

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 521

Introduced by Walz, 15.

Read first time January 18, 2017

Committee:

1 A BILL FOR AN ACT relating to the Tax Equity and Educational
2 Opportunities Support Act; to amend sections 79-1001, 79-1003,
3 79-1007.11, and 79-1017.01, Revised Statutes Cumulative Supplement,
4 2016; to change provisions related to early childhood education aid;
5 to provide a new allowance; to provide aid; to harmonize provisions;
6 and to repeal the original sections.

7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1001, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

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

6 Sec. 2. Section 79-1003, Revised Statutes Cumulative Supplement,
7 2016, is amended to read:

8 79-1003 For purposes of the Tax Equity and Educational Opportunities
9 Support Act:

10 (1) Adjusted general fund operating expenditures means (a) for
11 school fiscal years 2013-14 through 2015-16, the difference of the
12 general fund operating expenditures as calculated pursuant to subdivision
13 (23) of this section increased by the cost growth factor calculated
14 pursuant to section 79-1007.10, minus the transportation allowance,
15 special receipts allowance, poverty allowance, limited English
16 proficiency allowance, distance education and telecommunications
17 allowance, elementary site allowance, summer school allowance,
18 instructional time allowance, teacher education allowance, and focus
19 school and program allowance, (b) for school fiscal years 2016-17 through
20 2017-18 ~~2018-19~~, the difference of the general fund operating
21 expenditures as calculated pursuant to subdivision (23) of this section
22 increased by the cost growth factor calculated pursuant to section
23 79-1007.10, minus the transportation allowance, special receipts
24 allowance, poverty allowance, limited English proficiency allowance,
25 distance education and telecommunications allowance, elementary site
26 allowance, summer school allowance, best practices allowance, and focus
27 school and program allowance, ~~and~~ (c) for school fiscal year 2018-19, the
28 difference of the general fund operating expenditures as calculated
29 pursuant to subdivision (23) of this section increased by the cost growth
30 factor calculated pursuant to section 79-1007.10, minus the
31 transportation allowance, special receipts allowance, poverty allowance,

1 limited English proficiency allowance, distance education and
2 telecommunications allowance, elementary site allowance, summer school
3 allowance, early childhood education allowance, best practices allowance,
4 and focus school and program allowance, and (d) for school fiscal year
5 2019-20 and each school fiscal year thereafter, the difference of the
6 general fund operating expenditures as calculated pursuant to subdivision
7 (23) of this section increased by the cost growth factor calculated
8 pursuant to section 79-1007.10, minus the transportation allowance,
9 special receipts allowance, poverty allowance, limited English
10 proficiency allowance, distance education and telecommunications
11 allowance, elementary site allowance, summer school allowance, early
12 childhood education allowance, best practices allowance, community
13 achievement plan allowance, and focus school and program allowance;

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

24 (3) Allocated income tax funds means the amount of assistance paid
25 to a local system pursuant to section 79-1005.01 as adjusted, for school
26 fiscal years prior to school fiscal year 2017-18, by the minimum levy
27 adjustment pursuant to section 79-1008.02;

28 (4) Average daily membership means the average daily membership for
29 grades kindergarten through twelve attributable to the local system, as
30 provided in each district's annual statistical summary, and includes the
31 proportionate share of students enrolled in a public school instructional

1 program on less than a full-time basis;

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

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

6 (7) Categorical funds means funds limited to a specific purpose by
7 federal or state law, including, but not limited to, Title I funds, Title
8 VI funds, federal vocational education funds, federal school lunch funds,
9 Indian education funds, Head Start funds, and funds from the Education
10 Innovation Fund;

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

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

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

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

29 (12) District means any Class I, II, III, IV, V, or VI school
30 district and, beginning with the calculation of state aid for school
31 fiscal year 2011-12 and each school fiscal year thereafter, a unified

1 system as defined in section 79-4,108;

2 (13) Ensuing school fiscal year means the school fiscal year
3 following the current school fiscal year;

4 (14) Equalization aid means the amount of assistance calculated to
5 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
6 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

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

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

13 (17) Formula students means:

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

26 (b) For the final calculation of state aid pursuant to section
27 79-1065, the sum of average daily membership plus ~~sixty percent~~ of the
28 qualified early childhood education average daily membership plus
29 tuitioned students minus the product of the number of students enrolled
30 in kindergarten that is not full-day kindergarten from the average daily
31 membership multiplied by 0.5 from the school fiscal year immediately

1 preceding the school fiscal year in which aid was paid;

2 (18) Free lunch and free milk calculated students means, using the
3 most recent data available on November 1 of the school fiscal year
4 immediately preceding the school fiscal year in which aid is to be paid,
5 (a) for schools that did not provide free meals to all students pursuant
6 to the community eligibility provision, students who individually
7 qualified for free lunches or free milk pursuant to the federal Richard
8 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
9 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
10 and sections existed on January 1, 2015, and rules and regulations
11 adopted thereunder, plus (b) for schools that provided free meals to all
12 students pursuant to the community eligibility provision, (i) for school
13 fiscal year 2016-17, the product of the students who attended such school
14 multiplied by the identified student percentage calculated pursuant to
15 such federal provision or (ii) for school fiscal year 2017-18 and each
16 school fiscal year thereafter, the greater of the number of students in
17 such school who individually qualified for free lunch or free milk using
18 the most recent school fiscal year for which the school did not provide
19 free meals to all students pursuant to the community eligibility
20 provision or one hundred ten percent of the product of the students who
21 qualified for free meals at such school pursuant to the community
22 eligibility provision multiplied by the identified student percentage
23 calculated pursuant to such federal provision, except that the free lunch
24 and free milk students calculated for any school pursuant to subdivision
25 (18)(b)(ii) of this section shall not exceed one hundred percent of the
26 students qualified for free meals at such school pursuant to the
27 community eligibility provision;

28 (19) Free lunch and free milk student means, for school fiscal years
29 prior to school fiscal year 2016-17, a student who qualified for free
30 lunches or free milk from the most recent data available on November 1 of
31 the school fiscal year immediately preceding the school fiscal year in

1 which aid is to be paid;

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

4 (21) General fund budget of expenditures means the total budget of
5 disbursements and transfers for general fund purposes as certified in the
6 budget statement adopted pursuant to the Nebraska Budget Act, except that
7 for purposes of the limitation imposed in section 79-1023 and the
8 calculation pursuant to subdivision (2) of section 79-1027.01, the
9 general fund budget of expenditures does not include any special grant
10 funds, exclusive of local matching funds, received by a district;

11 (22) General fund expenditures means all expenditures from the
12 general fund;

13 (23) General fund operating expenditures means for state aid
14 calculated for school fiscal years 2012-13 and each school fiscal year
15 thereafter, as reported on the annual financial report for the second
16 school fiscal year immediately preceding the school fiscal year in which
17 aid is to be paid, the total general fund expenditures minus (a) the
18 amount of all receipts to the general fund, to the extent that such
19 receipts are not included in local system formula resources, from early
20 childhood education tuition, summer school tuition, educational entities
21 as defined in section 79-1201.01 for providing distance education courses
22 through the Educational Service Unit Coordinating Council to such
23 educational entities, private foundations, individuals, associations,
24 charitable organizations, the textbook loan program authorized by section
25 79-734, federal impact aid, and levy override elections pursuant to
26 section 77-3444, (b) the amount of expenditures for categorical funds,
27 tuition paid, transportation fees paid to other districts, adult
28 education, community services, redemption of the principal portion of
29 general fund debt service, retirement incentive plans authorized by
30 section 79-855, and staff development assistance authorized by section
31 79-856, (c) the amount of any transfers from the general fund to any bond

1 fund and transfers from other funds into the general fund, (d) any legal
2 expenses in excess of fifteen-hundredths of one percent of the formula
3 need for the school fiscal year in which the expenses occurred, (e)
4 expenditures to pay for sums agreed to be paid by a school district to
5 certificated employees in exchange for a voluntary termination occurring
6 prior to July 1, 2009, occurring on or after the last day of the 2010-11
7 school year and prior to the first day of the 2013-14 school year, or, to
8 the extent that a district has demonstrated to the State Board of
9 Education pursuant to section 79-1028.01 that the agreement will result
10 in a net savings in salary and benefit costs to the school district over
11 a five-year period, occurring on or after the first day of the 2013-14
12 school year, (f)(i) expenditures to pay for employer contributions
13 pursuant to subsection (2) of section 79-958 to the School Employees
14 Retirement System of the State of Nebraska to the extent that such
15 expenditures exceed the employer contributions under such subsection that
16 would have been made at a contribution rate of seven and thirty-five
17 hundredths percent or (ii) expenditures to pay for school district
18 contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to
19 the retirement system established pursuant to the Class V School
20 Employees Retirement Act to the extent that such expenditures exceed the
21 school district contributions under such subdivision that would have been
22 made at a contribution rate of seven and thirty-seven hundredths percent,
23 and (g) any amounts paid by the district for lobbyist fees and expenses
24 reported to the Clerk of the Legislature pursuant to section 49-1483.

25 For purposes of this subdivision (23) of this section, receipts from
26 levy override elections shall equal ninety-nine percent of the difference
27 of the total general fund levy minus a levy of one dollar and five cents
28 per one hundred dollars of taxable valuation multiplied by the assessed
29 valuation for school districts that have voted pursuant to section
30 77-3444 to override the maximum levy provided pursuant to section
31 77-3442;

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

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

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

9 (27) Limited English proficiency students means the number of
10 students with limited English proficiency in a district from the most
11 recent data available on November 1 of the school fiscal year preceding
12 the school fiscal year in which aid is to be paid plus the difference of
13 such students with limited English proficiency minus the average number
14 of limited English proficiency students for such district, prior to such
15 addition, for the three immediately preceding school fiscal years if such
16 difference is greater than zero;

17 (28) Local system means a learning community for purposes of
18 calculation of state aid for each school fiscal year prior to school
19 fiscal year 2017-18, a unified system, a Class VI district and the
20 associated Class I districts, or a Class II, III, IV, or V district and
21 any affiliated Class I districts or portions of Class I districts. The
22 membership, expenditures, and resources of Class I districts that are
23 affiliated with multiple high school districts will be attributed to
24 local systems based on the percent of the Class I valuation that is
25 affiliated with each high school district;

26 (29) Low-income child means (a) for school fiscal years prior to
27 2016-17, a child under nineteen years of age living in a household having
28 an annual adjusted gross income for the second calendar year preceding
29 the beginning of the school fiscal year for which aid is being calculated
30 equal to or less than the maximum household income that would allow a
31 student from a family of four people to be a free lunch and free milk

1 student during the school fiscal year immediately preceding the school
2 fiscal year for which aid is being calculated and (b) for school fiscal
3 year 2016-17 and each school fiscal year thereafter, a child under
4 nineteen years of age living in a household having an annual adjusted
5 gross income for the second calendar year preceding the beginning of the
6 school fiscal year for which aid is being calculated equal to or less
7 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
8 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
9 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
10 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
11 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
12 existed on January 1, 2015, for a household of that size that would have
13 allowed the child to meet the income qualifications for free meals during
14 the school fiscal year immediately preceding the school fiscal year for
15 which aid is being calculated;

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

20 (31) Most recently available complete data year means the most
21 recent single school fiscal year for which the annual financial report,
22 fall school district membership report, annual statistical summary,
23 Nebraska income tax liability by school district for the calendar year in
24 which the majority of the school fiscal year falls, and adjusted
25 valuation data are available;

26 (32) Poverty students means (a) for school fiscal years prior to
27 2016-17, the number of low-income students or the number of students who
28 are free lunch and free milk students in a district plus the difference
29 of the number of low-income students or the number of students who are
30 free lunch and free milk students in a district, whichever is greater,
31 minus the average number of poverty students for such district, prior to

1 such addition, for the three immediately preceding school fiscal years if
2 such difference is greater than zero and (b) for school fiscal year
3 2016-17 and each school fiscal year thereafter, the unadjusted poverty
4 students plus the difference of such unadjusted poverty students minus
5 the average number of poverty 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 (33) Qualified early childhood education average daily membership
9 means (a) for aid calculated for school fiscal years prior to school
10 fiscal year 2018-19, the product of sixty percent of the average daily
11 membership for school fiscal year 2006-07 and each school fiscal year
12 thereafter of students who will be eligible to attend kindergarten the
13 following school year and are enrolled in an early childhood education
14 program approved by the department pursuant to section 79-1103 for such
15 school district for such school year multiplied by the ratio of the
16 actual instructional hours of the program divided by one thousand thirty-
17 two if: (i) (a) The program is receiving a grant pursuant to such section
18 for the third year; (ii) (b) the program has already received grants
19 pursuant to such section for three years; or (iii) (c) the program has
20 been approved pursuant to subsection (5) of section 79-1103 for such
21 school year and the two preceding school years, including any such
22 students in portions of any of such programs receiving an expansion grant
23 and (b) for aid calculated for school fiscal year 2018-19 and each school
24 fiscal year thereafter, the product of eighty percent of the average
25 daily membership of students who will be eligible to attend kindergarten
26 in one of the two immediately following school years and are enrolled in
27 an early childhood education program approved by the department pursuant
28 to section 79-1103 for such school district for such school year
29 multiplied by the ratio of the actual instructional hours of the program
30 divided by one thousand thirty-two if: (i) The program is receiving a
31 grant pursuant to such section for the third year; (ii) the program has

1 already received grants pursuant to such section for three years; or
2 (iii) the program has been approved pursuant to subsection (5) of section
3 79-1103 for such school year and the two preceding school years,
4 including any such students in portions of any of such programs receiving
5 an expansion grant;

6 (34) Qualified early childhood education fall membership means (a)
7 for aid calculated for school fiscal years prior to school fiscal year
8 2018-19, the product of sixty percent of the membership on the last
9 Friday in September 2006 and each year thereafter of students who will be
10 eligible to attend kindergarten the following school year and are
11 enrolled in an early childhood education program approved by the
12 department pursuant to section 79-1103 for such school district for such
13 school year multiplied by the ratio of the planned instructional hours of
14 the program divided by one thousand thirty-two if: (i) ~~(a)~~ The program is
15 receiving a grant pursuant to such section for the third year; (ii) ~~(b)~~
16 the program has already received grants pursuant to such section for
17 three years; or (iii) ~~(c)~~ the program has been approved pursuant to
18 subsection (5) of section 79-1103 for such school year and the two
19 preceding school years, including any such students in portions of any of
20 such programs receiving an expansion grant and (b) for aid calculated for
21 school fiscal year 2018-19 and each school fiscal year thereafter, the
22 product of eighty percent of the membership on the last Friday in
23 September of students who will be eligible to attend kindergarten in one
24 of the two immediately following school years and are enrolled in an
25 early childhood education program approved by the department pursuant to
26 section 79-1103 for such school district for such school year multiplied
27 by the ratio of the planned instructional hours of the program divided by
28 one thousand thirty-two if: (i) The program is receiving a grant pursuant
29 to such section for the third year; (ii) the program has already received
30 grants pursuant to such section for three years; or (iii) the program has
31 been approved pursuant to subsection (5) of section 79-1103 for such

1 school year and the two preceding school years, including any such
2 students in portions of any of such programs receiving an expansion
3 grant;

4 (35) Regular route transportation means the transportation of
5 students, including early childhood education students, on regularly
6 scheduled daily routes to and from the attendance center;

7 (36) Reorganized district means any district involved in a
8 consolidation and currently educating students following consolidation;

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

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

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

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

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

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

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

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

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

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

11 (43) State support means all funds provided to districts by the
12 State of Nebraska for the general fund support of elementary and
13 secondary education;

14 (44) Statewide average basic funding per formula student means the
15 statewide total basic funding for all districts divided by the statewide
16 total formula students for all districts;

17 (45) Statewide average general fund operating expenditures per
18 formula student means the statewide total general fund operating
19 expenditures for all districts divided by the statewide total formula
20 students for all districts;

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

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

2 (48) Tuition receipts from converted contracts means tuition
3 receipts received by a district from another district in the most
4 recently available complete data year pursuant to a converted contract
5 prior to the expiration of the contract;

6 (49) Tuitioned students means students in kindergarten through grade
7 twelve of the district whose tuition is paid by the district to some
8 other district or education agency;

9 (50) Unadjusted poverty students means, for school fiscal year
10 2016-17 and each school fiscal year thereafter, the greater of the number
11 of low-income students or the free lunch and free milk calculated
12 students in a district; and

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

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

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

25 Sec. 3. (1) For school fiscal year 2018-19 and each school fiscal
26 year thereafter, the department shall calculate an early childhood
27 education allowance for each district as follows:

28 (a) For state aid certified pursuant to section 79-1022, the early
29 childhood education allowance for each school district shall equal the
30 product of the qualified early childhood education fall membership
31 multiplied by the statewide average general fund operating expenditures

1 per formula student; and

2 (b) For the final calculation of state aid certified pursuant to
3 section 79-1065, the early childhood education allowance for each school
4 district shall equal the product of the qualified early childhood
5 education average daily membership multiplied by the statewide average
6 general fund operating expenditures per formula student.

7 (2) For school fiscal year 2018-19 and each school fiscal year
8 thereafter, the department shall calculate early childhood education
9 transportation costs for each district which shall equal the sum of:

10 (a) The number of miles included in the calculation of the
11 transportation allowance that were traveled by vehicles owned, leased, or
12 contracted by the district or the districts in the local system for the
13 purpose of regular route transportation for routes used exclusively to
14 transport early childhood education students multiplied by four hundred
15 percent of the mileage rate established by the Department of
16 Administrative Services pursuant to section 81-1176 as of January 1 of
17 the most recently available complete data year; plus

18 (b) The in lieu of transportation expenditures pursuant to section
19 79-611 included in the calculation for the transportation allowance that
20 were paid exclusively to transport early childhood education students.

21 (3) Fifty percent of the sum of the early childhood education
22 allowance calculated pursuant to this section plus the early childhood
23 education transportation costs calculated pursuant to this section shall
24 be paid to such school district as early childhood education aid for the
25 school fiscal year for which aid is being calculated.

26 (4) For purposes of the Tax Equity and Educational Opportunities
27 Support Act, if an educational service unit provides an early childhood
28 education program approved by the department pursuant to section 79-1103
29 for one or more school districts, the early childhood education students
30 and the associated expenditures of a school district shall continue to be
31 attributable to such school district.

1 Sec. 4. Section 79-1007.11, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 79-1007.11 (1) Except as otherwise provided in this section, for
4 school fiscal years 2013-14 through 2015-16, each school district's
5 formula need shall equal the difference of the sum of the school
6 district's basic funding, poverty allowance, limited English proficiency
7 allowance, focus school and program allowance, summer school allowance,
8 special receipts allowance, transportation allowance, elementary site
9 allowance, instructional time allowance, teacher education allowance,
10 distance education and telecommunications allowance, averaging
11 adjustment, new learning community transportation adjustment, student
12 growth adjustment, any positive student growth adjustment correction, and
13 new school adjustment, minus the sum of the limited English proficiency
14 allowance correction, poverty allowance correction, and any negative
15 student growth adjustment correction.

16 (2) Except as otherwise provided in this section, for school fiscal
17 year 2016-17, each school district's formula need shall equal the
18 difference of the sum of the school district's basic funding, poverty
19 allowance, limited English proficiency allowance, focus school and
20 program allowance, summer school allowance, special receipts allowance,
21 transportation allowance, elementary site allowance, best practices
22 allowance, distance education and telecommunications allowance, averaging
23 adjustment, new learning community transportation adjustment, student
24 growth adjustment, any positive student growth adjustment correction, and
25 new school adjustment, minus the sum of the limited English proficiency
26 allowance correction, poverty allowance correction, and any negative
27 student growth adjustment correction.

28 (3) Except as otherwise provided in this section, for school fiscal
29 year years 2017-18 ~~and 2018-19~~, each school district's formula need shall
30 equal the difference of the sum of the school district's basic funding,
31 poverty allowance, poverty allowance adjustment, limited English

1 proficiency allowance, focus school and program allowance, summer school
2 allowance, special receipts allowance, transportation allowance,
3 elementary site allowance, best practices allowance, distance education
4 and telecommunications allowance, averaging adjustment, new community
5 achievement plan adjustment, student growth adjustment, any positive
6 student growth adjustment correction, and new school adjustment minus the
7 sum of the limited English proficiency allowance correction, poverty
8 allowance correction, and any negative student growth adjustment
9 correction.

10 (4) Except as otherwise provided in this section, for school fiscal
11 year 2018-19, each school district's formula need shall equal the
12 difference of the sum of the school district's basic funding, poverty
13 allowance, poverty allowance adjustment, limited English proficiency
14 allowance, focus school and program allowance, summer school allowance,
15 early childhood education allowance, special receipts allowance,
16 transportation allowance, elementary site allowance, best practices
17 allowance, distance education and telecommunications allowance, averaging
18 adjustment, new community achievement plan adjustment, student growth
19 adjustment, any positive student growth adjustment correction, and new
20 school adjustment minus the sum of the limited English proficiency
21 allowance correction, poverty allowance correction, and any negative
22 student growth adjustment correction.

23 (5) (4) Except as otherwise provided in this section, for school
24 fiscal year 2019-20 and each school fiscal year thereafter, each school
25 district's formula need shall equal the difference of the sum of the
26 school district's basic funding, poverty allowance, limited English
27 proficiency allowance, focus school and program allowance, summer school
28 allowance, early childhood education allowance, special receipts
29 allowance, transportation allowance, elementary site allowance, best
30 practices allowance, distance education and telecommunications allowance,
31 community achievement plan allowance, averaging adjustment, new community

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

6 (6) ~~(5)~~ If the formula need calculated for a school district
7 pursuant to subsections (1) through (5) ~~(4)~~ of this section is less than
8 one hundred percent of the formula need for such district for the school
9 fiscal year immediately preceding the school fiscal year for which aid is
10 being calculated, the formula need for such district shall equal one
11 hundred percent of the formula need for such district for the school
12 fiscal year immediately preceding the school fiscal year for which aid is
13 being calculated.

14 (7) ~~(6)~~ If the formula need calculated for a school district
15 pursuant to subsections (1) through (5) ~~(4)~~ of this section is more than
16 one hundred twelve percent of the formula need for such district for the
17 school fiscal year immediately preceding the school fiscal year for which
18 aid is being calculated, the formula need for such district shall equal
19 one hundred twelve percent of the formula need for such district for the
20 school fiscal year immediately preceding the school fiscal year for which
21 aid is being calculated, except that the formula need shall not be
22 reduced pursuant to this subsection for any district receiving a student
23 growth adjustment for the school fiscal year for which aid is being
24 calculated.

25 (8) ~~(7)~~ For purposes of subsections (6) ~~(5)~~ and (7) ~~(6)~~ of this
26 section, the formula need for the school fiscal year immediately
27 preceding the school fiscal year for which aid is being calculated shall
28 be the formula need used in the final calculation of aid pursuant to
29 section 79-1065 and for districts that were affected by a reorganization
30 with an effective date in the calendar year preceding the calendar year
31 in which aid is certified for the school fiscal year for which aid is

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

7 Sec. 5. Section 79-1017.01, Revised Statutes Cumulative Supplement,
8 2016, is amended to read:

9 79-1017.01 (1) For state aid calculated for school fiscal years
10 2014-15 and 2015-16, local system formula resources includes other actual
11 receipts determined pursuant to section 79-1018.01, net option funding
12 determined pursuant to section 79-1009, teacher education aid determined
13 pursuant to section 79-1007.25, instructional time aid determined
14 pursuant to subsection (2) of section 79-1007.23, allocated income tax
15 funds determined pursuant to section 79-1005.01, and minimum levy
16 adjustments determined pursuant to section 79-1008.02 and is reduced by
17 amounts paid by the district in the most recently available complete data
18 year as property tax refunds pursuant to or in the manner prescribed by
19 section 77-1736.06.

20 (2) For state aid calculated for school fiscal years ~~year~~ 2016-17
21 and 2017-18 ~~each school fiscal year thereafter~~, local system formula
22 resources includes other actual receipts determined pursuant to section
23 79-1018.01, net option funding determined pursuant to section 79-1009,
24 best practices aid determined pursuant to section 79-1004, if any
25 districts in the local system qualify, allocated income tax funds
26 determined pursuant to section 79-1005.01, community achievement plan aid
27 determined pursuant to section 79-1005, and minimum levy adjustments
28 determined pursuant to section 79-1008.02 for school fiscal years prior
29 to school fiscal year 2017-18, and is reduced by amounts paid by the
30 district in the most recently available complete data year as property
31 tax refunds pursuant to or in the manner prescribed by section

1 77-1736.06.

2 (3) For state aid calculated for school fiscal year 2018-19 and each
3 school fiscal year thereafter, local system formula resources includes
4 other actual receipts determined pursuant to section 79-1018.01, net
5 option funding determined pursuant to section 79-1009, early childhood
6 education aid, best practices aid determined pursuant to section 79-1004,
7 if any districts in the local system qualify, allocated income tax funds
8 determined pursuant to section 79-1005.01, and community achievement plan
9 aid determined pursuant to section 79-1005, and is reduced by amounts
10 paid by the district in the most recently available complete data year as
11 property tax refunds pursuant to or in the manner prescribed by section
12 77-1736.06.

13 Sec. 6. Original sections 79-1001, 79-1003, 79-1007.11, and
14 79-1017.01, Revised Statutes Cumulative Supplement, 2016, are repealed.