

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 640

Introduced by Day, 49; Blood, 3; Cavanaugh, J., 9.

Read first time January 20, 2021

Committee: Education

1 A BILL FOR AN ACT relating to the Tax Equity and Educational
2 Opportunities Support Act; to amend sections 79-1001, 79-1003,
3 79-1007.11, and 79-1017.01, Revised Statutes Cumulative Supplement,
4 2020; to redefine terms; to provide for early childhood education
5 aid; to provide a new allowance; to harmonize provisions; and to
6 repeal the original sections.

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

1 Section 1. Section 79-1001, Revised Statutes Cumulative Supplement,
2 2020, is amended to read:

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

6 Sec. 2. Section 79-1003, Revised Statutes Cumulative Supplement,
7 2020, is amended to read:

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

10 (1) Adjusted general fund operating expenditures means (a) ~~for~~
11 ~~school fiscal years 2013-14 through 2015-16, the difference of the~~
12 ~~general fund operating expenditures as calculated pursuant to subdivision~~
13 ~~(23) of this section increased by the cost growth factor calculated~~
14 ~~pursuant to section 79-1007.10, minus the transportation allowance,~~
15 ~~special receipts allowance, poverty allowance, limited English~~
16 ~~proficiency allowance, distance education and telecommunications~~
17 ~~allowance, elementary site allowance, summer school allowance,~~
18 ~~instructional time allowance, teacher education allowance, and focus~~
19 ~~school and program allowance, (b) for school fiscal years 2016-17 through~~
20 ~~2018-19, the difference of the general fund operating expenditures as~~
21 ~~calculated pursuant to subdivision (23) of this section increased by the~~
22 ~~cost growth factor calculated pursuant to section 79-1007.10, minus the~~
23 ~~transportation allowance, special receipts allowance, poverty allowance,~~
24 ~~limited English proficiency allowance, distance education and~~
25 ~~telecommunications allowance, elementary site allowance, summer school~~
26 ~~allowance, and focus school and program allowance, and (c) for school~~
27 ~~fiscal years year 2019-20 through 2021-22 and each school fiscal year~~
28 ~~thereafter, the difference of the general fund operating expenditures as~~
29 ~~calculated pursuant to subdivision (23) of this section increased by the~~
30 ~~cost growth factor calculated pursuant to section 79-1007.10, minus the~~
31 ~~transportation allowance, special receipts allowance, poverty allowance,~~

1 limited English proficiency allowance, distance education and
2 telecommunications allowance, elementary site allowance, summer school
3 allowance, community achievement plan allowance, and focus school and
4 program allowance and (b) for school fiscal year 2022-23 and each school
5 fiscal year thereafter, the difference of the general fund operating
6 expenditures increased by the cost growth factor calculated pursuant to
7 section 79-1007.10, minus the transportation allowance, special receipts
8 allowance, poverty allowance, limited English proficiency allowance,
9 distance education and telecommunications allowance, elementary site
10 allowance, summer school allowance, early childhood education allowance,
11 community achievement plan allowance, and focus school and program
12 allowance;

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

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

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

30 (5) Base fiscal year means the first school fiscal year following
31 the school fiscal year in which the reorganization or unification

1 occurred;

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

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

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

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

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

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

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

28 (13) Ensuing school fiscal year means the school fiscal year
29 following the current school fiscal year;

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

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

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

7 (17) Formula students means:

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

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

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

30 (a) for schools that did not provide free meals to all students pursuant
31 to the community eligibility provision, students who individually

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

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

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

29 (21) General fund budget of expenditures means the total budget of
30 disbursements and transfers for general fund purposes as certified in the
31 budget statement adopted pursuant to the Nebraska Budget Act, except that

1 for purposes of the limitation imposed in section 79-1023, the general
2 fund budget of expenditures does not include any special grant funds,
3 exclusive of local matching funds, received by a district;

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

6 (23) General fund operating expenditures means for state aid
7 calculated for school fiscal years 2012-13 and each school fiscal year
8 thereafter, as reported on the annual financial report for the second
9 school fiscal year immediately preceding the school fiscal year in which
10 aid is to be paid, the total general fund expenditures minus (a) the
11 amount of all receipts to the general fund, to the extent that such
12 receipts are not included in local system formula resources, from early
13 childhood education tuition, summer school tuition, educational entities
14 as defined in section 79-1201.01 for providing distance education courses
15 through the Educational Service Unit Coordinating Council to such
16 educational entities, private foundations, individuals, associations,
17 charitable organizations, the textbook loan program authorized by section
18 79-734, federal impact aid, and levy override elections pursuant to
19 section 77-3444, (b) the amount of expenditures for categorical funds,
20 tuition paid, transportation fees paid to other districts, adult
21 education, community services, redemption of the principal portion of
22 general fund debt service, retirement incentive plans authorized by
23 section 79-855, and staff development assistance authorized by section
24 79-856, (c) the amount of any transfers from the general fund to any bond
25 fund and transfers from other funds into the general fund, (d) any legal
26 expenses in excess of fifteen-hundredths of one percent of the formula
27 need for the school fiscal year in which the expenses occurred, (e)(i)
28 for state aid calculated for school fiscal years prior to school fiscal
29 year 2018-19, expenditures to pay for sums agreed to be paid by a school
30 district to certificated employees in exchange for a voluntary
31 termination occurring prior to July 1, 2009, occurring on or after the

1 last day of the 2010-11 school year and prior to the first day of the
2 2013-14 school year, or, to the extent that a district has demonstrated
3 to the State Board of Education pursuant to section 79-1028.01 that the
4 agreement will result in a net savings in salary and benefit costs to the
5 school district over a five-year period, occurring on or after the first
6 day of the 2013-14 school year or (ii) for state aid calculated for
7 school fiscal year 2018-19 and each school fiscal year thereafter,
8 expenditures to pay for incentives agreed to be paid by a school district
9 to certificated employees in exchange for a voluntary termination of
10 employment for which the State Board of Education approved an exclusion
11 pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01,
12 (f)(i) expenditures to pay for employer contributions pursuant to
13 subsection (2) of section 79-958 to the School Employees Retirement
14 System of the State of Nebraska to the extent that such expenditures
15 exceed the employer contributions under such subsection that would have
16 been made at a contribution rate of seven and thirty-five hundredths
17 percent or (ii) expenditures to pay for school district contributions
18 pursuant to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the
19 retirement system established pursuant to the Class V School Employees
20 Retirement Act to the extent that such expenditures exceed the school
21 district contributions under such subdivision that would have been made
22 at a contribution rate of seven and thirty-seven hundredths percent, and
23 (g) any amounts paid by the district for lobbyist fees and expenses
24 reported to the Clerk of the Legislature pursuant to section 49-1483.

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

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

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

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

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

16 (28) Low-income child means (a) for school fiscal years prior to
17 2016-17, a child under nineteen years of age living in a household having
18 an annual adjusted gross income for the second calendar year preceding
19 the beginning of the school fiscal year for which aid is being calculated
20 equal to or less than the maximum household income that would allow a
21 student from a family of four people to be a free lunch and free milk
22 student during the school fiscal year immediately preceding the school
23 fiscal year for which aid is being calculated and (b) for school fiscal
24 year 2016-17 and each school fiscal year thereafter, a child under
25 nineteen years of age living in a household having an annual adjusted
26 gross income for the second calendar year preceding the beginning of the
27 school fiscal year for which aid is being calculated equal to or less
28 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
29 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
30 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
31 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)

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

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

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

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

29 (32) Qualified early childhood education average daily membership
30 means (a) for aid calculated for school fiscal years prior to school
31 fiscal year 2022-23, the product of sixty percent of the average daily

1 membership for ~~school fiscal year 2006-07 and each school fiscal year~~
2 ~~thereafter~~ of students who will be eligible to attend kindergarten the
3 following school year and are enrolled in an early childhood education
4 program approved by the department pursuant to section 79-1103 for such
5 school district for such school year multiplied by the ratio of the
6 actual instructional hours of the program divided by one thousand thirty-
7 two if: (i) (a) The program is receiving a grant pursuant to such section
8 for the third year; (ii) (b) the program has already received grants
9 pursuant to such section for three years; or (iii) (c) the program has
10 been approved pursuant to subsection (5) of section 79-1103 for such
11 school year and the two preceding school years, including any such
12 students in portions of any of such programs receiving an expansion grant
13 and (b) for aid calculated for school fiscal year 2022-23 and each school
14 fiscal year thereafter, the product of eighty percent of the average
15 daily membership of students who will be eligible to attend kindergarten
16 in one of the two immediately following school years and are enrolled in
17 an early childhood education program approved by the department pursuant
18 to section 79-1103 for such school district for such school year
19 multiplied by the ratio of the actual instructional hours of the program
20 divided by one thousand thirty-two if: (i) The program is receiving a
21 grant pursuant to such section for the third year; (ii) the program has
22 already received grants pursuant to such section for three years; or
23 (iii) the program has been approved pursuant to subsection (5) of section
24 79-1103 for such school year and the two preceding school years,
25 including any such students in portions of any of such programs receiving
26 an expansion grant;

27 (33) Qualified early childhood education fall membership means (a)
28 for aid calculated for school fiscal years prior to school fiscal year
29 2022-23, the product of sixty percent of the membership on October 1 of
30 each school year of students who will be eligible to attend kindergarten
31 the following school year and are enrolled in an early childhood

1 education program approved by the department pursuant to section 79-1103
2 for such school district for such school year multiplied by the ratio of
3 the planned instructional hours of the program divided by one thousand
4 thirty-two if: (i) (a) The program is receiving a grant pursuant to such
5 section for the third year; (ii) (b) the program has already received
6 grants pursuant to such section for three years; or (iii) (c) the program
7 has been approved pursuant to subsection (5) of section 79-1103 for such
8 school year and the two preceding school years, including any such
9 students in portions of any of such programs receiving an expansion grant
10 and (b) for aid calculated for school fiscal year 2022-23 and each school
11 fiscal year thereafter, the product of eighty percent of the membership
12 on October 1 of students who will be eligible to attend kindergarten in
13 one of the two immediately following school years and are enrolled in an
14 early childhood education program approved by the department pursuant to
15 section 79-1103 for such school district for such school year multiplied
16 by the ratio of the planned instructional hours of the program divided by
17 one thousand thirty-two if: (i) The program is receiving a grant pursuant
18 to such section for the third year; (ii) the program has already received
19 grants pursuant to such section for three years; or (iii) the program has
20 been approved pursuant to subsection (5) of section 79-1103 for such
21 school year and the two preceding school years, including any such
22 students in portions of any of such programs receiving an expansion
23 grant;

24 (34) Regular route transportation means the transportation of
25 students, including early childhood education students, on regularly
26 scheduled daily routes to and from the attendance center;

27 (35) Reorganized district means any district involved in a
28 consolidation and currently educating students following consolidation;

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

31 (37) Sparse local system means a local system that is not a very

1 sparse local system but which meets the following criteria:

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

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

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

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

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

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

28 (40) State aid means the amount of assistance paid to a district
29 pursuant to the Tax Equity and Educational Opportunities Support Act;

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

31 (42) State support means all funds provided to districts by the

1 State of Nebraska for the general fund support of elementary and
2 secondary education;

3 (43) Statewide average basic funding per formula student means the
4 statewide total basic funding for all districts divided by the statewide
5 total formula students for all districts;

6 (44) Statewide average general fund operating expenditures per
7 formula student means the statewide total general fund operating
8 expenditures for all districts divided by the statewide total formula
9 students for all districts;

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

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

22 (47) Tuition receipts from converted contracts means tuition
23 receipts received by a district from another district in the most
24 recently available complete data year pursuant to a converted contract
25 prior to the expiration of the contract;

26 (48) Tuitioned students means students in kindergarten through grade
27 twelve of the district whose tuition is paid by the district to some
28 other district or education agency;

29 (49) Unadjusted poverty students means, for school fiscal year
30 2016-17 and each school fiscal year thereafter, the greater of the number
31 of low-income students or the free lunch and free milk calculated

1 students in a district; and

2 (50) Very sparse local system means a local system that has:

3 (a)(i) Less than one-half student per square mile in each county in
4 which each high school attendance center is located based on the school
5 district census, (ii) less than one formula student per square mile in
6 the local system, and (iii) more than fifteen miles between the high
7 school attendance center and the next closest high school attendance
8 center on paved roads; or

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

14 Sec. 3. (1) For school fiscal year 2022-23 and each school fiscal
15 year thereafter, the department shall calculate an early childhood
16 education allowance for each district as follows:

17 (a) For state aid certified pursuant to section 79-1022, the early
18 childhood education allowance for each school district shall equal the
19 product of the qualified early childhood education fall membership
20 multiplied by the statewide average general fund operating expenditures
21 per formula student; and

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

27 (2) For school fiscal year 2022-23 and each school fiscal year
28 thereafter, the department shall calculate early childhood education
29 transportation costs for each district which shall equal the sum of:

30 (a) The number of miles included in the calculation of the
31 transportation allowance that were traveled by vehicles owned, leased, or

1 contracted by the district or the districts in the local system for the
2 purpose of regular route transportation for routes used exclusively to
3 transport early childhood education students multiplied by four hundred
4 percent of the mileage rate established by the Department of
5 Administrative Services pursuant to section 81-1176 as of January 1 of
6 the most recently available complete data year; plus

7 (b) The in lieu of transportation expenditures pursuant to section
8 79-611 included in the calculation for the transportation allowance that
9 were paid exclusively to transport early childhood education students.

10 (3) For each school district, fifty percent of the sum of the early
11 childhood education allowance calculated pursuant to this section plus
12 the early childhood education transportation costs calculated pursuant to
13 this section shall be paid as early childhood education aid for the
14 school fiscal year for which aid is being calculated.

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

21 Sec. 4. Section 79-1007.11, Revised Statutes Cumulative Supplement,
22 2020, is amended to read:

23 79-1007.11 ~~(1) Except as otherwise provided in this section, for~~
24 ~~school fiscal years 2013-14 through 2015-16, each school district's~~
25 ~~formula need shall equal the difference of the sum of the school~~
26 ~~district's basic funding, poverty allowance, limited English proficiency~~
27 ~~allowance, focus school and program allowance, summer school allowance,~~
28 ~~special receipts allowance, transportation allowance, elementary site~~
29 ~~allowance, instructional time allowance, teacher education allowance,~~
30 ~~distance education and telecommunications allowance, averaging~~
31 ~~adjustment, new learning community transportation adjustment, student~~

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

5 ~~(2) Except as otherwise provided in this section, for school fiscal~~
6 ~~year 2016-17, each school district's formula need shall equal the~~
7 ~~difference of the sum of the school district's basic funding, poverty~~
8 ~~allowance, limited English proficiency allowance, focus school and~~
9 ~~program allowance, summer school allowance, special receipts allowance,~~
10 ~~transportation allowance, elementary site allowance, distance education~~
11 ~~and telecommunications allowance, averaging adjustment, new learning~~
12 ~~community transportation adjustment, student growth adjustment, any~~
13 ~~positive student growth adjustment correction, and new school adjustment,~~
14 ~~minus the sum of the limited English proficiency allowance correction,~~
15 ~~poverty allowance correction, and any negative student growth adjustment~~
16 ~~correction.~~

17 ~~(3) Except as otherwise provided in this section, for school fiscal~~
18 ~~years 2017-18 and 2018-19, each school district's formula need shall~~
19 ~~equal the difference of the sum of the school district's basic funding,~~
20 ~~poverty allowance, poverty allowance adjustment, limited English~~
21 ~~proficiency allowance, focus school and program allowance, summer school~~
22 ~~allowance, special receipts allowance, transportation allowance,~~
23 ~~elementary site allowance, distance education and telecommunications~~
24 ~~allowance, averaging adjustment, new community achievement plan~~
25 ~~adjustment, student growth adjustment, any positive student growth~~
26 ~~adjustment correction, and new school adjustment minus the sum of the~~
27 ~~limited English proficiency allowance correction, poverty allowance~~
28 ~~correction, and any negative student growth adjustment correction.~~

29 ~~(1) (4) Except as otherwise provided in this section, for school~~
30 ~~fiscal years year 2019-20 through 2021-22 and each school fiscal year~~
31 ~~thereafter, each school district's formula need shall equal the~~

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

11 (2) Except as otherwise provided in this section, for school fiscal
12 year 2022-23 and each school fiscal year thereafter, each school
13 district's formula need shall equal the difference of the sum of the
14 school district's basic funding, poverty allowance, limited English
15 proficiency allowance, focus school and program allowance, summer school
16 allowance, early childhood education allowance, special receipts
17 allowance, transportation allowance, elementary site allowance, distance
18 education and telecommunications allowance, community achievement plan
19 allowance, averaging adjustment, new community achievement plan
20 adjustment, student growth adjustment, any positive student growth
21 adjustment correction, and new school adjustment minus the sum of the
22 limited English proficiency allowance correction, poverty allowance
23 correction, and any negative student growth adjustment correction.

24 (3) (5) If the formula need calculated for a school district
25 pursuant to subsections (1) and (2) through (4) of this section is less
26 than one hundred percent of the formula need for such district for the
27 school fiscal year immediately preceding the school fiscal year for which
28 aid is being calculated, the formula need for such district shall equal
29 one hundred percent of the formula need for such district for the school
30 fiscal year immediately preceding the school fiscal year for which aid is
31 being calculated.

1 ~~(4)~~ ~~(6)~~ If the formula need calculated for a school district
2 pursuant to subsections (1) and (2) ~~through (4)~~ of this section is more
3 than one hundred twelve percent of the formula need for such district for
4 the school fiscal year immediately preceding the school fiscal year for
5 which aid is being calculated, the formula need for such district shall
6 equal one hundred twelve percent of the formula need for such district
7 for the school fiscal year immediately preceding the school fiscal year
8 for which aid is being calculated, except that the formula need shall not
9 be reduced pursuant to this subsection for any district receiving a
10 student growth adjustment for the school fiscal year for which aid is
11 being calculated.

12 ~~(5)~~ ~~(7)~~ For purposes of subsections ~~(3)~~ ~~(5)~~ and ~~(4)~~ ~~(6)~~ of this
13 section, the formula need for the school fiscal year immediately
14 preceding the school fiscal year for which aid is being calculated shall
15 be the formula need used in the final calculation of aid pursuant to
16 section 79-1065 and for districts that were affected by a reorganization
17 with an effective date in the calendar year preceding the calendar year
18 in which aid is certified for the school fiscal year for which aid is
19 being calculated, the formula need for the school fiscal year immediately
20 preceding the school fiscal year for which aid is being calculated shall
21 be attributed to the affected school districts based on information
22 provided to the department by the school districts or proportionally
23 based on the adjusted valuation transferred if sufficient information has
24 not been provided to the department.

25 Sec. 5. Section 79-1017.01, Revised Statutes Cumulative Supplement,
26 2020, is amended to read:

27 79-1017.01 (1) For state aid calculated for ~~each~~ school fiscal
28 years through 2021-22 year, local system formula resources includes other
29 actual receipts determined pursuant to section 79-1018.01, net option
30 funding determined pursuant to section 79-1009, allocated income tax
31 funds determined pursuant to section 79-1005.01, and community

1 achievement plan aid determined pursuant to section 79-1005, and is
2 reduced by amounts paid by the district in the most recently available
3 complete data year as property tax refunds pursuant to or in the manner
4 prescribed by section 77-1736.06.

5 (2) For state aid calculated for school fiscal year 2022-23 and each
6 school fiscal year thereafter, local system formula resources includes
7 other actual receipts determined pursuant to section 79-1018.01, net
8 option funding determined pursuant to section 79-1009, early childhood
9 education aid determined pursuant to section 3 of this act, allocated
10 income tax funds determined pursuant to section 79-1005.01, and community
11 achievement plan aid determined pursuant to section 79-1005, and is
12 reduced by amounts paid by the district in the most recently available
13 complete data year as property tax refunds pursuant to or in the manner
14 prescribed by section 77-1736.06.

15 Sec. 6. Original sections 79-1001, 79-1003, 79-1007.11, and
16 79-1017.01, Revised Statutes Cumulative Supplement, 2020, are repealed.