

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 323

Introduced by Walz, 15.

Read first time January 13, 2021

Committee: Education

1 A BILL FOR AN ACT relating to the Tax Equity and Educational
2 Opportunities Support Act; to amend sections 79-1007.12 and 79-1103,
3 Reissue Revised Statutes of Nebraska, and sections 79-1003,
4 79-1003.01, 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01,
5 Revised Statutes Cumulative Supplement, 2020; to define and redefine
6 terms; to define pandemic affected school fiscal years; to change
7 provisions related to qualified early childhood education
8 membership; to change the calculation of the summer school and
9 transportation allowances as prescribed; to change the determination
10 and certification dates relating to the distribution of aid,
11 certification of certain budget limitations as prescribed, and
12 duties of the Appropriations Committee of the Legislature; to
13 harmonize provisions; to repeal the original sections; and to
14 declare an emergency.
15 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1003, Revised Statutes Cumulative Supplement,
2 2020, is amended to read:

3 79-1003 For purposes of the Tax Equity and Educational Opportunities
4 Support Act:

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

31 (2) Adjusted valuation means the assessed valuation of taxable

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

10 (3) Allocated income tax funds means the amount of assistance paid
11 to a local system pursuant to section 79-1005.01;

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

17 (5) Base fiscal year means the first school fiscal year following
18 the school fiscal year in which the reorganization or unification
19 occurred;

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

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

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

29 (9) Converted contract means an expired contract that was in effect
30 for at least fifteen school years beginning prior to school year 2012-13
31 for the education of students in a nonresident district in exchange for

1 tuition from the resident district when the expiration of such contract
2 results in the nonresident district educating students, who would have
3 been covered by the contract if the contract were still in effect, as
4 option students pursuant to the enrollment option program established in
5 section 79-234;

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

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

13 (12) District means any school district or unified system as defined
14 in section 79-4,108;

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

17 (14) Equalization aid means the amount of assistance calculated to
18 be paid to a local system pursuant to section 79-1008.01;

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

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

25 (17) Formula students means:

26 (a) For state aid certified pursuant to section 79-1022, the sum of
27 the product of fall membership from the school fiscal year immediately
28 preceding the school fiscal year in which the aid is to be paid
29 multiplied by the average ratio of average daily membership to fall
30 membership for the second school fiscal year immediately preceding the
31 school fiscal year in which the aid is to be paid and the prior two

1 school fiscal years plus sixty percent of the qualified early childhood
2 education fall aid membership plus tuitioned students from the school
3 fiscal year immediately preceding the school fiscal year in which aid is
4 to be paid minus the product of the number of students enrolled in
5 kindergarten that is not full-day kindergarten from the fall membership
6 multiplied by 0.5; and

7 (b) For the final calculation of state aid pursuant to section
8 79-1065, the sum of average daily membership plus sixty percent of the
9 qualified early childhood education average daily aid membership plus
10 tuitioned students minus the product of the number of students enrolled
11 in kindergarten that is not full-day kindergarten from the average daily
12 membership multiplied by 0.5 from the school fiscal year immediately
13 preceding the school fiscal year in which aid was paid;

14 (18) Free lunch and free milk calculated students means, using the
15 most recent data available on November 1 of the school fiscal year
16 immediately preceding the school fiscal year in which aid is to be paid,
17 (a) for schools that did not provide free meals to all students pursuant
18 to the community eligibility provision, students who individually
19 qualified for free lunches or free milk pursuant to the federal Richard
20 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
21 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
22 and sections existed on January 1, 2015, and rules and regulations
23 adopted thereunder, plus (b) for schools that provided free meals to all
24 students pursuant to the community eligibility provision, (i) for school
25 fiscal year 2016-17, the product of the students who attended such school
26 multiplied by the identified student percentage calculated pursuant to
27 such federal provision or (ii) for school fiscal year 2017-18 and each
28 school fiscal year thereafter, the greater of the number of students in
29 such school who individually qualified for free lunch or free milk using
30 the most recent school fiscal year for which the school did not provide
31 free meals to all students pursuant to the community eligibility

1 provision or one hundred ten percent of the product of the students who
2 qualified for free meals at such school pursuant to the community
3 eligibility provision multiplied by the identified student percentage
4 calculated pursuant to such federal provision, except that the free lunch
5 and free milk students calculated for any school pursuant to subdivision
6 (18)(b)(ii) of this section shall not exceed one hundred percent of the
7 students qualified for free meals at such school pursuant to the
8 community eligibility provision;

9 (19) Free lunch and free milk student means, for school fiscal years
10 prior to school fiscal year 2016-17, a student who qualified for free
11 lunches or free milk from the most recent data available on November 1 of
12 the school fiscal year immediately preceding the school fiscal year in
13 which aid is to be paid;

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

16 (21) General fund budget of expenditures means the total budget of
17 disbursements and transfers for general fund purposes as certified in the
18 budget statement adopted pursuant to the Nebraska Budget Act, except that
19 for purposes of the limitation imposed in section 79-1023, the general
20 fund budget of expenditures does not include any special grant funds,
21 exclusive of local matching funds, received by a district;

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

24 (23) General fund operating expenditures means for state aid
25 calculated for school fiscal years 2012-13 and each school fiscal year
26 thereafter, as reported on the annual financial report for the second
27 school fiscal year immediately preceding the school fiscal year in which
28 aid is to be paid, the total general fund expenditures minus (a) the
29 amount of all receipts to the general fund, to the extent that such
30 receipts are not included in local system formula resources, from early
31 childhood education tuition, summer school tuition, educational entities

1 as defined in section 79-1201.01 for providing distance education courses
2 through the Educational Service Unit Coordinating Council to such
3 educational entities, private foundations, individuals, associations,
4 charitable organizations, the textbook loan program authorized by section
5 79-734, federal impact aid, and levy override elections pursuant to
6 section 77-3444, (b) the amount of expenditures for categorical funds,
7 tuition paid, transportation fees paid to other districts, adult
8 education, community services, redemption of the principal portion of
9 general fund debt service, retirement incentive plans authorized by
10 section 79-855, and staff development assistance authorized by section
11 79-856, (c) the amount of any transfers from the general fund to any bond
12 fund and transfers from other funds into the general fund, (d) any legal
13 expenses in excess of fifteen-hundredths of one percent of the formula
14 need for the school fiscal year in which the expenses occurred, (e)(i)
15 for state aid calculated for school fiscal years prior to school fiscal
16 year 2018-19, expenditures to pay for sums agreed to be paid by a school
17 district to certificated employees in exchange for a voluntary
18 termination occurring prior to July 1, 2009, occurring on or after the
19 last day of the 2010-11 school year and prior to the first day of the
20 2013-14 school year, or, to the extent that a district has demonstrated
21 to the State Board of Education pursuant to section 79-1028.01 that the
22 agreement will result in a net savings in salary and benefit costs to the
23 school district over a five-year period, occurring on or after the first
24 day of the 2013-14 school year or (ii) for state aid calculated for
25 school fiscal year 2018-19 and each school fiscal year thereafter,
26 expenditures to pay for incentives agreed to be paid by a school district
27 to certificated employees in exchange for a voluntary termination of
28 employment for which the State Board of Education approved an exclusion
29 pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01,
30 (f)(i) expenditures to pay for employer contributions pursuant to
31 subsection (2) of section 79-958 to the School Employees Retirement

1 System of the State of Nebraska to the extent that such expenditures
2 exceed the employer contributions under such subsection that would have
3 been made at a contribution rate of seven and thirty-five hundredths
4 percent or (ii) expenditures to pay for school district contributions
5 pursuant to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the
6 retirement system established pursuant to the Class V School Employees
7 Retirement Act to the extent that such expenditures exceed the school
8 district contributions under such subdivision that would have been made
9 at a contribution rate of seven and thirty-seven hundredths percent, and
10 (g) any amounts paid by the district for lobbyist fees and expenses
11 reported to the Clerk of the Legislature pursuant to section 49-1483.

12 For purposes of this subdivision (23) of this section, receipts from
13 levy override elections shall equal ninety-nine percent of the difference
14 of the total general fund levy minus a levy of one dollar and five cents
15 per one hundred dollars of taxable valuation multiplied by the assessed
16 valuation for school districts that have voted pursuant to section
17 77-3444 to override the maximum levy provided pursuant to section
18 77-3442;

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

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

25 (26) Limited English proficiency students means the number of
26 students with limited English proficiency in a district from the most
27 recent data available on November 1 of the school fiscal year preceding
28 the school fiscal year in which aid is to be paid plus the difference of
29 such students with limited English proficiency minus the average number
30 of limited English proficiency students for such district, prior to such
31 addition, for the three immediately preceding school fiscal years if such

1 difference is greater than zero;

2 (27) Local system means a unified system or a school district;

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

24 (29) Low-income students means the number of low-income children
25 within the district multiplied by the ratio of the formula students in
26 the district divided by the total children under nineteen years of age
27 residing in the district as derived from income tax information;

28 (30) Most recently available complete data year means the most
29 recent single school fiscal year for which the annual financial report,
30 fall school district membership report, annual statistical summary,
31 Nebraska income tax liability by school district for the calendar year in

1 which the majority of the school fiscal year falls, and adjusted
2 valuation data are available;

3 (31) Pandemic affected school fiscal year means a school fiscal year
4 for which a state of emergency related to a pandemic has been declared
5 for any portion of the school fiscal year by the Governor pursuant to the
6 Emergency Management Act;

7 (32) (31) Poverty students means (a) for school fiscal years prior
8 to 2016-17, the number of low-income students or the number of students
9 who are free lunch and free milk students in a district plus the
10 difference of the number of low-income students or the number of students
11 who are free lunch and free milk students in a district, whichever is
12 greater, minus the average number of poverty students for such district,
13 prior to such addition, for the three immediately preceding school fiscal
14 years if such difference is greater than zero and (b) for school fiscal
15 year 2016-17 and each school fiscal year thereafter, the unadjusted
16 poverty students plus the difference of such unadjusted poverty students
17 minus the average number of poverty students for such district, prior to
18 such addition, for the three immediately preceding school fiscal years if
19 such difference is greater than zero;

20 (33) (32) Qualified early childhood education average daily aid
21 membership means the product of the average daily membership of qualified
22 early childhood education students (a) for school fiscal year 2006-07 and
23 each school fiscal year, thereafter of students who will be eligible to
24 attend kindergarten the following school year and are enrolled in an
25 early childhood education program approved by the department pursuant to
26 section 79-1103 for such school district for such school year multiplied
27 by the ratio of the actual instructional hours of the program divided by
28 one thousand thirty-two and (b) for any pandemic affected school fiscal
29 year, also multiplied by the ratio of the statewide average instructional
30 hours for early childhood education programs with qualified early
31 childhood education students in the most recently available complete

1 ~~school fiscal year that was not a pandemic affected school fiscal year~~
2 ~~divided by the statewide average instructional hours for early childhood~~
3 ~~education programs with qualified early childhood education students in~~
4 ~~the pandemic affected school fiscal year if: (a) The program is receiving~~
5 ~~a grant pursuant to such section for the third year; (b) the program has~~
6 ~~already received grants pursuant to such section for three years; or (c)~~
7 ~~the program has been approved pursuant to subsection (5) of section~~
8 ~~79-1103 for such school year and the two preceding school years,~~
9 ~~including any such students in portions of any of such programs receiving~~
10 ~~an expansion grant;~~

11 ~~(34) (33) Qualified early childhood education fall aid membership~~
12 ~~means the product of membership on October 1 of each school year of~~
13 ~~qualified early childhood education students who will be eligible to~~
14 ~~attend kindergarten the following school year and are enrolled in an~~
15 ~~early childhood education program approved by the department pursuant to~~
16 ~~section 79-1103 for such school district for such school year multiplied~~
17 ~~by the ratio of the planned instructional hours of the program divided by~~
18 ~~one thousand thirty-two;~~

19 ~~(35) Qualified early childhood education student means a student who~~
20 ~~will be eligible to attend kindergarten the following school year and is~~
21 ~~enrolled in an early childhood education program approved by the~~
22 ~~department pursuant to section 79-1103 for such school year if: (a) The~~
23 ~~program is receiving a grant pursuant to such section for the third year;~~
24 ~~(b) the program has already received grants pursuant to such section for~~
25 ~~three years; or (c) the program has been approved pursuant to subsection~~
26 ~~(5) of section 79-1103 for such school year and the two preceding school~~
27 ~~years, including any such students in portions of any of such programs~~
28 ~~receiving an expansion grant;~~

29 ~~(36) (34) Regular route transportation means the transportation of~~
30 ~~students on regularly scheduled daily routes to and from the attendance~~
31 ~~center;~~

1 ~~(37)~~ ~~(35)~~ Reorganized district means any district involved in a
2 consolidation and currently educating students following consolidation;

3 ~~(38)~~ ~~(36)~~ School year or school fiscal year means the fiscal year of
4 a school district as defined in section 79-1091;

5 ~~(39)~~ ~~(37)~~ Sparse local system means a local system that is not a
6 very sparse local system but which meets the following criteria:

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

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

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

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

23 ~~(40)~~ ~~(38)~~ Special education means specially designed kindergarten
24 through grade twelve instruction pursuant to section 79-1125, and
25 includes special education transportation;

26 ~~(41)~~ ~~(39)~~ Special grant funds means the budgeted receipts for
27 grants, including, but not limited to, categorical funds, reimbursements
28 for wards of the court, short-term borrowings including, but not limited
29 to, registered warrants and tax anticipation notes, interfund loans,
30 insurance settlements, and reimbursements to county government for
31 previous overpayment. The state board shall approve a listing of grants

1 that qualify as special grant funds;

2 ~~(42)~~ ~~(40)~~ State aid means the amount of assistance paid to a
3 district pursuant to the Tax Equity and Educational Opportunities Support
4 Act;

5 ~~(43)~~ ~~(41)~~ State board means the State Board of Education;

6 ~~(44)~~ ~~(42)~~ State support means all funds provided to districts by the
7 State of Nebraska for the general fund support of elementary and
8 secondary education;

9 ~~(45)~~ ~~(43)~~ Statewide average basic funding per formula student means
10 the statewide total basic funding for all districts divided by the
11 statewide total formula students for all districts;

12 ~~(46)~~ ~~(44)~~ Statewide average general fund operating expenditures per
13 formula student means the statewide total general fund operating
14 expenditures for all districts divided by the statewide total formula
15 students for all districts;

16 ~~(47)~~ ~~(45)~~ Teacher has the definition found in section 79-101;

17 ~~(48)~~ ~~(46)~~ Temporary aid adjustment factor means (a) for school
18 fiscal years before school fiscal year 2007-08, one and one-fourth
19 percent of the sum of the local system's transportation allowance, the
20 local system's special receipts allowance, and the product of the local
21 system's adjusted formula students multiplied by the average formula cost
22 per student in the local system's cost grouping and (b) for school fiscal
23 year 2007-08, one and one-fourth percent of the sum of the local system's
24 transportation allowance, special receipts allowance, and distance
25 education and telecommunications allowance and the product of the local
26 system's adjusted formula students multiplied by the average formula cost
27 per student in the local system's cost grouping;

28 ~~(49)~~ ~~(47)~~ Tuition receipts from converted contracts means tuition
29 receipts received by a district from another district in the most
30 recently available complete data year pursuant to a converted contract
31 prior to the expiration of the contract;

1 ~~(50)~~ ~~(48)~~ Tuitioned students means students in kindergarten through
2 grade twelve of the district whose tuition is paid by the district to
3 some other district or education agency;

4 ~~(51)~~ ~~(49)~~ Unadjusted poverty students means, for school fiscal year
5 2016-17 and each school fiscal year thereafter, the greater of the number
6 of low-income students or the free lunch and free milk calculated
7 students in a district; and

8 ~~(52)~~ ~~(50)~~ Very sparse local system means a local system that has:

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

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

20 Sec. 2. Section 79-1003.01, Revised Statutes Cumulative Supplement,
21 2020, is amended to read:

22 79-1003.01 (1) The department shall calculate a summer school
23 allowance for each district which submits the information required for
24 the calculation on a form prescribed by the department on or before
25 October 15 of the school fiscal year preceding the school fiscal year for
26 which aid is being calculated. For aid calculated for school fiscal years
27 through school fiscal year 2013-14, the summer school allowance shall be
28 equal to two and one-half percent of the summer school student units for
29 such district multiplied by eighty-five percent of the statewide average
30 general fund operating expenditures per formula student. For aid
31 calculated for school fiscal year 2014-15 and each school fiscal year

1 thereafter, the summer school allowance shall be equal to the lesser of
2 two and one-half percent of the product of the summer school student
3 units for such district multiplied by eighty-five percent of the
4 statewide average general fund operating expenditures per formula student
5 or the summer school and early childhood summer school expenditures that
6 are paid for with noncategorical funds generated by state or local taxes
7 as reported on the annual financial report for the most recently
8 available data year and that are not included in other allowances.

9 (2) Summer school student units shall be calculated for each student
10 enrolled in summer school as defined in section 79-536 in a school
11 district who attends such summer school for at least twelve days in the
12 most recently available complete data year, whether or not the student is
13 in the membership of the school district. The initial number of units for
14 each such student shall equal the sum of the ratios, each rounded down to
15 the nearest whole number, of the number of days for which the student
16 attended summer school classes in such district or participated in an
17 equivalent remote learning experience for at least three hours and less
18 than six hours per day divided by twelve days and of two times the number
19 of days for which the student attended summer school classes in such
20 district or participated in an equivalent remote learning experience for
21 six or more hours per day divided by twelve days.

22 (3) Each school district shall receive an additional summer school
23 student unit for each summer school student unit attributed to remedial
24 math or reading programs. Each school district shall also receive an
25 additional summer school student unit for each summer school student unit
26 attributed to a student who in the school year immediately preceding
27 summer school either (a) qualified for free lunches or free milk and
28 attended a school that uses information collected from parents and
29 guardians to determine such qualifications or (b) attended a school that
30 provides free meals to all students pursuant to the community eligibility
31 provision.

1 (4) Beginning with state aid calculated for school fiscal year
2 2012-13, summer school student units shall be calculated for each student
3 who was both enrolled in the most recently available complete data year
4 in a summer session of an early childhood education program for which a
5 qualified early childhood education fall aid membership greater than zero
6 has been calculated for the school fiscal year for which aid is being
7 calculated and eligible to attend kindergarten in the fall immediately
8 following such summer session. The initial number of units for each such
9 qualified early childhood education student shall equal the sum of the
10 ratios, each rounded down to the nearest whole number, of the number of
11 days for which the student attended the summer session in such district
12 for at least three hours and less than six hours per day divided by
13 twelve days and of two times the number of days for which the student
14 attended the summer session in such district for six or more hours per
15 day divided by twelve days. The initial summer school student units for
16 qualified early childhood education students shall be multiplied by six-
17 tenths. Instructional hours included in the calculation of the qualified
18 early childhood education fall aid membership or the qualified early
19 childhood education average daily aid membership shall not be included in
20 the calculation of the summer school allowance.

21 (5) Each school district shall receive an additional six-tenths of a
22 summer school student unit for each qualified early childhood education
23 student unit attributed to a qualified ~~an~~ early childhood education
24 student who is either qualified for free lunches or free milk based on
25 information collected from parents and guardians to determine such
26 qualifications or is registered to attend a school in the school year
27 immediately following such summer that provides free meals to all
28 students pursuant to the community eligibility provision.

29 (6) This section does not prevent school districts from requiring
30 and collecting fees for summer school or summer sessions of early
31 childhood education programs, except that summer school student units

1 shall not be calculated for school districts which collect fees for
2 summer school from students who qualify for free or reduced-price lunches
3 under United States Department of Agriculture child nutrition programs or
4 who attended, or are registered to attend, a school in the school year
5 immediately following such summer that provides free meals to all
6 students pursuant to the community eligibility provision.

7 Sec. 3. Section 79-1007.12, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-1007.12 The department shall calculate a transportation allowance
10 for each district equal to the lesser of:

11 (1) Each local system's general fund expenditures for regular route
12 transportation and in lieu of transportation expenditures pursuant to
13 section 79-611 in the second school fiscal year immediately preceding the
14 school fiscal year in which aid is to be paid, but not including special
15 education transportation expenditures or other expenditures previously
16 excluded from general fund operating expenditures; or

17 (2) The number of miles traveled in the second school fiscal year
18 immediately preceding the school fiscal year in which aid is to be paid
19 by vehicles owned, leased, or contracted by the district or the districts
20 in the local system for the purpose of regular route transportation (a)
21 multiplied by four hundred percent of the mileage rate established by the
22 Department of Administrative Services pursuant to section 81-1176 as of
23 January 1 of the most recently available complete data year added to in
24 lieu of transportation expenditures pursuant to section 79-611 from the
25 same data year and (b) for any miles traveled during a pandemic affected
26 school fiscal year, also multiplied by the ratio of statewide miles
27 traveled in the most recently available complete school fiscal year that
28 was not a pandemic affected school fiscal year divided by the statewide
29 miles traveled in the pandemic affected school fiscal year.

30 Sec. 4. Section 79-1022, Revised Statutes Cumulative Supplement,
31 2020, is amended to read:

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

18 (2) Except as provided in this subsection, subsection (8) of section
19 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts
20 certified pursuant to subsection (1) of this section shall be distributed
21 in ten as nearly as possible equal payments on the last business day of
22 each month beginning in September of each ensuing school fiscal year and
23 ending in June of the following year, except that when a local system is
24 to receive a monthly payment of less than one thousand dollars, such
25 payment shall be one lump-sum payment on the last business day of
26 December during the ensuing school fiscal year.

27 Sec. 5. Section 79-1022.02, Revised Statutes Cumulative Supplement,
28 2020, is amended to read:

29 79-1022.02 Notwithstanding any other provision of law, any
30 certification of state aid pursuant to section 79-1022, certification of
31 budget authority pursuant to section 79-1023, and certification of

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

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

6 79-1023 (1) On or before June 10, 2021 ~~May 1, 2020~~, and on or before
7 March 1 of each year thereafter, the department shall determine and
8 certify to each school district budget authority for the general fund
9 budget of expenditures for the ensuing school fiscal year.

10 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and
11 81-829.51, each school district shall have budget authority for the
12 general fund budget of expenditures equal to the greater of (a) the
13 general fund budget of expenditures for the immediately preceding school
14 fiscal year minus exclusions pursuant to subsection (1) of section
15 79-1028.01 for such school fiscal year with the difference increased by
16 the basic allowable growth rate for the school fiscal year for which
17 budget authority is being calculated, (b) the general fund budget of
18 expenditures for the immediately preceding school fiscal year minus
19 exclusions pursuant to subsection (1) of section 79-1028.01 for such
20 school fiscal year with the difference increased by an amount equal to
21 any student growth adjustment calculated for the school fiscal year for
22 which budget authority is being calculated, or (c) one hundred ten
23 percent of formula need for the school fiscal year for which budget
24 authority is being calculated minus the special education budget of
25 expenditures as filed on the school district budget statement on or
26 before September 20 for the immediately preceding school fiscal year,
27 which special education budget of expenditures is increased by the basic
28 allowable growth rate for the school fiscal year for which budget
29 authority is being calculated.

30 (3) For any school fiscal year for which the budget authority for
31 the general fund budget of expenditures for a school district is based on

1 a student growth adjustment, the budget authority for the general fund
2 budget of expenditures for such school district shall be adjusted in
3 future years to reflect any student growth adjustment corrections related
4 to such student growth adjustment.

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

7 79-1027 No district shall adopt a budget, which includes total
8 requirements of depreciation funds, necessary employee benefit fund cash
9 reserves, and necessary general fund cash reserves, exceeding the
10 applicable allowable reserve percentages of total general fund budget of
11 expenditures as specified in the schedule set forth in this section.

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

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

23 Each district with combined necessary general fund cash reserves,
24 total requirements of depreciation funds, and necessary employee benefit
25 fund cash reserves less than the applicable allowable reserve percentage
26 specified in this section may, notwithstanding the district's applicable
27 allowable growth rate, increase its necessary general fund cash reserves
28 such that the total necessary general fund cash reserves, total
29 requirements of depreciation funds, and necessary employee benefit fund
30 cash reserves do not exceed such applicable allowable reserve percentage.

31 Sec. 8. Section 79-1031.01, Revised Statutes Cumulative Supplement,

1 2020, is amended to read:

2 79-1031.01 The Appropriations Committee of the Legislature shall
3 annually include the amount necessary to fund the state aid that will be
4 certified to school districts on or before June 10, 2021 ~~May 1, 2020~~, and
5 on or before March 1 of each year thereafter for each ensuing school
6 fiscal year in its recommendations to the Legislature to carry out the
7 requirements of the Tax Equity and Educational Opportunities Support Act.

8 Sec. 9. Section 79-1103, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 79-1103 (1)(a) The State Department of Education shall establish and
11 administer the Early Childhood Education Grant Program. Upon the
12 effective date of an endowment agreement, administration of the Early
13 Childhood Education Grant Program with respect to programs for children
14 from birth to age three shall transfer to the board of trustees. If there
15 is no endowment agreement in effect, the department shall request
16 proposals in accordance with this section for all early childhood
17 education programs from school districts, individually or in cooperation
18 with other school districts or educational service units, working in
19 cooperation with existing nonpublic programs which meet the requirements
20 of subsection (2) of section 79-1104. If there is an endowment agreement
21 in effect, the board of trustees shall administer the Early Childhood
22 Education Grant Program with respect to programs for children from birth
23 to age three pursuant to section 79-1104.02 and the department shall
24 continue to administer the Early Childhood Education Grant Program with
25 respect to other prekindergarten programs pursuant to sections 79-1101 to
26 79-1104.05. All administrative procedures of the board of trustees,
27 including, but not limited to, rules, grant applications, and funding
28 mechanisms, shall harmonize with those established by the department for
29 other prekindergarten programs.

30 (b) The first priority shall be for (i) continuation grants for
31 programs that received grants in the prior school fiscal year and for

1 which the state aid calculation pursuant to the Tax Equity and
2 Educational Opportunities Support Act does not include qualified early
3 childhood education students, in an amount equal to the amount of such
4 grant, except that if the grant was a first-year grant the amount shall
5 be reduced by thirty-three percent, (ii) continuation grants for programs
6 for which the state aid calculation pursuant to the act includes
7 qualified early childhood education students, in an amount equal to the
8 amount of the grant for the school fiscal year prior to the first school
9 fiscal year for which qualified early childhood education students were
10 included in the state aid calculation for the school district's local
11 system minus the calculated state aid amount, and (iii) for school fiscal
12 year 2007-08, continuation grants for programs for which the state aid
13 calculation pursuant to the act includes qualified early childhood
14 education students, but such state aid calculation does not result in the
15 school district receiving any equalization aid, in an amount equal to the
16 amount of the grant received in school fiscal year 2006-07. The
17 calculated state aid amount shall be calculated by multiplying the basic
18 funding per formula student for the school district by the formula
19 students attributed to the early childhood education programs pursuant to
20 the Tax Equity and Educational Opportunities Support Act.

21 (c) The second priority shall be for new grants and expansion grants
22 for programs that will serve at-risk children who will be eligible to
23 attend kindergarten the following school year. New grants may be given
24 for up to three years in an amount up to one-half of the total budget of
25 the program per year. Expansion grants may be given for one year in an
26 amount up to one-half of the budget for expanding the capacity of the
27 program to serve additional children.

28 (d) The third priority shall be for new grants, expansion grants,
29 and continuation grants for programs serving children younger than those
30 who will be eligible to attend kindergarten the following school year.
31 New grants may be given for up to three years in an amount up to one-half

1 the total budget of the program per year. Expansion grants may be given
2 for one year in an amount up to one-half the budget for expanding the
3 capacity of the program to serve additional children. Continuation grants
4 under this priority may be given annually in an amount up to one-half the
5 total budget of the program per year minus any continuation grants
6 received under the first priority.

7 (e) Programs serving children who will be eligible to attend
8 kindergarten the following school year shall be accounted for separately
9 for grant purposes from programs serving younger children, but the two
10 types of programs may be combined within the same classroom to serve
11 multi-age children. Programs that receive grants for school fiscal years
12 prior to school fiscal year 2005-06 to serve both children who will be
13 eligible to attend kindergarten the following school year and younger
14 children shall account for the two types of programs separately for grant
15 purposes beginning with school year 2005-06 and shall be deemed to have
16 received grants prior to school fiscal year 2005-06 for each year that
17 grants were received for the types of programs representing the age
18 groups of the children served.

19 (2) Each program proposal which is approved by the department shall
20 include (a) a planning period, (b) an agreement to participate in
21 periodic evaluations of the program to be specified by the department,
22 (c) evidence that the program will be coordinated or contracted with
23 existing programs, including those listed in subdivision (d) of this
24 subsection and nonpublic programs which meet the requirements of
25 subsection (2) of section 79-1104, (d) a plan to coordinate and use a
26 combination of local, state, and federal funding sources, including, but
27 not limited to, programs for children with disabilities below five years
28 of age funded through the Special Education Act, the Early Intervention
29 Act, funds available through the flexible funding provisions under the
30 Special Education Act, the federal Head Start program, 42 U.S.C. 9831 et
31 seq., the federal Even Start Family Literacy Program, 20 U.S.C. 6361 et

1 seq., Title I of the federal Improving America's Schools Act of 1994, 20
2 U.S.C. 6301 et seq., and child care assistance through the Department of
3 Health and Human Services, (e) a plan to use sliding fee scales and the
4 funding sources included in subdivision (d) of this subsection to
5 maximize the participation of economically and categorically diverse
6 groups and to ensure that participating children and families have access
7 to comprehensive services, (f) the establishment of an advisory body
8 which includes families and community members, (g) the utilization of
9 appropriately qualified staff, (h) an appropriate child-to-staff ratio,
10 (i) appropriate group size, (j) compliance with minimum health and safety
11 standards, (k) appropriate facility size and equipment, (l) a strong
12 family development and support component recognizing the central role of
13 parents in their children's development, (m) developmentally and
14 culturally appropriate curriculum, practices, and assessment, (n)
15 sensitivity to the economic and logistical needs and circumstances of
16 families in the provision of services, (o) integration of children of
17 diverse social and economic characteristics, (p) a sound evaluation
18 component, including at least one objective measure of child performance
19 and progress, (q) continuity with programs in kindergarten and elementary
20 grades, (r) instructional hours that are similar to or less than the
21 instructional hours for kindergarten except that a summer session may be
22 offered, (s) well-defined language development and early literacy
23 emphasis, including the involvement of parents in family literacy
24 activities, (t) a plan for ongoing professional development of staff, and
25 (u) inclusion of children with disabilities as defined in the Special
26 Education Act, all as specified by rules and regulations of the
27 department in accordance with sound early childhood educational practice.

28 (3) The department shall make an effort to fund programs widely
29 distributed across the state in both rural and urban areas.

30 (4) The department, in collaboration with the board of trustees if
31 an endowment agreement is in effect, shall provide a report evaluating

1 the programs to the State Board of Education and the Legislature by
2 January 1 of each odd-numbered year. The report submitted to the
3 Legislature shall be submitted electronically. The Education Committee of
4 the Legislature shall hold a public hearing regarding the report. Up to
5 five percent of the total appropriation for the Early Childhood Education
6 Grant Program for grants administered by the department may be reserved
7 by the department for evaluation and technical assistance for the
8 programs.

9 (5) Early childhood education programs, whether established pursuant
10 to this section or section 79-1104, may be approved for purposes of the
11 Tax Equity and Educational Opportunities Support Act, expansion grants,
12 and continuation grants on the submission of a continuation plan
13 demonstrating that the program will meet the requirements of subsection
14 (2) of this section and a proposed operating budget demonstrating that
15 the program will receive resources from other sources equal to or greater
16 than the sum of any grant received pursuant to this section for the prior
17 school year plus any calculated state aid as calculated pursuant to
18 subsection (1) of this section for the prior school year.

19 (6) The State Board of Education may adopt and promulgate rules and
20 regulations to implement the Early Childhood Education Grant Program,
21 except that if there is an endowment agreement in effect, the board of
22 trustees shall recommend any rules and regulations relating specifically
23 to the Early Childhood Education Grant Program with respect to programs
24 for children from birth to age three. It is the intent of the Legislature
25 that the rules and regulations for programs for children from birth to
26 age three be consistent to the greatest extent possible with those
27 established for other prekindergarten programs.

28 Sec. 10. Original sections 79-1007.12 and 79-1103, Reissue Revised
29 Statutes of Nebraska, and sections 79-1003, 79-1003.01, 79-1022,
30 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Revised Statutes Cumulative
31 Supplement, 2020, are repealed.

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