighty-five percent of the statewide average
29 general fund operating expenditures per formula student. For aid
30 calculated for school fiscal year 2014-15 and 2015-16 ~~each school fiscal~~
31 ~~year thereafter~~, the summer school allowance shall be equal to the lesser

1 of two and one-half percent of the product of the summer school student
2 units for such district multiplied by eighty-five percent of the
3 statewide average general fund operating expenditures per formula student
4 or the summer school and early childhood summer school expenditures that
5 are paid for with noncategorical funds generated by state or local taxes
6 as reported on the annual financial report for the most recently
7 available data year and that are not included in other allowances.

8 (2) Summer school student units shall be calculated for each student
9 enrolled in summer school as defined in section 79-536 in a school
10 district who attends such summer school for at least twelve days in the
11 most recently available complete data year, whether or not the student is
12 in the membership of the school district. The initial number of units for
13 each such student shall equal the sum of the ratios, each rounded down to
14 the nearest whole number, of the number of days for which the student
15 attended summer school classes in such district for at least three hours
16 and less than six hours per day divided by twelve days and of two times
17 the number of days for which the student attended summer school classes
18 in such district for six or more hours per day divided by twelve days.

19 (3) Each school district shall receive an additional summer school
20 student unit for each summer school student unit attributed to remedial
21 math or reading programs. Each school district shall also receive an
22 additional summer school student unit for each summer school student unit
23 attributed to a student who in the school year immediately preceding
24 summer school either (a) qualified for free lunches or free milk and
25 attended a school that uses information collected from parents and
26 guardians to determine such qualifications or (b) attended a school that
27 provides free meals to all students pursuant to the community eligibility
28 provision.

29 (4) ~~For Beginning with~~ state aid calculated for school fiscal years
30 year 2012-13 through 2015-16, summer school student units shall be
31 calculated for each student who was both enrolled in the most recently

1 available complete data year in a summer session of an early childhood
2 education program for which a qualified early childhood education fall
3 membership greater than zero has been calculated for the school fiscal
4 year for which aid is being calculated and eligible to attend
5 kindergarten in the fall immediately following such summer session. The
6 initial number of units for each such early childhood education student
7 shall equal the sum of the ratios, each rounded down to the nearest whole
8 number, of the number of days for which the student attended the summer
9 session in such district for at least three hours and less than six hours
10 per day divided by twelve days and of two times the number of days for
11 which the student attended the summer session in such district for six or
12 more hours per day divided by twelve days. The initial summer school
13 student units for early childhood education students shall be multiplied
14 by six-tenths. Instructional hours included in the calculation of the
15 qualified early childhood education fall membership or the qualified
16 early childhood education average daily membership shall not be included
17 in the calculation of the summer school allowance.

18 (5) Each school district shall receive an additional six-tenths of a
19 summer school student unit for each early childhood education student
20 unit attributed to an early childhood education student who is either
21 qualified for free lunches or free milk based on information collected
22 from parents and guardians to determine such qualifications or is
23 registered to attend a school in the school year immediately following
24 such summer that provides free meals to all students pursuant to the
25 community eligibility provision.

26 (6) This section does not prevent school districts from requiring
27 and collecting fees for summer school or summer sessions of early
28 childhood education programs, except that summer school student units
29 shall not be calculated for school districts which collect fees for
30 summer school from students who qualify for free or reduced-price lunches
31 under United States Department of Agriculture child nutrition programs or

1 who attended, or are registered to attend, a school in the school year
2 immediately following such summer that provides free meals to all
3 students pursuant to the community eligibility provision.

4 Sec. 7. Section 79-1005.01, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 79-1005.01 (1) An amount equal to the amount appropriated to the
7 School District Income Tax Fund for distribution in school fiscal year
8 1992-93 shall be disbursed as option payments as determined under section
9 79-1009 for school fiscal years prior to school fiscal year 2016-17, and
10 as allocated income tax funds as determined in this section and sections
11 79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01, except as provided in
12 section 79-1008.02 for school fiscal years prior to school fiscal year
13 2016-17. For school fiscal years prior to school fiscal year 2016-17,
14 funds ~~Funds~~ not distributed as allocated income tax funds due to
15 minimum levy adjustments shall not increase the amount available to local
16 systems for distribution as allocated income tax funds.

17 (2) Not later than November 15 of each year, the Tax Commissioner
18 shall certify to the department for the preceding tax year the income tax
19 liability of resident individuals for each local system. The 1996 income
20 tax liability of resident individuals of Class I districts that are
21 affiliated with multiple high school districts shall be divided between
22 local systems based on the percentage of the Class I district's valuation
23 affiliated with each high school district.

24 (3) Using the data certified by the Tax Commissioner pursuant to
25 subsection (2) of this section, the department shall calculate the
26 allocation percentage and each local system's allocated income tax funds.
27 The allocation percentage shall be an amount equal to the amount
28 appropriated to the School District Income Tax Fund for distribution in
29 school fiscal year 1992-93 minus, for school fiscal years prior to school
30 fiscal year 2016-17, the total amount paid for option students pursuant
31 to section 79-1009 ~~and (a) for aid calculated for school fiscal year~~

1 ~~2010-11, minus twenty million dollars and (b) for aid calculated for~~
2 ~~school fiscal years 2011-12 and 2012-13, minus twenty one million dollars~~
3 ~~with the difference divided by the aggregate statewide income tax~~
4 ~~liability of all resident individuals certified pursuant to subsection~~
5 ~~(2) of this section.~~ Each local system's allocated income tax funds shall
6 be calculated by multiplying the allocation percentage times the local
7 system's income tax liability certified pursuant to subsection (2) of
8 this section.

9 Sec. 8. Section 79-1007.11, Revised Statutes Supplement, 2015, is
10 amended to read:

11 79-1007.11 (1) Except as otherwise provided in this section, for
12 school fiscal years 2013-14 through 2015-16, each school district's
13 formula need shall equal the difference of the sum of the school
14 district's basic funding, poverty allowance, limited English proficiency
15 allowance, focus school and program allowance, summer school allowance,
16 special receipts allowance, transportation allowance, elementary site
17 allowance, instructional time allowance, teacher education allowance,
18 distance education and telecommunications allowance, averaging
19 adjustment, new learning community transportation adjustment, student
20 growth adjustment, any positive student growth adjustment correction, and
21 new school adjustment, minus the sum of the limited English proficiency
22 allowance correction, poverty allowance correction, and any negative
23 student growth adjustment correction.

24 (2) Except as otherwise provided in this section, for school fiscal
25 year 2016-17 and each school fiscal year thereafter, each school
26 district's formula need shall equal the difference of the sum of the
27 school district's basic funding, poverty allowance, limited English
28 proficiency allowance, focus school and program allowance, ~~summer school~~
29 ~~allowance,~~ special receipts allowance, transportation allowance,
30 ~~elementary site allowance,~~ best practices allowance, distance education
31 and telecommunications allowance, ~~averaging adjustment,~~ new learning

1 community transportation adjustment, student growth adjustment, any
2 positive student growth adjustment correction, and new school adjustment,
3 minus the sum of the limited English proficiency allowance correction,
4 poverty allowance correction, and any negative student growth adjustment
5 correction.

6 (3) If the formula need calculated for a school district pursuant to
7 subsections (1) and (2) of this section is less than one hundred percent
8 of the formula need for such district for the school fiscal year
9 immediately preceding the school fiscal year for which aid is being
10 calculated, the formula need for such district shall equal one hundred
11 percent of the formula need for such district for the school fiscal year
12 immediately preceding the school fiscal year for which aid is being
13 calculated.

14 (4) Except as provided in subsection (6) of this section, if the
15 formula need calculated for a school district pursuant to subsections (1)
16 and (2) of this section is more than one hundred twelve percent of the
17 formula need for such district for the school fiscal year immediately
18 preceding the school fiscal year for which aid is being calculated, the
19 formula need for such district shall equal one hundred twelve percent of
20 the formula need for such district for the school fiscal year immediately
21 preceding the school fiscal year for which aid is being calculated,
22 except that the formula need shall not be reduced pursuant to this
23 subsection for any district receiving a student growth adjustment for the
24 school fiscal year for which aid is being calculated.

25 (5) For purposes of subsections (3) and (4) of this section, the
26 formula need for the school fiscal year immediately preceding the school
27 fiscal year for which aid is being calculated shall be the formula need
28 used in the final calculation of aid pursuant to section 79-1065 and for
29 districts that were affected by a reorganization with an effective date
30 in the calendar year preceding the calendar year in which aid is
31 certified for the school fiscal year for which aid is being calculated,

1 the formula need for the school fiscal year immediately preceding the
2 school fiscal year for which aid is being calculated shall be attributed
3 to the affected school districts based on information provided to the
4 department by the school districts or proportionally based on the
5 adjusted valuation transferred if sufficient information has not been
6 provided to the department.

7 (6) For state aid calculated for the first full school fiscal year
8 of a new learning community, if the formula need calculated for a member
9 school district pursuant to subsections (1) through (3) of this section
10 is less than the sum of the school district's state aid certified for the
11 school fiscal year immediately preceding the first full school fiscal
12 year of the learning community plus the school district's other actual
13 receipts included in local system formula resources pursuant to section
14 79-1018.01 for such school fiscal year plus the product of the school
15 district's general fund levy for such school fiscal year up to one dollar
16 and five cents multiplied by the school district's assessed valuation for
17 such school fiscal year, the formula need for such school district for
18 the school fiscal year for which aid is being calculated shall equal such
19 sum.

20 Sec. 9. Section 79-1007.15, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 79-1007.15 (1) For school fiscal year 2008-09, the department shall
23 calculate an elementary site allowance for any district in which (a) the
24 district has more than one elementary attendance site, (b) at least one
25 of the elementary attendance sites does not offer any other grades, (c)
26 the square miles in the district divided by the number of elementary
27 attendance sites in the district equals one hundred square miles or more
28 per elementary attendance site, and (d) the fall membership in elementary
29 site grades in the district divided by the number of elementary site
30 grades then divided again by the number of elementary attendance sites
31 equals fifteen or fewer students per grade per elementary attendance

1 site. Qualifying elementary attendance sites for such districts shall
2 only offer elementary site grades and shall have an average of fifteen or
3 fewer students per grade in the fall membership.

4 (2) For school fiscal years ~~year~~ 2009-10 through 2015-16 ~~and each~~
5 ~~school fiscal year thereafter~~, the department shall calculate an
6 elementary site allowance for any district which has at least one
7 qualifying elementary attendance site and which submits the information
8 required for the calculation on a form prescribed by the department on or
9 before October 15 of the school fiscal year preceding the school fiscal
10 year for which aid is being calculated. A qualifying elementary
11 attendance site shall be an elementary attendance site, in a district
12 with multiple elementary attendance sites, which does not have another
13 elementary attendance site within seven miles in the same school district
14 or which is the only public elementary attendance site located in an
15 incorporated city or village.

16 (3) The elementary site allowance for each qualifying district shall
17 equal the sum of the elementary site allowances for each qualifying
18 elementary attendance site in the district. The elementary site allowance
19 for each qualifying elementary attendance site shall equal five hundred
20 percent of the statewide average general fund operating expenditures per
21 formula student multiplied by the result of rounding the ratio of the
22 fall membership attributed to the elementary attendance site divided by
23 eight up to the next whole number if the result was not a whole number,
24 except that if the resulting whole number is greater than the number of
25 elementary site grades, the whole number shall be reduced to equal the
26 number of elementary site grades.

27 (4) For purposes of this section:

28 (a) Each district shall determine which grades are considered
29 elementary site grades, except that (i) all grades designated as
30 elementary site grades shall be offered in each elementary attendance
31 site in the district, without any preference indicated by the school

1 board or any school district administrator for students to attend
2 different elementary attendance sites depending on their elementary site
3 grade level, for the school fiscal year for which aid is being calculated
4 and for each of the five school fiscal years preceding the school fiscal
5 year for which aid is being calculated and (ii) elementary site grades
6 shall not include grades nine, ten, eleven, or twelve;

7 (b) An elementary attendance site is an attendance site in which
8 elementary site grades are offered;

9 (c) The primary elementary site shall be the elementary attendance
10 site to which the most formula students are attributed in the district
11 and shall not be a qualifying elementary attendance site; and

12 (d) Fall membership means the fall membership for the school fiscal
13 year immediately preceding the school fiscal year for which aid is being
14 calculated.

15 (5) If the elementary attendance site is new or is being reopened
16 after being closed for at least one school year, the requirements of
17 subdivision (4)(a)(i) of this section with respect to preceding school
18 fiscal years shall not apply to school fiscal years in which the
19 elementary attendance site was not in operation.

20 (6) The department shall determine if the qualifications for the
21 elementary site allowance have been met for each elementary attendance
22 site for which information has been submitted. The department may rely on
23 the information submitted and any other information available to the
24 department, including, but not limited to, past attendance patterns. The
25 state board shall establish a procedure for appeal of decisions of the
26 department to the state board for a final determination.

27 Sec. 10. Section 79-1007.18, Reissue Revised Statutes of Nebraska,
28 is amended to read:

29 79-1007.18 (1) For school fiscal years prior to school fiscal year
30 2016-17, the The department shall calculate an averaging adjustment for
31 districts if the basic funding per formula student is less than the

1 averaging adjustment threshold and the general fund levy for the school
2 fiscal year immediately preceding the school fiscal year for which aid is
3 being calculated was at least one dollar per one hundred dollars of
4 taxable valuation. For school districts that are members of a learning
5 community, the general fund levy for purposes of this section includes
6 both the common general fund levy and the school district general fund
7 levy authorized pursuant to subdivisions (2)(b) and (2)(c) of section
8 77-3442. The averaging adjustment shall equal the district's formula
9 students multiplied by the percentage specified in this section for such
10 district of the difference between the averaging adjustment threshold
11 minus such district's basic funding per formula student.

12 (2)(a) For school fiscal years 2012-13 and 2013-14, the averaging
13 adjustment threshold shall equal the lesser of (i) the averaging
14 adjustment threshold for the school fiscal year immediately preceding the
15 school fiscal year for which aid is being calculated increased by the
16 basic allowable growth rate or (ii) the statewide average basic funding
17 per formula student for the school fiscal year for which aid is being
18 calculated.

19 (b) For school fiscal ~~years~~ year 2014-15 and 2015-16 ~~each school~~
20 ~~fiscal year thereafter~~, the averaging adjustment threshold shall equal
21 the aggregate basic funding for all districts with nine hundred or more
22 formula students divided by the aggregate formula students for all
23 districts with nine hundred or more formula students for the school
24 fiscal year for which aid is being calculated.

25 (3) The percentage to be used in the calculation of an averaging
26 adjustment shall be based on the general fund levy for the school fiscal
27 year immediately preceding the school fiscal year for which aid is being
28 calculated.

29 (4) The percentages to be used in the calculation of averaging
30 adjustments shall be as follows:

31 (a) If such levy was at least one dollar per one hundred dollars of

1 taxable valuation but less than one dollar and one cent per one hundred
2 dollars of taxable valuation, the percentage shall be fifty percent;

3 (b) If such levy was at least one dollar and one cent per one
4 hundred dollars of taxable valuation but less than one dollar and two
5 cents per one hundred dollars of taxable valuation, the percentage shall
6 be sixty percent;

7 (c) If such levy was at least one dollar and two cents per one
8 hundred dollars of taxable valuation but less than one dollar and three
9 cents per one hundred dollars of taxable valuation, the percentage shall
10 be seventy percent;

11 (d) If such levy was at least one dollar and three cents per one
12 hundred dollars of taxable valuation but less than one dollar and four
13 cents per one hundred dollars of taxable valuation, the percentage shall
14 be eighty percent; and

15 (e) If such levy was at least one dollar and four cents per one
16 hundred dollars of taxable valuation, the percentage shall be ninety
17 percent.

18 Sec. 11. Section 79-1008.01, Reissue Revised Statutes of Nebraska,
19 is amended to read:

20 79-1008.01 For all school fiscal years prior to except school fiscal
21 year 2016-17 ~~2010-11~~, except as provided in sections 79-1008.02 and
22 79-1009, each local system shall receive equalization aid in the amount
23 that the total formula need of each local system, as determined pursuant
24 to sections 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds its total
25 formula resources as determined pursuant to sections 79-1015.01 to
26 79-1018.01.

27 For school fiscal year 2016-17 and each school fiscal year
28 thereafter, each local system shall receive equalization aid in the
29 amount the total formula need of each local system, as determined
30 pursuant to sections 79-1007.05 to 79-1007.23 and 79-1007.25, exceeds its
31 formula resources as determined pursuant to sections 79-1015.01 to

1 ~~79-1018.01.~~

2 ~~For school fiscal year 2010-11, except as provided in sections~~
3 ~~79-1008.02 and 79-1009, each local system shall receive equalization aid~~
4 ~~in the amount by which one hundred two and twenty-three hundredths~~
5 ~~percent of the total formula need of each local system, as determined~~
6 ~~pursuant to sections 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds its~~
7 ~~total formula resources as determined pursuant to sections 79-1015.01 to~~
8 ~~79-1018.01.~~

9 Sec. 12. Section 79-1008.02, Reissue Revised Statutes of Nebraska,
10 is amended to read:

11 79-1008.02 For school fiscal years prior to school fiscal year
12 2016-17, a A minimum levy adjustment shall be calculated and applied to
13 any local system that has a general fund common levy for the fiscal year
14 during which aid is certified that is less than the maximum levy, for
15 such fiscal year for such local system, allowed pursuant to subdivision
16 (2)(a) or (b) of section 77-3442 without a vote pursuant to section
17 77-3444 less five cents for learning communities and less ten cents for
18 all other local systems. To calculate the minimum levy adjustment, the
19 department shall subtract the local system general fund common levy for
20 such fiscal year for such local system from the maximum levy allowed
21 pursuant to subdivision (2)(a) or (b) of section 77-3442 without a vote
22 pursuant to section 77-3444 less five cents for learning communities and
23 less ten cents for all other local systems and multiply the result by the
24 local system's adjusted valuation divided by one hundred. The minimum
25 levy adjustment shall be added to the formula resources of the local
26 system for the determination of equalization aid pursuant to section
27 79-1008.01. If the minimum levy adjustment is greater than or equal to
28 the allocated income tax funds calculated pursuant to section 79-1005.01,
29 the local system shall not receive allocated income tax funds. If the
30 minimum levy adjustment is less than the allocated income tax funds
31 calculated pursuant to section 79-1005.01, the local system shall receive

1 allocated income tax funds in the amount of the difference between the
2 allocated income tax funds calculated pursuant to section 79-1005.01 and
3 the minimum levy adjustment. This section does not apply to the
4 calculation of aid for a local system containing a learning community for
5 the first school fiscal year for which aid is calculated for such local
6 system.

7 Sec. 13. Section 79-1009, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-1009 (1)(a) For school fiscal years prior to school fiscal year
10 2016-17, a A district shall receive net option funding if option students
11 as defined in section 79-233 (i) were actually enrolled in the school
12 year immediately preceding the school year in which the aid is to be paid
13 or (ii) will be enrolled in the school year in which the aid is to be
14 paid as converted contract option students.

15 (b) The determination of the net number of option students shall be
16 based on (i) the number of students enrolled in the district as option
17 students and the number of students residing in the district but enrolled
18 in another district as option students as of the day of the fall
19 membership count pursuant to section 79-528, for the school fiscal year
20 immediately preceding the school fiscal year in which aid is to be paid,
21 and (ii) the number of option students that will be enrolled in the
22 district or enrolled in another district as converted contract option
23 students for the fiscal year in which the aid is to be paid.

24 (c) Net number of option students means the difference of the number
25 of option students enrolled in the district minus the number of students
26 residing in the district but enrolled in another district as option
27 students.

28 (2) For purposes of this section, net option funding shall be the
29 sum of the product of the net number of option students multiplied by the
30 statewide average basic funding per formula student.

31 (3) A district's net option funding shall be zero if the calculation

1 produces a negative result.

2 Payments made under this section shall be made from the funds to be
3 disbursed under section 79-1005.01.

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

6 Sec. 14. Section 79-1009.01, Reissue Revised Statutes of Nebraska,
7 is amended to read:

8 79-1009.01 For school fiscal years prior to school fiscal year
9 2016-17 ~~2027-28~~, a district which will have converted contract option
10 students shall apply to the department on a form approved by the
11 department ~~within fifteen days after April 27, 2011, for converted~~
12 ~~contract option students for school fiscal year 2011-12~~ and on or before
13 November 1 of the calendar year preceding the beginning of all other
14 school fiscal years for which there will be converted contract option
15 students. The department shall determine the amount of tuition receipts
16 from converted contracts to be excluded from the calculation of local
17 system formula resources for each of the first two school fiscal years
18 for which the converted contract will not be in effect and shall
19 determine the number of converted contract option students to be
20 attributed to the receiving district in the calculation of state aid for
21 the first school fiscal year for which the converted contract will not be
22 in effect, and the same number shall be attributed as optioning out of
23 the resident school district. In the final calculation of state aid
24 pursuant to section 79-1065, students that were attributed as optioning
25 into or out of a district shall be replaced with the actual number from
26 fall membership. The department shall notify the applicant district
27 within thirty days after receipt of the completed application.

28 Sec. 15. Section 79-1018.01, Revised Statutes Supplement, 2015, is
29 amended to read:

30 79-1018.01 Except as otherwise provided in this section, local
31 system formula resources include other actual receipts available for the

1 funding of general fund operating expenditures as determined by the
2 department for the second school fiscal year immediately preceding the
3 school fiscal year in which aid is to be paid. Other actual receipts
4 include:

5 (1) Public power district sales tax revenue;

6 (2) Fines and license fees;

7 (3) Tuition receipts from individuals, other districts, or any other
8 source except receipts derived from adult education, receipts derived
9 from summer school tuition, receipts derived from early childhood
10 education tuition, tuition receipts from converted contracts beginning
11 with the calculation of state aid to be distributed in school fiscal year
12 2011-12, and receipts from educational entities as defined in section
13 79-1201.01 for providing distance education courses through the
14 Educational Service Unit Coordinating Council to such educational
15 entities;

16 (4) Transportation receipts;

17 (5) Interest on investments;

18 (6) Other miscellaneous noncategorical local receipts, not including
19 receipts from private foundations, individuals, associations, or
20 charitable organizations;

21 (7) Special education receipts;

22 (8) Special education receipts and non-special education receipts
23 from the state for wards of the court and wards of the state;

24 (9) All receipts from the temporary school fund. Receipts from the
25 temporary school fund shall only include (a) receipts pursuant to section
26 79-1035 and (b) the receipt of funds pursuant to section 79-1036 for
27 property leased for a public purpose as set forth in subdivision (1)(a)
28 of section 77-202;

29 (10) Motor vehicle tax receipts received;

30 (11) Pro rata motor vehicle license fee receipts;

31 (12) Other miscellaneous state receipts excluding revenue from the

1 textbook loan program authorized by section 79-734;

2 (13) Impact aid entitlements for the school fiscal year which have
3 actually been received by the district to the extent allowed by federal
4 law;

5 (14) All other noncategorical federal receipts;

6 (15) All receipts pursuant to the enrollment option program under
7 sections 79-232 to 79-246;

8 (16) Receipts under the federal Medicare Catastrophic Coverage Act
9 of 1988, as such act existed on January 1, 2014, as authorized pursuant
10 to sections 43-2510 and 43-2511 for services to school-age children,
11 excluding amounts designated as reimbursement for costs associated with
12 the implementation and administration of the billing system pursuant to
13 section 43-2511;

14 (17) Receipts for accelerated or differentiated curriculum programs
15 pursuant to sections 79-1106 to 79-1108.03; ~~and~~

16 (18) Revenue received from the nameplate capacity tax distributed
17 pursuant to section 77-6204; and -

18 (19) Receipts from the per-student payments pursuant to section 3 of
19 this act.

20 Sec. 16. Section 79-1024, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 79-1024 (1) The department may require each district to submit to
23 the department a duplicate copy of such portions of the district's budget
24 statement as the Commissioner of Education directs. The department may
25 verify any data used to meet the requirements of the Tax Equity and
26 Educational Opportunities Support Act. The Auditor of Public Accounts
27 shall review each district's budget statement for statutory compliance
28 and to ensure that the annual payment under section 3 of this act is used
29 only to reduce the district's property tax levy, make necessary changes
30 in the budget documents for districts to effectuate the budget
31 limitations imposed pursuant to sections 79-1023 to 79-1030, and notify

1 the Commissioner of Education of any district failing to submit to the
2 auditor the budget documents required pursuant to this subsection by the
3 date established in subsection (1) of section 13-508 or failing to make
4 any corrections of errors in the documents pursuant to section 13-504 or
5 13-511.

6 (2) Except as provided in subsection (3) of this section, if ~~If~~ a
7 school district fails to submit to the department or the auditor the
8 budget documents required pursuant to subsection (1) of this section by
9 the date established in subsection (1) of section 13-508 or fails to make
10 any corrections of errors in the documents pursuant to section 13-504 or
11 13-511, the commissioner, upon notification from the auditor or upon his
12 or her own knowledge that the required budget documents and any required
13 corrections of errors from any school district have not been properly
14 filed in accordance with the Nebraska Budget Act and after notice to the
15 district and an opportunity to be heard, shall direct that any state aid
16 granted pursuant to the Tax Equity and Educational Opportunities Support
17 Act be withheld until such time as the required budget documents or
18 corrections of errors are received by the auditor and the department. In
19 addition, the commissioner shall direct the county treasurer to withhold
20 all school money belonging to the school district until such time as the
21 commissioner notifies the county treasurer of receipt of the required
22 budget documents or corrections of errors. The county treasurer shall
23 withhold such money. For school districts that are members of learning
24 communities, a determination of school money belonging to the district
25 shall be based on the proportionate share of property tax receipts
26 allocated to the school district by the learning community coordinating
27 council, and the county treasurer shall withhold any such school money in
28 the possession of the county treasurer from the school district. If the
29 school district does not comply with this section prior to the end of the
30 state's biennium following the biennium which included the fiscal year
31 for which state aid was calculated, the state aid funds shall revert to

1 the General Fund. The amount of any reverted funds shall be included in
2 data provided to the Governor in accordance with section 79-1031. The
3 board of any district failing to submit to the department or the auditor
4 the budget documents required pursuant to this section by the date
5 established in subsection (1) of section 13-508 or failing to make any
6 corrections of errors in the documents pursuant to section 13-504 or
7 13-511 shall be liable to the school district for all school money which
8 such district may lose by such failing.

9 (3) If the department or the auditor finds that a district is not
10 using the annual payment under section 3 of this act to offset its
11 property tax levy by reducing the total amount of money to be raised by
12 the district's property tax levy, the district shall forfeit twenty-five
13 percent of the total amount receivable under section 3 of this act each
14 year for the ensuing three fiscal years.

15 Sec. 17. Each school district shall create a citizen oversight
16 group which consists of no fewer than three people, appointed by the
17 superintendent and approved by the school board of the district on or
18 before July 1, 2016. Members of the citizen oversight group shall live
19 within the boundaries of the school district and may not be employees of
20 the district. Members shall serve for terms of two years and may be
21 reappointed. If a member resigns, his or her replacement shall be
22 appointed by the superintendent and approved by the school board. The
23 district shall publicly announce the formation of the citizen oversight
24 group and seek applicants for the initial group and for any vacancies
25 existing after the initial group is formed.

26 The citizen oversight group shall review the district's budget to
27 ensure that state funds received by the district for the purpose of
28 reducing the district's tax levy by offsetting the amount needed to be
29 raised by the levy are used only for such purpose. The citizen oversight
30 group shall report the results of its review at a public meeting of the
31 school board. The citizen oversight group shall also submit a written

1 report of its review to the State Department of Education.

2 Sec. 18. Original sections 79-1005.01, 79-1007.15, 79-1007.18,
3 79-1008.01, 79-1008.02, 79-1009, 79-1009.01, and 79-1024, Reissue Revised
4 Statutes of Nebraska, and sections 79-1001, 79-1003, 79-1003.01,
5 79-1007.11, and 79-1018.01, Revised Statutes Supplement, 2015, are
6 repealed.

7 Sec. 19. The following section is outright repealed: Section
8 79-1007.04, Reissue Revised Statutes of Nebraska.

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