

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 554**

Introduced by Nordquist, 7.  
Read first time January 23, 2013  
Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to the school employees retirement; to amend  
2 sections 79-9,100 and 79-9,103, Reissue Revised Statutes  
3 of Nebraska, and sections 79-966, 79-9,113, 79-1003, and  
4 79-1028.01, Revised Statutes Cumulative Supplement, 2012;  
5 to change the amount of state deposits and employee  
6 deposits; to change retirement allowance calculations; to  
7 change provisions related to cost-of-living adjustments;  
8 to eliminate obsolete language; to redefine terms and  
9 change provisions relating to school aid calculations; to  
10 provide an operative date; to provide severability; to  
11 repeal the original sections; and to declare an  
12 emergency.

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

1                   Section 1. Section 79-966, Revised Statutes Cumulative  
2 Supplement, 2012, is amended to read:

3                   79-966 (1) On the basis of all data in the possession of  
4 the retirement board, including such mortality and other tables as  
5 are recommended by the actuary engaged by the retirement board and  
6 adopted by the retirement board, the retirement board shall annually,  
7 on or before July 1, determine the state deposit to be made by the  
8 state in the School Retirement Fund for that fiscal year. The amount  
9 of such state deposit shall be determined pursuant to section  
10 79-966.01. The retirement board shall thereupon certify the amount of  
11 such state deposit, and on the warrant of the Director of  
12 Administrative Services, the State Treasurer shall, as of July 1 of  
13 such year, transfer from funds appropriated by the state for that  
14 purpose to the School Retirement Fund the amount of such state  
15 deposit.

16                   (2) ~~In addition to the state deposits required by~~  
17 ~~subsections (1) and (3) of this section, the state shall deposit in~~  
18 ~~the School Retirement Fund an amount equal to seven tenths of one~~  
19 ~~percent of the compensation of all members of the retirement system~~  
20 ~~for each fiscal year on or after July 1, 1984, until July 1, 2009.~~  
21 For each fiscal year beginning July 1, 2009, until July 1, 2017,  
22 2013, in addition to the state deposits required by subsections (1)  
23 and (3) of this section, the state shall deposit in the School  
24 Retirement Fund an amount equal to one percent of the compensation of  
25 all members of the retirement system. ~~For each fiscal year beginning~~

1 ~~July 1, 2017, in addition to the state deposits required by~~  
2 ~~subsections (1) and (3) of this section, the state shall deposit in~~  
3 ~~the School Retirement Fund an amount equal to seven tenths of one~~  
4 ~~percent of the compensation of all members of the retirement system.~~  
5 For each fiscal year beginning July 1, 2013, in addition to the state  
6 deposits required by subsections (1) and (3) of this section, the  
7 state shall deposit in the School Retirement Fund an amount equal to  
8 two percent of the compensation of all members of the retirement  
9 system.

10 (3) In addition to the state deposits required by  
11 subsections (1) and (2) of this section, beginning on July 1, 2005,  
12 and each fiscal year thereafter, the state shall deposit in the  
13 Service Annuity Fund such amounts as may be necessary to pay the  
14 normal cost and amortize the unfunded actuarial accrued liability of  
15 the service annuity benefit established pursuant to sections 79-933  
16 and 79-952 as accrued through the end of the previous fiscal year of  
17 the school employees who are members of the retirement system  
18 established pursuant to the Class V School Employees Retirement Act.

19 Sec. 2. Section 79-9,100, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21 79-9,100 (1) In lieu of the retirement annuity provided  
22 by section 79-999 or 79-9,113, any member who becomes eligible to  
23 receive a retirement annuity after February 20, 1982, under the Class  
24 V School Employees Retirement Act shall receive a formula retirement  
25 annuity based on final average compensation, except that if the

1 monthly formula retirement annuity based on final average  
2 compensation is less than the monthly retirement annuity specified in  
3 section 79-999 or 79-9,113, accrued to the date of retirement or  
4 August 31, 1983, whichever first occurs, the member shall receive the  
5 monthly retirement annuity specified in section 79-999 or 79-9,113  
6 accrued to the date of retirement or August 31, 1983, whichever first  
7 occurs.

8           (2) The monthly formula retirement annuity based on final  
9 average compensation shall be determined by multiplying the number of  
10 years of creditable service for which such member would otherwise  
11 receive the retirement annuity provided by section 79-999 or 79-9,113  
12 by one and one-half percent of his or her final average compensation.  
13 For retirements after June 15, 1989, and before April 18, 1992, the  
14 applicable percentage shall be one and sixty-five hundredths percent  
15 of his or her final average compensation. For retirements on or after  
16 April 18, 1992, and before June 7, 1995, the applicable percentage  
17 shall be one and seventy-hundredths percent of his or her final  
18 average compensation. For retirements on or after June 7, 1995, and  
19 before March 4, 1998, the applicable percentage shall be one and  
20 eighty-hundredths percent of his or her final average compensation.  
21 For retirements on or after March 4, 1998, and before March 22, 2000,  
22 the applicable percentage shall be one and eighty-five hundredths  
23 percent of his or her final average compensation. For retirements on  
24 or after March 22, 2000, the applicable percentage shall be two  
25 percent of his or her final average compensation.

1                   (3) Final average compensation shall be determined:

2                   (a) For an employee who was a member prior to September  
3 1, 2013, by dividing the member's total compensation for the three  
4 fiscal years in which such compensation was the highest by thirty-  
5 six; and -

6                   (b) For an employee who became a member for the first  
7 time on or after September 1, 2013, by dividing the member's total  
8 compensation for the five fiscal years in which such compensation was  
9 the highest by sixty.

10                  (4) For retirements before June 7, 1995, if the annuity  
11 begins prior to the sixty-second birthday of the member and the  
12 member has not completed thirty-five or more years of creditable  
13 service, the annuity at the date it begins shall be the actuarial  
14 equivalent of the annuity deferred to the sixty-second birthday of  
15 the member. If the annuity begins prior to the sixty-second birthday  
16 of the member and the member has completed thirty-five or more years  
17 of creditable service, the annuity shall not be reduced. For  
18 retirements on or after June 7, 1995, any retirement annuity which  
19 begins prior to the sixty-second birthday of the member shall be  
20 reduced by twenty-five hundredths percent for each month or partial  
21 month between the date the annuity begins and the member's sixty-  
22 second birthday. If the annuity begins at a time when:

23                  ~~(1)~~(a) The sum of the member's attained age and  
24 creditable service is eighty-five or more, the annuity shall not be  
25 reduced;

1           ~~(2)~~ (b) The sum of the member's attained age and  
2     creditable service totals eighty-four, the annuity shall not be  
3     reduced by an amount greater than three percent of the unreduced  
4     annuity;

5           ~~(3)~~ (c) The sum of the member's attained age and  
6     creditable service totals eighty-three, the annuity shall not be  
7     reduced by an amount greater than six percent of the unreduced  
8     annuity; and

9           ~~(4)~~ (d) The sum of the member's attained age and  
10    creditable service totals eighty-two, the annuity shall not be  
11    reduced by an amount greater than nine percent of the unreduced  
12    annuity.

13           (5) For purposes of this section, a member's creditable  
14    service and attained age shall be measured in one-half-year  
15    increments.

16           (6) The normal form of the formula retirement annuity  
17    based on final average compensation shall be an annuity payable  
18    monthly during the remainder of the member's life with the provision  
19    that in the event of his or her death before sixty monthly payments  
20    have been made the monthly payments will be continued to his or her  
21    estate or to the beneficiary he or she has designated until a total  
22    of sixty monthly payments have been made. A member may elect to  
23    receive, in lieu of the normal form of annuity, an actuarially  
24    equivalent annuity in any optional form provided by section 79-9,101.

25           (7) Any member receiving a formula retirement annuity

1 based on final average compensation shall also receive the service  
2 annuity to be paid by the State of Nebraska as provided in sections  
3 79-933 to 79-935 and 79-951.

4           Sec. 3. Section 79-9,103, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6           79-9,103 (1) Any annuity paid on or after September 1,  
7 1983, to a member who retired prior to February 21, 1982, pursuant to  
8 the Class V School Employees Retirement Act, or to such member's  
9 beneficiary, or to a person who retired under the provisions of the  
10 retirement system established by statute for employees of Class V  
11 school districts in effect prior to September 1, 1951, or to such  
12 person's beneficiary, shall be adjusted by the increase in the cost  
13 of living or wage levels between the effective date of retirement and  
14 June 30, 1983, except that such increase shall not exceed the sum of  
15 one dollar and fifty cents per month for each year of creditable  
16 service and one dollar per month for each completed year of  
17 retirement as measured from the effective date of retirement to June  
18 30, 1983. No separate adjustment in such annuity shall be made as a  
19 result of the changes made in section 79-9,113 pursuant to Laws 1983,  
20 LB 488. If a joint and survivor annuity was elected, the increase  
21 shall be actuarially adjusted so that the joint and survivor annuity  
22 remains the actuarial equivalent of the life annuity otherwise  
23 payable.

24           (2) In addition to the cost-of-living adjustment provided  
25 in subsection (1) of this section, any annuity paid on or after

1 September 1, 1986, pursuant to the act or pursuant to the provisions  
2 of the retirement system established by statute for employees of  
3 Class V school districts in effect prior to September 1, 1951, and on  
4 which the first payment was dated on or before September 1, 1985,  
5 shall be adjusted by the increase in the cost of living or wage  
6 levels between the effective date of retirement and June 30, 1986,  
7 except that such increase shall not exceed (a) three and one-half  
8 percent for annuities first paid on or after September 1, 1984, (b)  
9 seven percent for annuities first paid on or after September 1, 1983,  
10 but before September 1, 1984, or (c) ten and one-half percent for all  
11 other annuities.

12 (3) In addition to the cost-of-living adjustment provided  
13 in subsections (1) and (2) of this section, any annuity paid on or  
14 after September 1, 1989, pursuant to the act or pursuant to the  
15 provisions of the retirement system established by statute for  
16 employees of Class V school districts in effect prior to September 1,  
17 1951, and on which the first payment was dated on or before September  
18 1, 1988, shall be adjusted by the increase in the cost of living or  
19 wage levels between the effective date of retirement and June 30,  
20 1989, except that such increase shall not exceed (a) three percent  
21 for annuities first paid on or after September 1, 1987, (b) six  
22 percent for annuities first paid on or after September 1, 1986, but  
23 before September 1, 1987, or (c) nine percent for all other  
24 annuities.

25 (4) In addition to the cost-of-living adjustment provided

1 in subsections (1), (2), and (3) of this section, any annuity paid on  
2 or after September 1, 1992, pursuant to the act or pursuant to the  
3 provisions of the retirement system established by statute for  
4 employees of Class V school districts in effect prior to September 1,  
5 1951, and on which the first payment was dated on or before October  
6 1, 1991, shall be adjusted by the increase in the cost of living or  
7 wage levels between the effective date of retirement and June 30,  
8 1992, except that such increase shall not exceed (a) three percent  
9 for annuities first paid after October 1, 1990, (b) six percent for  
10 annuities first paid after October 1, 1989, but on or before October  
11 1, 1990, or (c) nine percent for all other annuities.

12 (5) In addition to the cost-of-living adjustment provided  
13 in subsections (1), (2), (3), and (4) of this section, any annuity  
14 paid on or after September 1, 1995, pursuant to the act or pursuant  
15 to the provisions of the retirement system established by statute for  
16 employees of Class V school districts in effect prior to September 1,  
17 1951, and on which the first payment was dated on or before October  
18 1, 1994, shall be adjusted by the increase in the cost of living or  
19 wage levels between the effective date of retirement and June 30,  
20 1995, except that such increase shall not exceed (a) three percent  
21 for annuities first paid after October 1, 1993, (b) six percent for  
22 annuities first paid after October 1, 1992, but on or before October  
23 1, 1993, or (c) nine percent for all other annuities.

24 (6) In addition to the cost-of-living adjustment provided  
25 in subsections (1), (2), (3), (4), and (5) of this section, any

1 annuity paid pursuant to the act or pursuant to the provisions of the  
2 retirement system established by statute for employees of Class V  
3 school districts in effect prior to September 1, 1951, and on which  
4 the first payment was dated on or before October 1, 1994, shall be  
5 subject to adjustment to equal the greater of (a) the annuity payable  
6 to the member or beneficiary as adjusted, if applicable, under the  
7 provisions of subsection (1), (2), (3), (4), or (5) of this section  
8 or (b) ninety percent of the annuity which results when the original  
9 annuity that was paid to the member or beneficiary (before any cost-  
10 of-living adjustments under this section), is adjusted by the  
11 increase in the cost of living or wage levels between the  
12 commencement date of the annuity and June 30, 1995.

13 (7) In addition to the cost-of-living adjustment provided  
14 in subsections (1), (2), (3), (4), (5), and (6) of this section, any  
15 annuity paid on or after September 1, 1998, pursuant to the act or  
16 pursuant to the provisions of the retirement system established by  
17 statute for employees of Class V school districts in effect prior to  
18 September 1, 1951, and on which the first payment was dated on or  
19 before October 3, 1997, shall be adjusted by the increase in the cost  
20 of living or wage levels between the effective date of retirement and  
21 June 30, 1998, except that such increase shall not exceed (a) three  
22 percent for annuities first paid after October 1, 1996, (b) six  
23 percent for annuities first paid after October 1, 1995, but on or  
24 before October 1, 1996, or (c) nine percent for all other annuities.

25 (8) Beginning January 1, 2000, and on January 1 of every

1 year thereafter, for employees of Class V school districts who were  
2 members prior to January 1, 2014, a cost-of-living adjustment shall  
3 be made for any annuity being paid pursuant to the act, or pursuant  
4 to the provisions of the retirement system established by statute for  
5 employees of Class V school districts in effect prior to September 1,  
6 1951, and on which the first payment was dated on or before October 3  
7 preceding such January 1 adjustment date. The cost-of-living  
8 adjustment for any such annuity shall be the lesser of (a) one and  
9 one-half percent or (b) the increase in the consumer price index from  
10 the date such annuity first became payable through the August 31  
11 preceding the January 1 adjustment date as reduced by the aggregate  
12 cost-of-living adjustments previously made to the annuity pursuant to  
13 section 79-9,103 and pursuant to subsections (8) and ~~(9)~~(10) of this  
14 section.

15 (9) Beginning January 1, 2014, and on January 1 of every  
16 year thereafter, for employees of Class V school districts who were  
17 members on or after January 1, 2014, a cost-of-living adjustment  
18 shall be made for any annuity being paid pursuant to the act, or  
19 pursuant to the provisions of the retirement system established by  
20 statute for employees of Class V school districts in effect prior to  
21 September 1, 1951, and on which the first payment was dated on or  
22 before October 3 preceding such January 1 adjustment date. The cost-  
23 of-living adjustment for any such annuity shall be the lesser of (a)  
24 one percent or (b) the increase in the consumer price index from the  
25 date such annuity first became payable through the August 31

1 preceding the January 1 adjustment date as reduced by the aggregate  
2 cost-of-living adjustments previously made to the annuity pursuant to  
3 section 79-9,103 and pursuant to subsections (8) and (10) of this  
4 section.

5           ~~(9)~~(10) Beginning September 1, 1999, the actuary shall  
6 make an annual valuation of the assets and liabilities of the system.  
7 If the annual valuation made by the actuary, as approved by the  
8 trustees, indicates that the system has sufficient actuarial surplus  
9 to provide for a cost-of-living adjustment in addition to the  
10 adjustment made pursuant to subsection (8) of this section, the board  
11 may, in its discretion, declare by resolution that each annuity being  
12 paid pursuant to the act, or pursuant to the provisions of the  
13 retirement system established by statute for employees of Class V  
14 school districts in effect prior to September 1, 1951, and on which  
15 the first payment was dated on or before October 3 of the year such  
16 resolution is adopted, shall be increased beginning as of the January  
17 1 following the date of the board's resolution by such percentage as  
18 may be declared by the board, except that such increase for any such  
19 annuity shall not exceed the increase in the consumer price index  
20 from the date such annuity first became payable through the  
21 applicable valuation date as reduced by the aggregate cost-of-living  
22 adjustments previously made to the annuity pursuant to section  
23 79-9,103 and pursuant to subsections (8) and ~~(9)~~(10) of this  
24 section.

25           ~~(10)~~(11) Except for the adjustments pursuant to

1 subsection ~~(12)~~(13) of this section, the consumer price index to be  
2 used for determining any cost-of-living adjustment under this section  
3 shall be the Consumer Price Index - All Urban Consumers, as published  
4 by the Bureau of Labor Statistics of the United States Department of  
5 Labor. If this consumer price index is discontinued or replaced, a  
6 substitute index published by the United States Department of Labor  
7 shall be selected by the board, upon recommendation of the trustees,  
8 which shall be a reasonable representative measurement of the cost of  
9 living for retired employees. An annuity as increased by any cost-of-  
10 living adjustment made under this section shall be considered the  
11 base annuity amount for the purpose of future adjustments pursuant to  
12 this section. In no event shall any cost-of-living adjustment be  
13 deemed to affect or increase the amount of the base retirement  
14 annuity of a member as determined under section 79-999 or 79-9,100.

15 ~~(11)~~(12) Any decision or determination by the board (a)  
16 to declare or not declare a cost-of-living adjustment, (b) as to  
17 whether the annual valuation indicates a sufficient actuarial surplus  
18 to provide for a cost-of-living adjustment, or (c) pursuant to the  
19 selection of a substitute index shall be made in the sole, absolute,  
20 and final discretion of the board and shall not be subject to  
21 challenge by any member or beneficiary. In no event shall the  
22 Legislature be constrained or limited in amending the system or  
23 increasing the benefits of members under the system, nor shall the  
24 board or trustees be constrained from supporting any such change to  
25 the system, notwithstanding the effect of any such change upon the

1 actuarial surplus of the system and the ability of the board to  
2 declare future cost-of-living adjustments.

3           ~~(12)~~(13) The Legislature finds and declares that there  
4 exists in this state a pressing need to attract and retain qualified  
5 and dedicated public school employees and that one of the factors  
6 prospective public school employees consider when seeking or  
7 continuing public school employment is the retirement system and  
8 benefits the employment provides. The Legislature further finds that  
9 over the past decades, as reflected by the Medical Price Index  
10 published by the United States Department of Labor, the cost of  
11 medical care, including the cost of medications and insurance  
12 coverages, has increased at a rate in excess of that by which the  
13 Consumer Price Index - All Urban Consumers has increased. The  
14 Legislature further finds and declares that there accordingly exists  
15 a need to adjust the amount of retirement benefits paid to retired  
16 public school employees in order to assist them in meeting the  
17 increased cost of medical care. Therefor, in addition to the cost-of-  
18 living adjustments provided in subsections (1) through ~~(11)~~(12) of  
19 this section, commencing on October 3, 2001, and on October 3 of  
20 every year thereafter, a medical cost-of-living adjustment shall be  
21 paid to any annuitant who has been paid an annuity from the  
22 retirement system for at least ten years through the October 3  
23 adjustment date. The cost-of-living adjustment shall be paid in the  
24 form of a supplemental annuity providing monthly payments equal to  
25 the amount which results when (a) the fraction, not to exceed one,

1 that results when the annuitant's years of creditable service at his  
2 or her retirement date is divided by twenty, is multiplied by (b) the  
3 product of ten dollars times the number of years, including attained  
4 one-half years, that such annuitant has received annuity payments  
5 from the retirement system through the October 3 adjustment date. The  
6 supplemental annuity being paid to an annuitant shall increase by ten  
7 dollars on October 3 of each subsequent year to reflect the  
8 additional year of annuity payments to the annuitant until the total  
9 amount of the supplemental annuity is two hundred fifty dollars. In  
10 no event shall the medical cost-of-living adjustment for any  
11 annuitant pursuant to this subsection result in the payment of a  
12 supplemental annuity exceeding two hundred fifty dollars per month.  
13 The supplemental annuity paid to an annuitant pursuant to this  
14 subsection shall cease at the death of the annuitant regardless of  
15 the form of retirement annuity being paid to the annuitant at the  
16 time of his or her death.

17           Sec. 4. Section 79-9,113, Revised Statutes Cumulative  
18 Supplement, 2012, is amended to read:

19           79-9,113 (1)(a) If, at any future time, a majority of the  
20 eligible members of the retirement system votes to be included under  
21 an agreement providing old age and survivors insurance under the  
22 Social Security Act of the United States, the contributions to be  
23 made by the member and the school district for membership service,  
24 from and after the effective date of the agreement with respect to  
25 services performed subsequent to December 31, 1954, shall each be

1 reduced from five to three percent but not less than three percent of  
2 the member's salary per annum, and the credits for membership service  
3 under this system, as provided in section 79-999, shall thereafter be  
4 reduced from one and one-half percent to nine-tenths of one percent  
5 and not less than nine-tenths of one percent of salary or wage earned  
6 by the member during each fiscal year, and from one and sixty-five  
7 hundredths percent to one percent and not less than one percent of  
8 salary or wage earned by the member during each fiscal year and from  
9 two percent to one and two-tenths percent of salary or wage earned by  
10 the member during each fiscal year, and from two and four-tenths  
11 percent to one and forty-four hundredths percent of salary or wage  
12 earned by the member during each fiscal year, except that after  
13 September 1, 1963, and prior to September 1, 1969, all employees of  
14 the school district shall contribute an amount equal to the  
15 membership contribution which shall be two and three-fourths percent  
16 of salary covered by old age and survivors insurance, and five  
17 percent above that amount. Commencing September 1, 1969, all  
18 employees of the school district shall contribute an amount equal to  
19 the membership contribution which shall be two and three-fourths  
20 percent of the first seven thousand eight hundred dollars of salary  
21 or wages earned each fiscal year and five percent of salary or wages  
22 earned above that amount in the same fiscal year. Commencing  
23 September 1, 1976, all employees of the school district shall  
24 contribute an amount equal to the membership contribution which shall  
25 be two and nine-tenths percent of the first seven thousand eight

1 hundred dollars of salary or wages earned each fiscal year and five  
2 and twenty-five hundredths percent of salary or wages earned above  
3 that amount in the same fiscal year. Commencing on September 1, 1982,  
4 all employees of the school district shall contribute an amount equal  
5 to the membership contribution which shall be four and nine-tenths  
6 percent of the compensation earned in each fiscal year. Commencing  
7 September 1, 1989, all employees of the school district shall  
8 contribute an amount equal to the membership contribution which shall  
9 be five and eight-tenths percent of the compensation earned in each  
10 fiscal year. Commencing September 1, 1995, all employees of the  
11 school district shall contribute an amount equal to the membership  
12 contribution which shall be six and three-tenths percent of the  
13 compensation earned in each fiscal year. Commencing September 1,  
14 2007, all employees of the school district shall contribute an amount  
15 equal to the membership contribution which shall be seven and three-  
16 tenths percent of the compensation paid in each fiscal year.  
17 Commencing September 1, 2009, all employees of the school district  
18 shall contribute an amount equal to the membership contribution which  
19 shall be eight and three-tenths percent of the compensation paid in  
20 each fiscal year. Commencing September 1, 2011, all employees of the  
21 school district shall contribute an amount equal to the membership  
22 contribution which shall be nine and three-tenths percent of the  
23 compensation paid in each fiscal year.

24 (b) The contributions by the school district in any  
25 fiscal year beginning on or after September 1, 1999, shall be the

1 greater of (i) one hundred percent of the contributions by the  
2 employees for such fiscal year or (ii) such amount as may be  
3 necessary to maintain the solvency of the system, as determined  
4 annually by the board upon recommendation of the actuary and the  
5 trustees. Commencing September 1, 2013, all employees of the school  
6 district shall contribute an amount equal to the membership  
7 contribution which shall be x percent of the compensation paid in  
8 each fiscal year.

9 (c) The contributions by the school district in any  
10 fiscal year beginning on or after September 1, 2007, shall be the  
11 greater of (i) one hundred one percent of the contributions by the  
12 employees for such fiscal year or (ii) such amount as may be  
13 necessary to maintain the solvency of the system, as determined  
14 annually by the board upon recommendation of the actuary and the  
15 trustees.

16 (d) The employee's contribution shall be made in the form  
17 of a monthly deduction from compensation as provided in subsection  
18 (2) of this section. Every employee who is a member of the system  
19 shall be deemed to consent and agree to such deductions and shall  
20 receipt in full for compensation, and payment to such employee of  
21 compensation less such deduction shall constitute a full and complete  
22 discharge of all claims and demands whatsoever for services rendered  
23 by such employee during the period covered by such payment except as  
24 to benefits provided under the Class V School Employees Retirement  
25 Act.

1           (e) After September 1, 1963, and prior to September 1,  
2 1969, all employees shall be credited with a membership service  
3 annuity which shall be nine-tenths of one percent of salary or wage  
4 covered by old age and survivors insurance and one and one-half  
5 percent of salary or wages above that amount, except that those  
6 employees who retire on or after August 31, 1969, shall be credited  
7 with a membership service annuity which shall be one percent of  
8 salary or wages covered by old age and survivors insurance and one  
9 and sixty-five hundredths percent of salary or wages above that  
10 amount for service performed after September 1, 1963, and prior to  
11 September 1, 1969. Commencing September 1, 1969, all employees shall  
12 be credited with a membership service annuity which shall be one  
13 percent of the first seven thousand eight hundred dollars of salary  
14 or wages earned by the employee during each fiscal year and one and  
15 sixty-five hundredths percent of salary or wages earned above that  
16 amount in the same fiscal year, except that all employees retiring on  
17 or after August 31, 1976, shall be credited with a membership service  
18 annuity which shall be one and forty-four hundredths percent of the  
19 first seven thousand eight hundred dollars of salary or wages earned  
20 by the employee during such fiscal year and two and four-tenths  
21 percent of salary or wages earned above that amount in the same  
22 fiscal year, and the retirement annuities of employees who have not  
23 retired prior to September 1, 1963, and who elected under the  
24 provisions of section 79-988 as such section existed immediately  
25 prior to February 20, 1982, not to become members of the system shall

1 not be less than they would have been had they remained under any  
2 preexisting system to date of retirement.

3 (f) Members of this system having the service  
4 qualifications of members of the School Employees Retirement System  
5 of the State of Nebraska, as provided by section 79-926, shall  
6 receive the state service annuity provided by sections 79-933 to  
7 79-935 and 79-951.

8 (2) The school district shall pick up the employee  
9 contributions required by this section for all compensation paid on  
10 or after January 1, 1985, and the contributions so picked up shall be  
11 treated as employer contributions in determining federal tax  
12 treatment under the Internal Revenue Code, except that the school  
13 district shall continue to withhold federal income taxes based upon  
14 these contributions until the Internal Revenue Service or the federal  
15 courts rule that, pursuant to section 414(h) of the Internal Revenue  
16 Code, these contributions shall not be included as gross income of  
17 the employee until such time as they are distributed or made  
18 available. The school district shall pay these employee contributions  
19 from the same source of funds which is used in paying earnings to the  
20 employee. The school district shall pick up these contributions by a  
21 salary deduction either through a reduction in the cash salary of the  
22 employee or a combination of a reduction in salary and offset against  
23 a future salary increase. Beginning September 1, 1995, the school  
24 district shall also pick up any contributions required by sections  
25 79-990, 79-991, and 79-992 which are made under an irrevocable

1 payroll deduction authorization between the member and the school  
2 district, and the contributions so picked up shall be treated as  
3 employer contributions in determining federal tax treatment under the  
4 Internal Revenue Code, except that the school district shall continue  
5 to withhold federal and state income taxes based upon these  
6 contributions until the Internal Revenue Service rules that, pursuant  
7 to section 414(h) of the Internal Revenue Code, these contributions  
8 shall not be included as gross income of the employee until such time  
9 as they are distributed from the system. Employee contributions  
10 picked up shall be treated for all purposes of the Class V School  
11 Employees Retirement Act in the same manner and to the extent as  
12 employee contributions made prior to the date picked up.

13           Sec. 5. Section 79-1003, Revised Statutes Cumulative  
14 Supplement, 2012, is amended to read:

15           79-1003 For purposes of the Tax Equity and Educational  
16 Opportunities Support Act:

17           (1) Adjusted general fund operating expenditures means  
18 (a) for school fiscal years 2010-11 through 2012-13, the difference  
19 of the general fund operating expenditures as calculated pursuant to  
20 subdivision (22) of this section increased by, or for aid calculated  
21 for school fiscal year 2010-11 multiplied by, the cost growth factor  
22 calculated pursuant to section 79-1007.10, minus the transportation  
23 allowance, special receipts allowance, poverty allowance, limited  
24 English proficiency allowance, distance education and  
25 telecommunications allowance, elementary site allowance, elementary

1 class size allowance, summer school allowance, instructional time  
2 allowance, teacher education allowance, and focus school and program  
3 allowance, and (b) for school fiscal year 2013-14 and each school  
4 fiscal year thereafter, the difference of the general fund operating  
5 expenditures as calculated pursuant to subdivision (22) of this  
6 section increased by the cost growth factor calculated pursuant to  
7 section 79-1007.10, minus the transportation allowance, special  
8 receipts allowance, poverty allowance, limited English proficiency  
9 allowance, distance education and telecommunications allowance,  
10 elementary site allowance, summer school allowance, instructional  
11 time allowance, teacher education allowance, and focus school and  
12 program allowance;

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

23 (3) Allocated income tax funds means the amount of  
24 assistance paid to a local system pursuant to section 79-1005.01 as  
25 adjusted by the minimum levy adjustment pursuant to section

1 79-1008.02;

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

7 (5) Base fiscal year means the first school fiscal year  
8 following the school fiscal year in which the reorganization or  
9 unification occurred;

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

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

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

20 (9) Converted contract means an expired contract that was  
21 in effect for at least fifteen school years beginning prior to school  
22 year 2012-13 for the education of students in a nonresident district  
23 in exchange for tuition from the resident district when the  
24 expiration of such contract results in the nonresident district  
25 educating students, who would have been covered by the contract if

1 the contract were still in effect, as option students pursuant to the  
2 enrollment option program established in section 79-234;

3 (10) Converted contract option student means a student  
4 who will be an option student pursuant to the enrollment option  
5 program established in section 79-234 for the school fiscal year for  
6 which aid is being calculated and who would have been covered by a  
7 converted contract if the contract were still in effect and such  
8 school fiscal year is the first school fiscal year for which such  
9 contract is not in effect;

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

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

15 (13) Ensuing school fiscal year means the school fiscal  
16 year following the current school fiscal year;

17 (14) Equalization aid means the amount of assistance  
18 calculated to be paid to a local system pursuant to sections  
19 79-1007.11 to 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022,  
20 79-1022.02, 79-1028.02, and 79-1028.04;

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

25 (16) Fiscal year means the state fiscal year which is the

1 period from July 1 to the following June 30;

2 (17) Formula students means:

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

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

23 (18) Free lunch and free milk student means a student who  
24 qualified for free lunches or free milk from the most recent data  
25 available on November 1 of the school fiscal year immediately

1 preceding the school fiscal year in which aid is to be paid;

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

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

12 (21) General fund expenditures means all expenditures  
13 from the general fund;

14 (22) General fund operating expenditures means:

15 (a) For state aid calculated for school fiscal years  
16 2010-11 and 2011-12, as reported on the annual financial report for  
17 the second school fiscal year immediately preceding the school fiscal  
18 year in which aid is to be paid, the total general fund expenditures  
19 minus (i) the amount of all receipts to the general fund, to the  
20 extent that such receipts are not included in local system formula  
21 resources, from early childhood education tuition, summer school  
22 tuition, educational entities as defined in section 79-1201.01 for  
23 providing distance education courses through the Educational Service  
24 Unit Coordinating Council to such educational entities, private  
25 foundations, individuals, associations, charitable organizations, the

1 textbook loan program authorized by section 79-734, federal impact  
2 aid, and levy override elections pursuant to section 77-3444, (ii)  
3 the amount of expenditures for categorical funds, tuition paid,  
4 transportation fees paid to other districts, adult education,  
5 community services, redemption of the principal portion of general  
6 fund debt service, retirement incentive plans authorized by section  
7 79-855, and staff development assistance authorized by section  
8 79-856, (iii) the amount of any transfers from the general fund to  
9 any bond fund and transfers from other funds into the general fund,  
10 (iv) any legal expenses in excess of fifteen-hundredths of one  
11 percent of the formula need for the school fiscal year in which the  
12 expenses occurred, (v) expenditures to pay for sums agreed to be paid  
13 by a school district to certificated employees in exchange for a  
14 voluntary termination occurring prior to July 1, 2009, and (vi)(A)  
15 expenditures in school fiscal years 2009-10 through 2013-14 to pay  
16 for employer contributions pursuant to subsection (2) of section  
17 79-958 to the School Retirement System of the State of Nebraska to  
18 the extent that such expenditures exceed the employer contributions  
19 under such subsection that would have been made at a contribution  
20 rate of seven and thirty-five hundredths percent or (B) expenditures  
21 in school fiscal years 2009-10 through 2013-14 to pay for school  
22 district contributions pursuant to subdivision (1)(c)(i) of section  
23 79-9,113 to the retirement system established pursuant to the Class V  
24 School Employees Retirement Act to the extent that such expenditures  
25 exceed the school district contributions under such subdivision that

1 would have been made at a contribution rate of seven and thirty-seven  
2 hundredths percent; and

3 (b) For state aid calculated for school fiscal years  
4 2012-13 and each school fiscal year thereafter, as reported on the  
5 annual financial report for the second school fiscal year immediately  
6 preceding the school fiscal year in which aid is to be paid, the  
7 total general fund expenditures minus (i) the amount of all receipts  
8 to the general fund, to the extent that such receipts are not  
9 included in local system formula resources, from early childhood  
10 education tuition, summer school tuition, educational entities as  
11 defined in section 79-1201.01 for providing distance education  
12 courses through the Educational Service Unit Coordinating Council to  
13 such educational entities, private foundations, individuals,  
14 associations, charitable organizations, the textbook loan program  
15 authorized by section 79-734, federal impact aid, and levy override  
16 elections pursuant to section 77-3444, (ii) the amount of  
17 expenditures for categorical funds, tuition paid, transportation fees  
18 paid to other districts, adult education, community services,  
19 redemption of the principal portion of general fund debt service,  
20 retirement incentive plans authorized by section 79-855, and staff  
21 development assistance authorized by section 79-856, (iii) the amount  
22 of any transfers from the general fund to any bond fund and transfers  
23 from other funds into the general fund, (iv) any legal expenses in  
24 excess of fifteen-hundredths of one percent of the formula need for  
25 the school fiscal year in which the expenses occurred, (v)

1 expenditures to pay for sums agreed to be paid by a school district  
2 to certificated employees in exchange for a voluntary termination  
3 occurring prior to July 1, 2009, or occurring on or after the last  
4 day of the 2010-11 school year and prior to the first day of the  
5 2013-14 school year, (vi)(A) expenditures ~~in school fiscal years~~  
6 ~~2009-10 through 2016-17~~ to pay for employer contributions pursuant to  
7 subsection (2) of section 79-958 to the School Employees Retirement  
8 System of the State of Nebraska to the extent that such expenditures  
9 exceed the employer contributions under such subsection that would  
10 have been made at a contribution rate of seven and thirty-five  
11 hundredths percent or (B) expenditures ~~in school fiscal years 2009-10~~  
12 ~~through 2016-17~~ to pay for school district contributions pursuant to  
13 subdivision (1)(c)(i) of section 79-9,113 to the retirement system  
14 established pursuant to the Class V School Employees Retirement Act  
15 to the extent that such expenditures exceed the school district  
16 contributions under such subdivision that would have been made at a  
17 contribution rate of seven and thirty-seven hundredths percent, and  
18 (vii) any amounts paid by the district for lobbyist fees and expenses  
19 reported to the Clerk of the Legislature pursuant to section 49-1483.

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

1 provided pursuant to section 77-3442;

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

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

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

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

20 (27) Local system means a learning community for purposes  
21 of calculation of state aid for the second full school fiscal year  
22 after becoming a learning community and each school fiscal year  
23 thereafter, a unified system, a Class VI district and the associated  
24 Class I districts, or a Class II, III, IV, or V district and any  
25 affiliated Class I districts or portions of Class I districts. The

1 membership, expenditures, and resources of Class I districts that are  
2 affiliated with multiple high school districts will be attributed to  
3 local systems based on the percent of the Class I valuation that is  
4 affiliated with each high school district;

5 (28) Low-income child means a child under nineteen years  
6 of age living in a household having an annual adjusted gross income  
7 for the second calendar year preceding the beginning of the school  
8 fiscal year for which aid is being calculated equal to or less than  
9 the maximum household income that would allow a student from a family  
10 of four people to be a free lunch and free milk student during the  
11 school fiscal year immediately preceding the school fiscal year for  
12 which aid is being calculated;

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

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

24 (31) Poverty students means the number of low-income  
25 students or the number of students who are free lunch and free milk

1 students in a district plus the difference of the number of low-  
2 income students or the number of students who are free lunch and free  
3 milk students in a district, whichever is greater, minus the average  
4 number of poverty students for such district, prior to such addition,  
5 for the three immediately preceding school fiscal years if such  
6 difference is greater than zero;

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

22 (33) Qualified early childhood education fall membership  
23 means the product of membership on the last Friday in September 2006  
24 and each year thereafter of students who will be eligible to attend  
25 kindergarten the following school year and are enrolled in an early

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

11 (34) Regular route transportation means the  
12 transportation of students on regularly scheduled daily routes to and  
13 from the attendance center;

14 (35) Reorganized district means any district involved in  
15 a consolidation and currently educating students following  
16 consolidation;

17 (36) School year or school fiscal year means the fiscal  
18 year of a school district as defined in section 79-1091;

19 (37) Sparse local system means a local system that is not  
20 a very sparse local system but which meets the following criteria:

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

1 center on paved roads;

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

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

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

14 (38) Special education means specially designed  
15 kindergarten through grade twelve instruction pursuant to section  
16 79-1125, and includes special education transportation;

17 (39) Special grant funds means the budgeted receipts for  
18 grants, including, but not limited to, categorical funds,  
19 reimbursements for wards of the court, short-term borrowings  
20 including, but not limited to, registered warrants and tax  
21 anticipation notes, interfund loans, insurance settlements, and  
22 reimbursements to county government for previous overpayment. The  
23 state board shall approve a listing of grants that qualify as special  
24 grant funds;

25 (40) State aid means the amount of assistance paid to a

1 district pursuant to the Tax Equity and Educational Opportunities  
2 Support Act;

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

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

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

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

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

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

1 system's cost grouping;

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

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

9 (49) Very sparse local system means a local system that  
10 has:

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

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

22 Sec. 6. Section 79-1028.01, Revised Statutes Cumulative  
23 Supplement, 2012, is amended to read:

24 79-1028.01 (1) For each school fiscal year, a school  
25 district may exceed its budget authority for the general fund budget

1 of expenditures as calculated pursuant to section 79-1023 for such  
2 school fiscal year by a specific dollar amount for the following  
3 exclusions:

4 (a) Expenditures for repairs to infrastructure damaged by  
5 a natural disaster which is declared a disaster emergency pursuant to  
6 the Emergency Management Act;

7 (b) Expenditures for judgments, except judgments or  
8 orders from the Commission of Industrial Relations, obtained against  
9 a school district which require or obligate a school district to pay  
10 such judgment, to the extent such judgment is not paid by liability  
11 insurance coverage of a school district;

12 (c) Expenditures pursuant to the Retirement Incentive  
13 Plan authorized in section 79-855 or the Staff Development Assistance  
14 authorized in section 79-856;

15 (d) Expenditures of amounts received from educational  
16 entities as defined in section 79-1201.01 for providing distance  
17 education courses through the Educational Service Unit Coordinating  
18 Council to such educational entities;

19 (e) Expenditures to pay another school district for the  
20 transfer of land from such other school district;

21 (f) Expenditures ~~in school fiscal years 2009-10 through~~  
22 ~~2016-17~~ to pay for employer contributions pursuant to subsection (2)  
23 of section 79-958 to the School Employees Retirement System of the  
24 State of Nebraska to the extent that such expenditures exceed the  
25 employer contributions under such subsection that would have been

1 made at a contribution rate of seven and thirty-five hundredths  
2 percent;

3 (g) Expenditures ~~in school fiscal years 2009-10 through~~  
4 ~~2016-17~~ to pay for school district contributions pursuant to  
5 subdivision (1)(c)(i) of section 79-9,113 to the retirement system  
6 established pursuant to the Class V School Employees Retirement Act  
7 to the extent that such expenditures exceed the school district  
8 contributions under such subdivision that would have been made at a  
9 contribution rate of seven and thirty-seven hundredths percent;

10 (h) Expenditures for sums agreed to be paid by a school  
11 district to certificated employees in exchange for a voluntary  
12 termination occurring prior to July 1, 2009, or occurring on or after  
13 the last day of the 2010-11 school year and prior to the first day of  
14 the 2013-14 school year;

15 (i) Any expenditures in school fiscal years 2016-17 and  
16 2017-18 of amounts specified in the notice provided by the  
17 Commissioner of Education pursuant to section 79-309.01 for teacher  
18 performance pay;

19 (j) The special education budget of expenditures; and

20 (k) Expenditures of special grant funds.

21 (2) For each school fiscal year, a school district may  
22 exceed its budget authority for the general fund budget of  
23 expenditures as calculated pursuant to section 79-1023 for such  
24 school fiscal year by a specific dollar amount and include such  
25 dollar amount in the budget of expenditures used to calculate budget

1 authority for the general fund budget of expenditures pursuant to  
2 section 79-1023 for future years for the following exclusions:

3 (a) Expenditures of incentive payments or base fiscal  
4 year incentive payments to be received in such school fiscal year  
5 pursuant to section 79-1011;

6 (b) The first school fiscal year the district will be  
7 participating in Network Nebraska for the full school fiscal year,  
8 for the difference of the estimated expenditures for such school  
9 fiscal year for telecommunications services, access to data  
10 transmission networks that transmit data to and from the school  
11 district, and the transmission of data on such networks as such  
12 expenditures are defined by the department for purposes of the  
13 distance education and telecommunications allowance minus the dollar  
14 amount of such expenditures for the second school fiscal year  
15 preceding the first full school fiscal year the district participates  
16 in Network Nebraska; and

17 (c) Expenditures for new elementary attendance sites in  
18 the first year of operation or the first year of operation after  
19 being closed for at least one school year if such elementary  
20 attendance site will most likely qualify for the elementary site  
21 allowance in the immediately following school fiscal year as  
22 determined by the state board.

23 (3) The state board shall approve, deny, or modify the  
24 amount allowed for any exclusions to the budget authority for the  
25 general fund budget of expenditures pursuant to this section.

1                   Sec. 7. This act becomes operative on July 1, 2013.

2                   Sec. 8. If any section in this act or any part of any  
3 section is declared invalid or unconstitutional, the declaration  
4 shall not affect the validity or constitutionality of the remaining  
5 portions.

6                   Sec. 9. Original sections 79-9,100 and 79-9,103, Reissue  
7 Revised Statutes of Nebraska, and sections 79-966, 79-9,113, 79-1003,  
8 and 79-1028.01, Revised Statutes Cumulative Supplement, 2012, are  
9 repealed.

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