

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 634**

Introduced by Wayne, 13.

Read first time January 18, 2017

Committee: Education

1 A BILL FOR AN ACT relating to schools; to amend sections 79-528 and  
2 79-1003, Revised Statutes Cumulative Supplement, 2016; to change  
3 reporting requirements; to define and redefine terms; to include  
4 virtual school students in the calculation of aid under the Tax  
5 Equity and Educational Opportunities Support Act; to harmonize  
6 provisions; and to repeal the original sections.

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

1 Section 1. Section 79-528, Revised Statutes Cumulative Supplement,  
2 2016, is amended to read:

3 79-528 (1)(a) On or before July 20 in all school districts, the  
4 superintendent shall file with the State Department of Education a report  
5 showing the number of children from five through eighteen years of age  
6 belonging to the school district according to the census taken as  
7 provided in sections 79-524 and 79-578. On or before August 31, the  
8 department shall issue to each learning community coordinating council a  
9 report showing the number of children from five through eighteen years of  
10 age belonging to the learning community based on the member school  
11 districts according to the school district reports filed with the  
12 department.

13 (b) Each Class I school district which is part of a Class VI school  
14 district offering instruction (i) in grades kindergarten through five  
15 shall report children from five through ten years of age, (ii) in grades  
16 kindergarten through six shall report children from five through eleven  
17 years of age, and (iii) in grades kindergarten through eight shall report  
18 children from five through thirteen years of age.

19 (c) Each Class VI school district offering instruction (i) in grades  
20 six through twelve shall report children who are eleven through eighteen  
21 years of age, (ii) in grades seven through twelve shall report children  
22 who are twelve through eighteen years of age, and (iii) in grades nine  
23 through twelve children who are fourteen through eighteen years of age.

24 (d) Each Class I district which has affiliated in whole or in part  
25 shall report children from five through thirteen years of age.

26 (e) Each Class II, III, IV, or V district shall report children who  
27 are fourteen through eighteen years of age residing in Class I districts  
28 or portions thereof which have affiliated with such district.

29 (f) The board of any district neglecting to take and report the  
30 enumeration shall be liable to the school district for all school money  
31 which such district may lose by such neglect.

1           (2)(a) ~~(2)~~ On or before June 30 the superintendent of each school  
2 district shall file with the Commissioner of Education a report described  
3 as an end-of-the-school-year annual statistical summary showing (i) ~~(a)~~  
4 the number of children attending school during the school year under five  
5 years of age, (ii) ~~(b)~~ the length of time the school has been taught  
6 during the school year by a qualified teacher, (iii) ~~(c)~~ the length of  
7 time taught by each substitute teacher, (iv) the number of classes a  
8 student is required to enroll in for full-time enrollment in the district  
9 at each grade level for the school year, (v) the definition of a class  
10 used by the district for the purpose of determining full-time and part-  
11 time enrollment at each grade level for the school year, (vi) the number  
12 of classes completed by each virtual school student as defined in section  
13 79-1003 for the school year, and (vii) ~~(d)~~ such other information as  
14 the Commissioner of Education directs.

15           (b) On or before July 31, the commissioner shall issue to each  
16 learning community coordinating council an end-of-the-school-year annual  
17 statistical summary for the learning community based on the member school  
18 districts according to the school district reports filed with the  
19 commissioner.

20           (3)(a) On or before November 1 the superintendent of each school  
21 district shall submit to the Commissioner of Education a report described  
22 as the annual financial report showing (i) the amount of money received  
23 from all sources during the year and the amount of money expended by the  
24 school district during the year, (ii) the amount of bonded indebtedness,  
25 (iii) such other information as shall be necessary to fulfill the  
26 requirements of the Tax Equity and Educational Opportunities Support Act  
27 and section 79-1114, and (iv) such other information as the Commissioner  
28 of Education directs.

29           (b) On or before December 15, the commissioner shall issue to each  
30 learning community coordinating council an annual financial report for  
31 the learning community based on the member school districts according to

1 the annual financial reports filed with the commissioner, showing (i) the  
2 aggregate amount of money received from all sources during the year for  
3 all member school districts and the aggregate amount of money expended by  
4 member school districts during the year, (ii) the aggregate amount of  
5 bonded indebtedness for all member school districts, (iii) such other  
6 aggregate information as shall be necessary to fulfill the requirements  
7 of the Tax Equity and Educational Opportunities Support Act and section  
8 79-1114 for all member school districts, and (iv) such other aggregate  
9 information as the Commissioner of Education directs for all member  
10 school districts.

11 (4)(a) On or before October 15 of each year, the superintendent of  
12 each school district shall file with the commissioner the fall school  
13 district membership report, which report shall include the number of  
14 children from birth through twenty years of age enrolled in the district  
15 on the last Friday in September of a given school year. The report shall  
16 also include ~~enumerate~~ (i) students by grade level, (ii) school district  
17 levies and total assessed valuation for the current fiscal year, (iii)  
18 students enrolled in the district as option students, (iv) resident  
19 students enrolled in another district as option students, (v) students  
20 enrolled in the district as open enrollment students, (vi) ~~and~~ resident  
21 students enrolled in another district as open enrollment students, (vii)  
22 the number of classes a student is required to enroll in for full-time  
23 enrollment in the district at each grade level for such school year,  
24 (viii) the definition of a class used by the district for the purpose of  
25 determining full-time and part-time enrollment at each grade level for  
26 such school year, (ix) the number of classes in which each virtual school  
27 student as defined in section 79-1003 is enrolled on the last Friday in  
28 September of such school year, and (x) ~~and (iv)~~ such other information as  
29 the Commissioner of Education directs.

30 (b) On or before October 15 of each year prior to 2017, each  
31 learning community coordinating council shall issue to the department a

1 report which enumerates the learning community levies pursuant to  
2 subdivision (2)(b) of section 77-3442 and total assessed valuation for  
3 the current fiscal year.

4 (c) On or before November 15 of each year, the department shall  
5 issue to each learning community coordinating council the fall learning  
6 community membership report, which report shall include the aggregate  
7 number of children from birth through twenty years of age enrolled in the  
8 member school districts on the last Friday in September of a given school  
9 year for all member school districts. The report shall also include  
10 enumerate (i) the aggregate students by grade level for all member school  
11 districts, (ii) school district levies and total assessed valuation for  
12 the current fiscal year, (iii) students enrolled in the district as  
13 option students, (iv) resident students enrolled in another district as  
14 option students, (v) students enrolled in the district as open enrollment  
15 students, (vi) and resident students enrolled in another district as open  
16 enrollment students, (vii) the number of classes a student is required to  
17 enroll in for full-time enrollment in the district at each grade level  
18 for such school year, (viii) the definition of a class used by the  
19 district for the purpose of determining full-time and part-time  
20 enrollment at each grade level for such school year, (ix) the number of  
21 classes in which each virtual school student as defined in section  
22 79-1003 is enrolled on the last Friday in September of such school year,  
23 and (x) and ~~(iv)~~ such other information as the Commissioner of Education  
24 directs for all member school districts.

25 (d) When any school district fails to submit its fall membership  
26 report by November 1, the commissioner shall, after notice to the  
27 district and an opportunity to be heard, direct that any state aid  
28 granted pursuant to the Tax Equity and Educational Opportunities Support  
29 Act be withheld until such time as the report is received by the  
30 department. In addition, the commissioner shall direct the county  
31 treasurer to withhold all school money belonging to the school district

1 until such time as the commissioner notifies the county treasurer of  
2 receipt of such report. The county treasurer shall withhold such money.

3 Sec. 2. Section 79-1003, Revised Statutes Cumulative Supplement,  
4 2016, is amended to read:

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

7 (1) Adjusted general fund operating expenditures means (a) for  
8 school fiscal years 2013-14 through 2015-16, the difference of the  
9 general fund operating expenditures as calculated pursuant to subdivision  
10 (23) of this section increased by the cost growth factor calculated  
11 pursuant to section 79-1007.10, minus the transportation allowance,  
12 special receipts allowance, poverty allowance, limited English  
13 proficiency allowance, distance education and telecommunications  
14 allowance, elementary site allowance, summer school allowance,  
15 instructional time allowance, teacher education allowance, and focus  
16 school and program allowance, (b) for school fiscal years 2016-17 through  
17 2018-19, the difference of the general fund operating expenditures as  
18 calculated pursuant to subdivision (23) of this section increased by the  
19 cost growth factor calculated pursuant to section 79-1007.10, minus the  
20 transportation allowance, special receipts allowance, poverty allowance,  
21 limited English proficiency allowance, distance education and  
22 telecommunications allowance, elementary site allowance, summer school  
23 allowance, best practices allowance, and focus school and program  
24 allowance, and (c) for school fiscal year 2019-20 and each school fiscal  
25 year thereafter, the difference of the general fund operating  
26 expenditures as calculated pursuant to subdivision (23) of this section  
27 increased by the cost growth factor calculated pursuant to section  
28 79-1007.10, minus the transportation allowance, special receipts  
29 allowance, poverty allowance, limited English proficiency allowance,  
30 distance education and telecommunications allowance, elementary site  
31 allowance, summer school allowance, best practices allowance, community

1 achievement plan allowance, and focus school and program allowance;

2 (2) Adjusted valuation means the assessed valuation of taxable  
3 property of each local system in the state, adjusted pursuant to the  
4 adjustment factors described in section 79-1016. Adjusted valuation means  
5 the adjusted valuation for the property tax year ending during the school  
6 fiscal year immediately preceding the school fiscal year in which the aid  
7 based upon that value is to be paid. For purposes of determining the  
8 local effort rate yield pursuant to section 79-1015.01, adjusted  
9 valuation does not include the value of any property which a court, by a  
10 final judgment from which no appeal is taken, has declared to be  
11 nontaxable or exempt from taxation;

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

16 (4) Average daily membership means, as provided in each district's  
17 annual statistical summary, the average daily membership for grades  
18 kindergarten through twelve attributable to the local system, including  
19 ~~as provided in each district's annual statistical summary, and includes~~  
20 the proportionate share of students enrolled in a public school  
21 instructional program on less than a full-time basis;

22 (5) Base fiscal year means the first school fiscal year following  
23 the school fiscal year in which the reorganization or unification  
24 occurred;

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

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

31 (8) Consolidate means to voluntarily reduce the number of school

1 districts providing education to a grade group and does not include  
2 dissolution pursuant to section 79-498;

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

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

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

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

22 (13) Ensuing school fiscal year means the school fiscal year  
23 following the current school fiscal year;

24 (14) Equalization aid means the amount of assistance calculated to  
25 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,  
26 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

27 (15) Fall membership means, ~~the total membership in kindergarten~~  
28 ~~through grade twelve attributable to the local system~~ as reported on the  
29 fall school district membership reports for each district pursuant to  
30 section 79-528, the total membership in kindergarten through grade twelve  
31 attributable to the local system, including the proportionate share of

1 students enrolled in a public school instructional program on less than a  
2 full-time basis;

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

5 (17) Formula students means:

6 (a) For state aid certified pursuant to section 79-1022, the sum of  
7 the product of fall membership from the school fiscal year immediately  
8 preceding the school fiscal year in which the aid is to be paid  
9 multiplied by the average ratio of average daily membership to fall  
10 membership for the second school fiscal year immediately preceding the  
11 school fiscal year in which the aid is to be paid and the prior two  
12 school fiscal years plus sixty percent of the qualified early childhood  
13 education fall membership plus tuitioned students from the school fiscal  
14 year immediately preceding the school fiscal year in which aid is to be  
15 paid minus the product of the number of students enrolled in kindergarten  
16 that is not full-day kindergarten from the fall membership multiplied by  
17 0.5; and

18 (b) For the final calculation of state aid pursuant to section  
19 79-1065, the sum of average daily membership plus sixty percent of the  
20 qualified early childhood education average daily membership plus  
21 tuitioned students minus the product of the number of students enrolled  
22 in kindergarten that is not full-day kindergarten from the average daily  
23 membership multiplied by 0.5 from the school fiscal year immediately  
24 preceding the school fiscal year in which aid was paid;

25 (18) Free lunch and free milk calculated students means, using the  
26 most recent data available on November 1 of the school fiscal year  
27 immediately preceding the school fiscal year in which aid is to be paid,

28 (a) for schools that did not provide free meals to all students pursuant  
29 to the community eligibility provision, students who individually  
30 qualified for free lunches or free milk pursuant to the federal Richard  
31 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the

1 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts  
2 and sections existed on January 1, 2015, and rules and regulations  
3 adopted thereunder, plus (b) for schools that provided free meals to all  
4 students pursuant to the community eligibility provision, (i) for school  
5 fiscal year 2016-17, the product of the students who attended such school  
6 multiplied by the identified student percentage calculated pursuant to  
7 such federal provision or (ii) for school fiscal year 2017-18 and each  
8 school fiscal year thereafter, the greater of the number of students in  
9 such school who individually qualified for free lunch or free milk using  
10 the most recent school fiscal year for which the school did not provide  
11 free meals to all students pursuant to the community eligibility  
12 provision or one hundred ten percent of the product of the students who  
13 qualified for free meals at such school pursuant to the community  
14 eligibility provision multiplied by the identified student percentage  
15 calculated pursuant to such federal provision, except that the free lunch  
16 and free milk students calculated for any school pursuant to subdivision  
17 (18)(b)(ii) of this section shall not exceed one hundred percent of the  
18 students qualified for free meals at such school pursuant to the  
19 community eligibility 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 each school fiscal year prior to school  
11 fiscal year 2017-18, a unified system, a Class VI district and the  
12 associated Class I districts, or a Class II, III, IV, or V district and  
13 any affiliated Class I districts or portions of Class I districts. The  
14 membership, expenditures, and resources of Class I districts that are  
15 affiliated with multiple high school districts will be attributed to  
16 local systems based on the percent of the Class I valuation that is  
17 affiliated with each high school district;

18 (29) Low-income child means (a) for school fiscal years prior to  
19 2016-17, a child under nineteen years of age living in a household having  
20 an annual adjusted gross income for the second calendar year preceding  
21 the beginning of the school fiscal year for which aid is being calculated  
22 equal to or less than the maximum household income that would allow a  
23 student from a family of four people to be a free lunch and free milk  
24 student during the school fiscal year immediately preceding the school  
25 fiscal year for which aid is being calculated and (b) for school fiscal  
26 year 2016-17 and each school fiscal year thereafter, a child under  
27 nineteen years of age living in a household having an annual adjusted  
28 gross income for the second calendar year preceding the beginning of the  
29 school fiscal year for which aid is being calculated equal to or less  
30 than the maximum household income pursuant to sections 9(b)(1) and 17(c)  
31 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.

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

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

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

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

31 (33) Proportionate share of students enrolled in a public school

1 instructional program on less than a full-time basis means, for both  
2 virtual school students and students who are not virtual school students  
3 who are enrolled in a public school instructional program on less than a  
4 full-time basis, (a) for the purposes of fall membership, the number of  
5 classes for which such students are enrolled in a public school  
6 instructional program in the school district on the last Friday in  
7 September divided by the number of classes such students would be  
8 required to enroll in for full-time enrollment in the district and (b)  
9 for the purposes of average daily membership, the number of classes in a  
10 public school instructional program in the school district completed by  
11 such students during the school year divided by the number of classes  
12 such students would have been required to enroll in for full-time  
13 enrollment in the district;

14       ~~(34)~~ (33) Qualified early childhood education average daily  
15 membership means the product of the average daily membership for school  
16 fiscal year 2006-07 and each school fiscal year thereafter of students  
17 who will be eligible to attend kindergarten the following school year and  
18 are enrolled in an early childhood education program approved by the  
19 department pursuant to section 79-1103 for such school district for such  
20 school year multiplied by the ratio of the actual instructional hours of  
21 the program divided by one thousand thirty-two if: (a) The program is  
22 receiving a grant pursuant to such section for the third year; (b) the  
23 program has already received grants pursuant to such section for three  
24 years; or (c) the program has been approved pursuant to subsection (5) of  
25 section 79-1103 for such school year and the two preceding school years,  
26 including any such students in portions of any of such programs receiving  
27 an expansion grant;

28       ~~(35)~~ (34) Qualified early childhood education fall membership means  
29 the product of membership on the last Friday in September 2006 and each  
30 year thereafter of students who will be eligible to attend kindergarten  
31 the following school year and are enrolled in an early childhood

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

10 (36) ~~(35)~~ Regular route transportation means the transportation of  
11 students on regularly scheduled daily routes to and from the attendance  
12 center;

13 (37) ~~(36)~~ Reorganized district means any district involved in a  
14 consolidation and currently educating students following consolidation;

15 (38) ~~(37)~~ School year or school fiscal year means the fiscal year of  
16 a school district as defined in section 79-1091;

17 (39) ~~(38)~~ Sparse local system means a local system that is not a  
18 very sparse local system but which meets the following criteria:

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

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

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

31 (d)(i) Less than two formula students per square mile in the local

1 system and (ii) the local system includes an area equal to ninety-five  
2 percent or more of the square miles in the largest county in which a high  
3 school attendance center is located in the local system;

4 (40) ~~(39)~~ Special education means specially designed kindergarten  
5 through grade twelve instruction pursuant to section 79-1125, and  
6 includes special education transportation;

7 (41) ~~(40)~~ Special grant funds means the budgeted receipts for  
8 grants, including, but not limited to, categorical funds, reimbursements  
9 for wards of the court, short-term borrowings including, but not limited  
10 to, registered warrants and tax anticipation notes, interfund loans,  
11 insurance settlements, and reimbursements to county government for  
12 previous overpayment. The state board shall approve a listing of grants  
13 that qualify as special grant funds;

14 (42) ~~(41)~~ State aid means the amount of assistance paid to a  
15 district pursuant to the Tax Equity and Educational Opportunities Support  
16 Act;

17 (43) ~~(42)~~ State board means the State Board of Education;

18 (44) ~~(43)~~ State support means all funds provided to districts by the  
19 State of Nebraska for the general fund support of elementary and  
20 secondary education;

21 (45) ~~(44)~~ Statewide average basic funding per formula student means  
22 the statewide total basic funding for all districts divided by the  
23 statewide total formula students for all districts;

24 (46) ~~(45)~~ Statewide average general fund operating expenditures per  
25 formula student means the statewide total general fund operating  
26 expenditures for all districts divided by the statewide total formula  
27 students for all districts;

28 (47) ~~(46)~~ Teacher has the definition found in section 79-101;

29 (48) ~~(47)~~ Temporary aid adjustment factor means (a) for school  
30 fiscal years before school fiscal year 2007-08, one and one-fourth  
31 percent of the sum of the local system's transportation allowance, the

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

9 (49) ~~(48)~~ Tuition receipts from converted contracts means tuition  
10 receipts received by a district from another district in the most  
11 recently available complete data year pursuant to a converted contract  
12 prior to the expiration of the contract;

13 (50) ~~(49)~~ Tuitioned students means students in kindergarten through  
14 grade twelve of the district whose tuition is paid by the district to  
15 some other district or education agency;

16 (51) ~~(50)~~ Unadjusted poverty students means, for school fiscal year  
17 2016-17 and each school fiscal year thereafter, the greater of the number  
18 of low-income students or the free lunch and free milk calculated  
19 students in a district; ~~and~~

20 (52) ~~(51)~~ Very sparse local system means a local system that has:

21 (a)(i) Less than one-half student per square mile in each county in  
22 which each high school attendance center is located based on the school  
23 district census, (ii) less than one formula student per square mile in  
24 the local system, and (iii) more than fifteen miles between the high  
25 school attendance center and the next closest high school attendance  
26 center on paved roads; or

27 (b)(i) More than four hundred fifty square miles in the local  
28 system, (ii) less than one-half student per square mile in the local  
29 system, and (iii) more than fifteen miles between each high school  
30 attendance center and the next closest high school attendance center on  
31 paved roads; ~~or~~

1       (53) Virtual school means any school or educational program that:

2       (a) Is operated by a school district;

3       (b) Offers courses for credit;

4       (c) Uses predominately Internet-based methods to deliver  
5 instruction;

6       (d) Involves instruction that occurs asynchronously with the teacher  
7 and student in separate locations;

8       (e) Requires the student to make academic progress toward the next  
9 grade level or high school graduation;

10       (f) Requires the student to demonstrate subject matter competence  
11 for each course or subject in which the student is enrolled as part of  
12 the virtual school; and

13       (g) Requires the student, when age-appropriate, to complete state  
14 assessments; and

15       (54) Virtual school student means a student who is a resident of  
16 Nebraska enrolled in and attending a virtual school on at least a part-  
17 time basis.

18       Sec. 3. Original sections 79-528 and 79-1003, Revised Statutes  
19 Cumulative Supplement, 2016, are repealed.