

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 287**

Introduced by Walz, 15.

Read first time January 12, 2021

Committee:

1 A BILL FOR AN ACT relating to school funding; to amend sections 77-3446,  
2 79-1015.01, 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01,  
3 Revised Statutes Cumulative Supplement, 2020; to change the base  
4 limitation; to change the local effort rate; to change the  
5 determination and certification dates relating to the distribution  
6 of aid, certification of certain budget limitations as prescribed,  
7 and duties of the Appropriations Committee of the Legislature; to  
8 harmonize provisions; to repeal the original sections; and to  
9 declare an emergency.  
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-3446, Revised Statutes Cumulative Supplement,  
2 2020, is amended to read:

3 77-3446 Base limitation means the budget limitation rate applicable  
4 to school districts and the limitation on growth of restricted funds  
5 applicable to other political subdivisions prior to any increases in the  
6 rate as a result of special actions taken by a supermajority of any  
7 governing board or of any exception allowed by law. The base limitation  
8 is two and one-half percent until adjusted, except that the base  
9 limitation for school districts ~~for school fiscal years 2017-18 and~~  
10 ~~2018-19 is one and one-half percent and~~ for school fiscal year 2019-20 is  
11 two percent and for school fiscal year 2021-22 is XX percent. The base  
12 limitation may be adjusted annually by the Legislature to reflect changes  
13 in the prices of services and products used by school districts and  
14 political subdivisions.

15 Sec. 2. Section 79-1015.01, Revised Statutes Cumulative Supplement,  
16 2020, is amended to read:

17 79-1015.01 (1) Local system formula resources shall include local  
18 effort rate yield which shall be computed as prescribed in this section.

19 (2) For each school fiscal year except school fiscal years 2017-18,  
20 ~~and 2018-19, and 2021-22~~: (a) For state aid certified pursuant to section  
21 79-1022, the local effort rate shall be the maximum levy, for the school  
22 fiscal year for which aid is being certified, authorized pursuant to  
23 subdivision (2)(a) of section 77-3442 less five cents; (b) for the final  
24 calculation of state aid pursuant to section 79-1065, the local effort  
25 rate shall be the rate which, when multiplied by the total adjusted  
26 valuation of all taxable property in local systems receiving equalization  
27 aid pursuant to the Tax Equity and Educational Opportunities Support Act,  
28 will produce the amount needed to support the total formula need of such  
29 local systems when added to state aid appropriated by the Legislature and  
30 other actual receipts of local systems described in section 79-1018.01;  
31 and (c) the local effort rate yield for such school fiscal years shall be

1 determined by multiplying each local system's total adjusted valuation by  
2 the local effort rate.

3 (3) For school fiscal years 2017-18 and 2018-19: (a) For state aid  
4 certified pursuant to section 79-1022, the local effort rate shall be the  
5 maximum levy, for the school fiscal year for which aid is being  
6 certified, authorized pursuant to subdivision (2)(a) of section 77-3442  
7 less two and ninety-seven hundredths cents; (b) for the final calculation  
8 of state aid pursuant to section 79-1065, the local effort rate shall be  
9 the rate which, when multiplied by the total adjusted valuation of all  
10 taxable property in local systems receiving equalization aid pursuant to  
11 the Tax Equity and Educational Opportunities Support Act, will produce  
12 the amount needed to support the total formula need of such local systems  
13 when added to state aid appropriated by the Legislature and other actual  
14 receipts of local systems described in section 79-1018.01; and (c) the  
15 local effort rate yield for such school fiscal years shall be determined  
16 by multiplying each local system's total adjusted valuation by the local  
17 effort rate.

18 (4) For school fiscal year 2021-22: (a) For state aid certified  
19 pursuant to section 79-1022, the local effort rate shall be the maximum  
20 levy for school fiscal year 2021-22 authorized pursuant to subdivision  
21 (2)(a) of section 77-3442 less XX cents; (b) for the final calculation of  
22 state aid pursuant to section 79-1065, the local effort rate shall be the  
23 rate which, when multiplied by the total adjusted valuation of all  
24 taxable property in local systems receiving equalization aid pursuant to  
25 the Tax Equity and Educational Opportunities Support Act, will produce  
26 the amount needed to support the total formula need of such local systems  
27 when added to state aid appropriated by the Legislature and other actual  
28 receipts of local systems described in section 79-1018.01; and (c) the  
29 local effort rate yield for such school fiscal year shall be determined  
30 by multiplying each local system's total adjusted valuation by the local  
31 effort rate.

1           Sec. 3. Section 79-1022, Revised Statutes Cumulative Supplement,  
2 2020, is amended to read:

3           79-1022 (1) On or before June 10, 2021 ~~May 1, 2020~~, and on or before  
4 March 1 of each year thereafter, the department shall determine the  
5 amounts to be distributed to each local system for the ensuing school  
6 fiscal year pursuant to the Tax Equity and Educational Opportunities  
7 Support Act and shall certify the amounts to the Director of  
8 Administrative Services, the Auditor of Public Accounts, and each local  
9 system. On or before June 10, 2021 ~~May 1, 2020~~, and on or before March 1  
10 of each year thereafter, the department shall report the necessary  
11 funding level for the ensuing school fiscal year to the Governor, the  
12 Appropriations Committee of the Legislature, and the Education Committee  
13 of the Legislature. The report submitted to the committees of the  
14 Legislature shall be submitted electronically. Except as otherwise  
15 provided in this subsection, certified state aid amounts, including  
16 adjustments pursuant to section 79-1065.02, shall be shown as budgeted  
17 non-property-tax receipts and deducted prior to calculating the property  
18 tax request in the local system's general fund budget statement as  
19 provided to the Auditor of Public Accounts pursuant to section 79-1024.

20           (2) Except as provided in this subsection, subsection (8) of section  
21 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts  
22 certified pursuant to subsection (1) of this section shall be distributed  
23 in ten as nearly as possible equal payments on the last business day of  
24 each month beginning in September of each ensuing school fiscal year and  
25 ending in June of the following year, except that when a local system is  
26 to receive a monthly payment of less than one thousand dollars, such  
27 payment shall be one lump-sum payment on the last business day of  
28 December during the ensuing school fiscal year.

29           Sec. 4. Section 79-1022.02, Revised Statutes Cumulative Supplement,  
30 2020, is amended to read:

31           79-1022.02 Notwithstanding any other provision of law, any

1 certification of state aid pursuant to section 79-1022, certification of  
2 budget authority pursuant to section 79-1023, and certification of  
3 applicable allowable reserve percentages pursuant to section 79-1027  
4 completed prior to the effective date of this act ~~February 13, 2020~~, for  
5 school fiscal year 2021-22 ~~2020-21~~ are null and void.

6 Sec. 5. Section 79-1023, Revised Statutes Cumulative Supplement,  
7 2020, is amended to read:

8 79-1023 (1) On or before June 10, 2021 ~~May 1, 2020~~, and on or before  
9 March 1 of each year thereafter, the department shall determine and  
10 certify to each school district budget authority for the general fund  
11 budget of expenditures for the ensuing school fiscal year.

12 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and  
13 81-829.51, each school district shall have budget authority for the  
14 general fund budget of expenditures equal to the greater of (a) the  
15 general fund budget of expenditures for the immediately preceding school  
16 fiscal year minus exclusions pursuant to subsection (1) of section  
17 79-1028.01 for such school fiscal year with the difference increased by  
18 the basic allowable growth rate for the school fiscal year for which  
19 budget authority is being calculated, (b) the general fund budget of  
20 expenditures for the immediately preceding school fiscal year minus  
21 exclusions pursuant to subsection (1) of section 79-1028.01 for such  
22 school fiscal year with the difference increased by an amount equal to  
23 any student growth adjustment calculated for the school fiscal year for  
24 which budget authority is being calculated, or (c) one hundred ten  
25 percent of formula need for the school fiscal year for which budget  
26 authority is being calculated minus the special education budget of  
27 expenditures as filed on the school district budget statement on or  
28 before September 20 for the immediately preceding school fiscal year,  
29 which special education budget of expenditures is increased by the basic  
30 allowable growth rate for the school fiscal year for which budget  
31 authority is being calculated.

1 (3) For any school fiscal year for which the budget authority for  
2 the general fund budget of expenditures for a school district is based on  
3 a student growth adjustment, the budget authority for the general fund  
4 budget of expenditures for such school district shall be adjusted in  
5 future years to reflect any student growth adjustment corrections related  
6 to such student growth adjustment.

7 Sec. 6. Section 79-1027, Revised Statutes Cumulative Supplement,  
8 2020, is amended to read:

9 79-1027 No district shall adopt a budget, which includes total  
10 requirements of depreciation funds, necessary employee benefit fund cash  
11 reserves, and necessary general fund cash reserves, exceeding the  
12 applicable allowable reserve percentages of total general fund budget of  
13 expenditures as specified in the schedule set forth in this section.

14	Average daily	Allowable
15	membership of	reserve
16	district	percentage
17	0 - 471	45
18	471.01 - 3,044	35
19	3,044.01 - 10,000	25
20	10,000.01 and over	20

21 On or before June 10, 2021 ~~May 1, 2020~~, and on or before March 1  
22 each year thereafter, the department shall determine and certify each  
23 district's applicable allowable reserve percentage for the ensuing school  
24 fiscal year.

25 Each district with combined necessary general fund cash reserves,  
26 total requirements of depreciation funds, and necessary employee benefit  
27 fund cash reserves less than the applicable allowable reserve percentage  
28 specified in this section may, notwithstanding the district's applicable  
29 allowable growth rate, increase its necessary general fund cash reserves  
30 such that the total necessary general fund cash reserves, total  
31 requirements of depreciation funds, and necessary employee benefit fund

1 cash reserves do not exceed such applicable allowable reserve percentage.

2 Sec. 7. Section 79-1031.01, Revised Statutes Cumulative Supplement,  
3 2020, is amended to read:

4 79-1031.01 The Appropriations Committee of the Legislature shall  
5 annually include the amount necessary to fund the state aid that will be  
6 certified to school districts on or before June 10, 2021 ~~May 1, 2020~~, and  
7 on or before March 1 of each year thereafter for each ensuing school  
8 fiscal year in its recommendations to the Legislature to carry out the  
9 requirements of the Tax Equity and Educational Opportunities Support Act.

10 Sec. 8. Original sections 77-3446, 79-1015.01, 79-1022, 79-1022.02,  
11 79-1023, 79-1027, and 79-1031.01, Revised Statutes Cumulative Supplement,  
12 2020, are repealed.

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