

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION  
**LEGISLATIVE BILL 972**

Introduced by Lautenbaugh, 18.

Read first time January 17, 2014

Committee: Education

A BILL

1 FOR AN ACT relating to schools; to amend section 13-903, Reissue  
2 Revised Statutes of Nebraska, and sections 48-801 and  
3 79-978, Revised Statutes Cumulative Supplement, 2012; to  
4 adopt the Independent Public Schools Act; to harmonize  
5 provisions; and to repeal the original sections.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 19 of this act shall be known  
2 and may be cited as the Independent Public Schools Act.

3           Sec. 2. The Legislature finds that independent public  
4 schools: (1) Improve student learning by creating more high-  
5 performing schools with high standards for student performance; (2)  
6 encourage the use of different, high-quality models of teaching,  
7 governing, scheduling, or other aspects of schooling that meet a  
8 variety of student needs; (3) close achievement gaps between high-  
9 performing and low-performing groups of public school students; (4)  
10 allow schools freedom and flexibility in exchange for exceptional  
11 levels of results-driven accountability; (5) increase high-quality  
12 educational opportunities within the public education system for all  
13 students, especially those at risk of academic failure; and (6)  
14 provide students, parents, community members, and local entities with  
15 expanded opportunities for involvement in the public education  
16 system.

17           Sec. 3. For purposes of the Independent Public Schools  
18 Act, independent public school means a public school located in a  
19 city of the metropolitan class which operates under a compact granted  
20 by the State Board of Education, operates independently of any school  
21 board or board of education as defined in section 79-101, and is  
22 managed by a board of trustees. Upon receiving a compact from the  
23 State Board of Education, an independent public school shall be  
24 deemed a political subdivision and its board of trustees authorized  
25 to supervise and control the independent public school.

1           Sec. 4. Persons or entities eligible to submit an  
2 application to establish an independent public school include, but  
3 are not limited to, teachers, parents, school administrators,  
4 community residents, public organizations, or nonprofit organizations  
5 or a combination thereof. The application may be filed in conjunction  
6 with a college, a university, a museum, or another similar entity.  
7 Denominational and parochial schools and schools which elect pursuant  
8 to section 79-1601 not to meet accreditation or approval requirements  
9 are not eligible to submit an application to establish an independent  
10 public school.

11           Sec. 5. (1) The State Board of Education shall establish  
12 by rule and regulation the requirements for receiving a compact to  
13 operate an independent public school. Such rules and regulations  
14 shall include, but not be limited to, the following:

15           (a) An independent public school shall be located in a  
16 city of the metropolitan class;

17           (b) An independent public school shall be open to all  
18 students on a space-available basis and shall not discriminate on the  
19 basis of race, color, national origin, creed, sex, ethnicity, sexual  
20 orientation, mental or physical disability, age, ancestry, athletic  
21 performance, special needs, proficiency in the English language, or  
22 academic achievement;

23           (c) An independent public school may limit enrollment to  
24 specific grade levels or areas of focus of the school, such as  
25 mathematics, science, or the arts;

1                   (d) No admission fee or tuition shall be charged to apply  
2 to or attend an independent public school; and

3                   (e) Such other requirements as the state board deems  
4 necessary.

5                   (2) An application to establish an independent public  
6 school shall be submitted each year no later than January 15.

7                   Such application shall include, but not be limited to:

8                   (a) The name of the applicant or applicants;

9                   (b) A description of the proposed independent public  
10 school's organizational structure and governing body;

11                   (c) A financial plan for the first year of operation;

12                   (d) A description of the independent public school's  
13 physical plant and location;

14                   (e) A description of the grade levels to be included in  
15 the independent public school;

16                   (f) A description of the proposed curriculum;

17                   (g) A mission statement and a vision statement for the  
18 school;

19                   (h) The student achievement goals for the school's  
20 educational program and the chosen methods of evaluating whether  
21 students have attained the skills and knowledge specified for those  
22 goals;

23                   (i) The school's plan for using external, internal, and  
24 state-required assessments to measure student progress and how the  
25 school will use data to drive instruction and continued school

1 improvement;

2 (j) Plans and timelines for student recruitment,  
3 enrollment, and lottery policies and procedures for the school;

4 (k) A draft handbook that outlines the personnel policies  
5 of the school, including the criteria to be used in the hiring of  
6 qualified teachers, school administrators, and other school  
7 employees, a description of staff responsibilities, and the school's  
8 plan to evaluate personnel on an annual basis;

9 (l) A draft of the policies and procedures by which  
10 students, including students with disabilities, may be disciplined  
11 which shall be consistent with the requirements of due process and  
12 with the Special Education Act, other state and federal laws and  
13 regulations relating to the placement of students with disabilities,  
14 and the Student Discipline Act;

15 (m) A description of the health and food services to be  
16 provided to students attending the school;

17 (n) Policies, methods, and strategies for serving  
18 students with disabilities in compliance with the Special Education  
19 Act and all federal laws and regulations relating thereto;

20 (o) Procedures to be followed in the case of the closure  
21 or dissolution of the independent public school, including provisions  
22 for the transfer of students and student records to the school  
23 district in which the independent public school is located or to  
24 another independent public school located within the school district;

25 (p) A code of ethics for the independent public school,

1 setting forth for its board of trustees and employees the standards  
2 of conduct expected of them;

3 (q) Plans for recruiting and developing staff;

4 (r) A staffing chart for the school's first year and a  
5 staffing chart for the term of the compact;

6 (s) Opportunities for parental and community involvement  
7 in the school, including the role of parents in the administration  
8 and governance of the school;

9 (t) The school's plan for identifying and successfully  
10 serving students with disabilities, students who are English language  
11 learners, bilingual students, students who are academically behind  
12 grade level, and students who are learners with high ability as  
13 defined in section 79-1107, including, but not limited to, the  
14 school's plan for compliance with all applicable federal and state  
15 laws, rules, and regulations; and

16 (u) A detailed start-up plan, including tasks, timelines,  
17 and individuals responsible for carrying out the plan.

18 (3)(a) In deciding whether to approve an application, the  
19 state board shall: (i) Approve only applications submitted by  
20 applicants that have demonstrated competence in all elements of the  
21 application requirements; (ii) base decisions on documented evidence  
22 collected through the application review process; and (iii) follow  
23 policies and practices that are transparent, based on merit, and  
24 avoid conflicts of interest.

25 (b) The state board shall review the application and make

1 the final determination on granting or denying a compact no later  
2 than sixty days after receiving the application. The application  
3 review process shall include a thorough evaluation of each  
4 application, an in-person interview with the applicant group, and an  
5 opportunity in a public forum for local residents to provide input  
6 and learn about the application. An initial compact shall be for a  
7 term of five years and may be renewed for successive five-year  
8 periods. The state board may condition the grant of a compact on the  
9 school's taking certain actions or maintaining certain conditions.  
10 The state board shall make the decision approve or deny the  
11 application in an open meeting.

12           Sec. 6. The Independent Public Schools pilot program is  
13 created. The pilot program shall provide for the approval of not more  
14 than five independent public schools, to operate in a city of the  
15 metropolitan class. The state board shall review the pilot program  
16 after five years, and the state board shall decide whether or not to  
17 renew the compacts of the independent public schools operating  
18 pursuant to the pilot program. Such decisions shall be based on the  
19 criteria listed in subsection (3) of section 5 of this act. Compact  
20 renewals shall be for the time period described in such subsection.

21           Sec. 7. (1) Application for renewal of a compact shall be  
22 submitted to the state board by the board of trustees of an  
23 independent public school no later than six months prior to the  
24 expiration of the compact unless a different date is agreed upon by  
25 the boards. A renewal application shall include:

1           (a) A report of the progress of the school in achieving  
2 the educational objectives set forth in the application;

3           (b) A report of the progress of the school in meeting the  
4 goals of the academic performance framework in the application;

5           (c) A detailed financial statement that discloses the  
6 costs of administration, instruction, and other spending categories  
7 for the school that will allow a comparison of the costs to other  
8 schools. The financial statement shall be in the form prescribed by  
9 the Commissioner of Education;

10           (d) Copies of each of the annual reports of the school;  
11 and

12           (e) Indicators of parent and student satisfaction.

13           (2) In making a renewal decision, the state board shall  
14 base its decision on evidence of the performance of the school over  
15 the term of the compact and shall ensure that data used in making the  
16 decision is available to the school and the public.

17           Sec. 8. The State Board of Education may, after notice  
18 and a hearing, place an independent public school on probation, based  
19 upon performance-based data and evidence. An independent public  
20 school placed on probation may submit a remedial action plan to the  
21 state board describing the actions the school and its board of  
22 trustees will implement to correct the problems described in the  
23 notice and at the hearing. If after one calendar year following  
24 submission the remedial action plan has not been implemented or in  
25 the opinion of the state board has not succeeded in solving such

1 problems, the state board may summarily revoke the compact. The state  
2 board shall develop procedures and guidelines for revocation and  
3 renewal of an independent public school's compact.

4           Sec. 9. An independent public school established pursuant  
5 to the Independent Public Schools Act shall be a body politic and  
6 corporate with all powers necessary or desirable for carrying out its  
7 compact, including, but not limited to, the following:

8                   (1) To adopt a name and corporate seal, except that any  
9 name selected must include the words independent public school;

10                   (2) To sue and be sued as provided in the Political  
11 Subdivisions Tort Claims Act;

12                   (3) To acquire real property from public or private  
13 sources by lease, lease with an option to purchase, or by gift for  
14 use as a school facility;

15                   (4) To receive and disburse funds for school purposes;

16                   (5) To make contracts and leases for the procurement of  
17 services, equipment, and supplies, except that if the board of  
18 trustees intends to procure substantially all educational services  
19 under contract with another person, the terms of such a contract  
20 shall be approved by the Commissioner of Education, either as part of  
21 the original compact or by way of an amendment thereto. The  
22 commissioner shall not approve any such contract terms, the purpose  
23 or effect of which is to avoid the prohibition of the Independent  
24 Public Schools Act against operation of an independent public school  
25 by a denominational or parochial school or a school which elects

1 pursuant to section 79-1601 not to meet accreditation or approval  
2 requirements;

3 (6) To incur temporary debt in anticipation of receipt of  
4 funds;

5 (7) To solicit and accept any grants or gifts for school  
6 purposes; and

7 (8) To have such other powers available to a corporation  
8 formed under the Nebraska Nonprofit Corporation Act that are not  
9 inconsistent with the Independent Public Schools Act.

10 Sec. 10. No tuition and no fees pursuant to the Public  
11 Elementary and Secondary Student Fee Authorization Act shall be  
12 charged for any student attending an independent public school.  
13 Preference for enrollment in an independent public school shall be  
14 given to students who reside in the city of the metropolitan class in  
15 which the school is located. If the total number of students who are  
16 eligible to apply to and attend an independent public school who  
17 reside in such city plus siblings of students already attending the  
18 school is greater than the number of spaces available, the  
19 independent public school shall conduct an admission lottery to fill  
20 all of the spaces in that school from among such students.

21 Sec. 11. A student may withdraw from an independent  
22 public school at any time and enroll in the school district in which  
23 the student resides, in an option school district pursuant to the  
24 enrollment option program established under sections 79-234 to  
25 79-246, or in a private, denominational, or parochial school or a

1 school which elects pursuant to section 79-1601 not to meet  
2 accreditation or approval requirements. A student may be expelled  
3 from an independent public school in accordance with the provisions  
4 of the Student Discipline Act.

5           Sec. 12. An independent public school may be located in  
6 all or part of an existing public school building, in space provided  
7 on a private work site, in a public building, or any other suitable  
8 location. An independent public school may own, lease, or rent its  
9 space.

10           Sec. 13. (1) An independent public school shall operate  
11 in accordance with its compact, the fire and life safety provisions  
12 of law applicable to public schools in Nebraska, and the performance,  
13 testing, and assessment requirements of the Quality Education  
14 Accountability Act.

15           (2) Employees of an independent public school shall be  
16 considered employees of a political subdivision for purposes of the  
17 Political Subdivisions Tort Claims Act. A board of trustees of an  
18 independent public school shall be considered a governing body for  
19 purposes of the Political Subdivisions Tort Claims Act.

20           (3) The Class V School Employees Retirement Act shall  
21 apply to employees of an independent public school.

22           (4) Each school board or board of education shall grant a  
23 leave of absence to any teacher employed by the school district  
24 requesting such leave in order to teach in an independent public  
25 school. A teacher may request a leave of absence for such purpose for

1 a maximum of two years. At the end of the two-year period, the  
2 teacher may (a) make a request to the school board or board of  
3 education of the school district that such leave be extended for an  
4 additional two years, which approval shall not be unreasonably  
5 withheld, or (b) he or she may return to his or her employment with  
6 such school district and be entitled to all retirement and other  
7 benefits earned during his or her previous employment with such  
8 district. If such request is granted, at the end of the fourth year  
9 the teacher may either return to employment with such school district  
10 or, if he or she chooses to continue teaching at the independent  
11 public school, resign from the school district.

12 Sec. 14. The board of trustees of an independent public  
13 school shall oversee implementation of the school's curriculum as  
14 described in the application and develop the school's annual budget.

15 Sec. 15. The Class V school district in which an  
16 independent public school is located shall provide transportation to  
17 the independent public school for students living in such school  
18 district who attend the independent public school, on the same terms  
19 and conditions as transportation is provided to students attending  
20 the public schools of such school district. Students attending the  
21 independent public school who do not reside in the Class V school  
22 district in which the school is located shall be eligible for  
23 transportation as provided for students pursuant to the option  
24 enrollment program established under sections 79-234 to 79-246.

25 Sec. 16. (1) Each independent public school shall submit

1 to the State Board of Education, to each parent or guardian of its  
2 enrolled students, and to any person who requests it an annual  
3 report. The annual report shall be issued no later than November 1 of  
4 each year for the preceding school year. The annual report shall be  
5 in such form as may be prescribed by the State Board of Education and  
6 shall include at least the following components:

7 (a) A discussion of progress made toward the achievement  
8 of the goals set forth in the compact; and

9 (b) A financial statement setting forth by appropriate  
10 categories the revenue and expenditures for the year just ended.

11 (2) The State Department of Education shall post each  
12 independent public school's annual report on the department's web  
13 site.

14 Sec. 17. An individual or a group may file a complaint  
15 with an independent public school's board of trustees concerning any  
16 claimed violation of the Independent Public Schools Act by an  
17 independent public school. If, after presenting such complaint to the  
18 trustees, the individual or group believes the complaint has not been  
19 adequately addressed, they may submit the complaint to the  
20 Commissioner of Education who shall investigate such complaint and  
21 make a formal response.

22 Sec. 18. (1) The school district of residence of each  
23 student attending an independent public school shall annually pay to  
24 the independent public school an amount equal to the school  
25 district's actual per pupil cost for the preceding fiscal year times

1 the number of students residing in such district who attend such  
2 independent public school. The State Department of Education shall  
3 calculate such actual per pupil cost based upon information submitted  
4 by the school district. Such payments shall be made within thirty  
5 days after the beginning of the district's school fiscal year.

6 (2) When a student withdraws or is expelled from an  
7 independent public school during the school year of the school  
8 district of residence, the independent public school shall reimburse  
9 the school district of residence, for each withdrawing or expelled  
10 student, a pro rata amount of the payment under subsection (1) of  
11 this section, based on the number of complete months remaining in the  
12 school year of the school district of residence.

13 Sec. 19. An independent public school is part of the  
14 state's system of public education, except that it is exempt from all  
15 statutes, rules, and regulations applicable to public schools as  
16 defined in section 79-101 unless specifically provided otherwise in  
17 the Independent Public Schools Act. The board of trustees of an  
18 independent public school may voluntarily elect to have the school  
19 comply with such statutes, rules, and regulations.

20 Sec. 20. The State Board of Education shall adopt and  
21 promulgate rules and regulations to carry out the Independent Public  
22 Schools Act.

23 Sec. 21. Section 13-903, Reissue Revised Statutes of  
24 Nebraska, is amended to read:

25 13-903 For purposes of the Political Subdivisions Tort

1 Claims Act and sections 16-727, 16-728, 23-175, 39-809, and 79-610,  
2 unless the context otherwise requires:

3 (1) Political subdivision shall include villages, cities  
4 of all classes, counties, school districts, learning communities,  
5 independent public schools, public power districts, and all other  
6 units of local government, including entities created pursuant to the  
7 Interlocal Cooperation Act or Joint Public Agency Act. Political  
8 subdivision shall not be construed to include any contractor with a  
9 political subdivision;

10 (2) Governing body shall mean the village board of a  
11 village, the city council of a city, the board of commissioners or  
12 board of supervisors of a county, the board of directors of a public  
13 power district, the governing board or other governing body of an  
14 entity created pursuant to the Interlocal Cooperation Act or Joint  
15 Public Agency Act, the board of trustees of an independent public  
16 school, and any duly elected or appointed body holding the power and  
17 authority to determine the appropriations and expenditures of any  
18 other unit of local government;

19 (3) Employee of a political subdivision shall mean any  
20 one or more officers or employees of the political subdivision or any  
21 agency of the subdivision and shall include members of the governing  
22 body, duly appointed members of boards or commissions when they are  
23 acting in their official capacity, volunteer firefighters, and  
24 volunteer rescue squad personnel. Employee shall not be construed to  
25 include any contractor with a political subdivision; and

1           (4) Tort claim shall mean any claim against a political  
2 subdivision for money only on account of damage to or loss of  
3 property or on account of personal injury or death, caused by the  
4 negligent or wrongful act or omission of any employee of the  
5 political subdivision, while acting within the scope of his or her  
6 office or employment, under circumstances in which the political  
7 subdivision, if a private person, would be liable to the claimant for  
8 such damage, loss, injury, or death but shall not include any claim  
9 accruing before January 1, 1970.

10           Sec. 22. Section 48-801, Revised Statutes Cumulative  
11 Supplement, 2012, is amended to read:

12           48-801 As used in the Industrial Relations Act, unless  
13 the context otherwise requires:

14           (1) Certificated employee has the same meaning as in  
15 section 79-824;

16           (2) Commission means the Commission of Industrial  
17 Relations;

18           (3) Commissioner means a member of the commission;

19           (4) Governmental service means all services performed  
20 under employment by the State of Nebraska or any political or  
21 governmental subdivision thereof, including public corporations,  
22 municipalities, and public utilities;

23           (5) Industrial dispute includes any controversy between  
24 public employers and public employees concerning terms, tenure, or  
25 conditions of employment; the association or representation of

1 persons in negotiating, fixing, maintaining, changing, or seeking to  
2 arrange terms or conditions of employment; or refusal to discuss  
3 terms or conditions of employment;

4 (6) Instructional employee means an employee of a  
5 community college who provides direct instruction to students;

6 (7) Labor organization means any organization of any kind  
7 or any agency or employee representation committee or plan, in which  
8 public employees participate and which exists for the purpose, in  
9 whole or in part, of dealing with public employers concerning  
10 grievances, labor disputes, wages, rates of pay, hours of employment,  
11 or conditions of work;

12 (8) Metropolitan statistical area means a metropolitan  
13 statistical area as defined by the United States Office of Management  
14 and Budget;

15 (9) Municipality means any city or village in Nebraska;

16 (10) Noncertificated and noninstructional school employee  
17 means a school district, educational service unit, or community  
18 college employee who is not a certificated or instructional employee;

19 (11) Public employee includes any person employed by a  
20 public employer;

21 (12) Public employer means the State of Nebraska or any  
22 political or governmental subdivision of the State of Nebraska except  
23 the Nebraska National Guard or state militia. Public employer does  
24 not include an independent public school;

25 (13) Public utility includes any person or governmental

1 entity, including any public corporation, public power district, or  
2 public power and irrigation district, which carries on an intrastate  
3 business in this state and over which the government of the United  
4 States has not assumed exclusive regulation and control, that  
5 furnishes transportation for hire, telephone service, telegraph  
6 service, electric light, heat, or power service, gas for heating or  
7 illuminating, whether natural or artificial, or water service, or any  
8 one or more thereof; and

9 (14) Supervisor means any public employee having  
10 authority, in the interest of the public employer, to hire, transfer,  
11 suspend, lay off, recall, promote, discharge, assign, reward, or  
12 discipline other public employees, or responsibility to direct them,  
13 to adjust their grievances, or effectively to recommend such action,  
14 if in connection with such action the exercise of such authority is  
15 not of a merely routine or clerical nature but requires the use of  
16 independent judgment.

17 Sec. 23. Section 79-978, Revised Statutes Cumulative  
18 Supplement, 2012, is amended to read:

19 79-978 For purposes of the Class V School Employees  
20 Retirement Act, unless the context otherwise requires:

21 (1) Retirement system or system means the School  
22 Employees' Retirement System of (corporate name of the school  
23 district as described in section 79-405) as provided for by the act;

24 (2) Board means the board of education of the school  
25 district;

1                   (3) Trustee means a trustee provided for in section  
2 79-980;

3                   (4) Employee means the following enumerated persons  
4 receiving compensation from the school district: (a) Regular teachers  
5 and administrators employed on a written contract basis; ~~and~~ (b)  
6 regular employees, not included in subdivision (4)(a) of this  
7 section, hired upon a full-time basis, which basis shall contemplate  
8 a workweek of not less than thirty hours; and (c) employees of an  
9 independent public school operating pursuant to the Independent  
10 Public Schools Act;

11                   (5) Member means any employee included in the membership  
12 of the retirement system or any former employee who has made  
13 contributions to the system and has not received a refund;

14                   (6) Annuitant means any member receiving an allowance;

15                   (7) Beneficiary means any person entitled to receive or  
16 receiving a benefit by reason of the death of a member;

17                   (8) Membership service means service on or after  
18 September 1, 1951, as an employee of the school district and a member  
19 of the system for which compensation is paid by the school district.  
20 Credit for more than one year of membership service shall not be  
21 allowed for service rendered in any fiscal year. Beginning September  
22 1, 2005, a member shall be credited with a year of membership service  
23 for each fiscal year in which the member performs one thousand or  
24 more hours of compensated service as an employee of the school  
25 district. An hour of compensated service shall include any hour for

1 which the member is compensated by the school district during periods  
2 where no service is performed due to vacation or approved leave. If a  
3 member performs less than one thousand hours of compensated service  
4 during a fiscal year, one-tenth of a year of membership service shall  
5 be credited for each one hundred hours of compensated service by the  
6 member in such fiscal year. In determining a member's total  
7 membership service, all periods of membership service, including  
8 fractional years of membership service in one-tenth-year increments,  
9 shall be aggregated;

10 (9) Prior service means service rendered prior to  
11 September 1, 1951, for which credit is allowed under section 79-999,  
12 service rendered by retired employees receiving benefits under  
13 preexisting systems, and service for which credit is allowed under  
14 sections 79-990, 79-991, 79-994, 79-995, and 79-997;

15 (10) Creditable service means the sum of the membership  
16 service and the prior service, measured in one-tenth-year increments;

17 (11) Compensation means salary or wages payable by the  
18 school district before reduction for contributions picked up under  
19 section 414(h) of the Internal Revenue Code, elective contributions  
20 made pursuant to section 125 or 403(b) of the code, or amounts not  
21 currently includible in income by reason of section 132(f)(4) of the  
22 code, subject to the applicable limitations of section 401(a)(17) of  
23 the code;

24 (12) Military service means service in the uniformed  
25 services as defined in 38 U.S.C. 4301 et seq., as such provision

1 existed on March 27, 1997;

2 (13) Accumulated contributions means the sum of amounts  
3 contributed by a member of the system together with regular interest  
4 credited thereon;

5 (14) Regular interest means interest (a) on the total  
6 contributions of the member prior to the close of the last preceding  
7 fiscal year, (b) compounded annually, and (c) at rates to be  
8 determined annually by the board, which shall have the sole,  
9 absolute, and final discretionary authority to make such  
10 determination, except that the rate for any given year in no event  
11 shall exceed the actual percentage of net earnings of the system  
12 during the last preceding fiscal year;

13 (15) Retirement date means the date of retirement of a  
14 member for service or disability as fixed by the board;

15 (16) Normal retirement date means the end of the month  
16 during which the member attains age sixty-five and has completed at  
17 least five years of membership service;

18 (17) Early retirement date means that month and year  
19 selected by a member having at least ten years of creditable service  
20 which includes a minimum of five years of membership service and who  
21 has attained age fifty-five;

22 (18) Retirement allowance means the total annual  
23 retirement benefit payable to a member for service or disability;

24 (19) Annuity means annual payments, for both prior  
25 service and membership service, for life as provided in the Class V

1 School Employees Retirement Act;

2 (20) Actuarial tables means:

3 (a) For determining the actuarial equivalent of any  
4 annuities other than joint and survivorship annuities, a unisex  
5 mortality table using twenty-five percent of the male mortality and  
6 seventy-five percent of the female mortality from the 1994 Group  
7 Annuity Mortality Table with a One Year Setback and using an interest  
8 rate of eight percent compounded annually; and

9 (b) For joint and survivorship annuities, a unisex  
10 retiree mortality table using sixty-five percent of the male  
11 mortality and thirty-five percent of the female mortality from the  
12 1994 Group Annuity Mortality Table with a One Year Setback and using  
13 an interest rate of eight percent compounded annually and a unisex  
14 joint annuitant mortality table using thirty-five percent of the male  
15 mortality and sixty-five percent of the female mortality from the  
16 1994 Group Annuity Mortality Table with a One Year Setback and using  
17 an interest rate of eight percent compounded annually;

18 (21) Actuarial equivalent means the equality in value of  
19 the retirement allowance for early retirement or the retirement  
20 allowance for an optional form of annuity, or both, with the normal  
21 form of the annuity to be paid, as determined by the application of  
22 the appropriate actuarial table, except that use of such actuarial  
23 tables shall not effect a reduction in benefits accrued prior to  
24 September 1, 1985, as determined by the actuarial tables in use prior  
25 to such date;

1                   (22) Fiscal year means the period beginning September 1  
2 in any year and ending on August 31 of the next succeeding year;

3                   (23) Primary beneficiary means the person or persons  
4 entitled to receive or receiving a benefit by reason of the death of  
5 a member; and

6                   (24) Secondary beneficiary means the person or persons  
7 entitled to receive or receiving a benefit by reason of the death of  
8 all primary beneficiaries prior to the death of the member. If no  
9 primary beneficiary survives the member, secondary beneficiaries  
10 shall be treated in the same manner as primary beneficiaries.

11                   Sec. 24. Original section 13-903, Reissue Revised  
12 Statutes of Nebraska, and sections 48-801 and 79-978, Revised  
13 Statutes Cumulative Supplement, 2012, are repealed.