

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 303**

FINAL READING

Introduced by Hughes, 24; at the request of the Governor; Brandt, 32;  
Dorn, 30; Conrad, 46.

Read first time January 15, 2025

Committee: Education

- 1 A BILL FOR AN ACT relating to education; to amend section 79-1028.01,
- 2 Reissue Revised Statutes of Nebraska; to create the School Financing
- 3 Review Commission; to provide duties; to change provisions relating
- 4 to the ability of a school district to exceed its budget authority
- 5 for the general fund budget of expenditures under the Tax Equity and
- 6 Educational Opportunities Support Act; to repeal the original
- 7 section; and to declare an emergency.
- 8 Be it enacted by the people of the State of Nebraska,

1       **Section 1.**   (1) The School Financing Review Commission is created.  
2   The commission shall consist of eighteen members, including:  
3       (a) The Commissioner of Education or a designee of the Commissioner  
4   of Education;  
5       (b) The Property Tax Administrator or a designee of the Property Tax  
6   Administrator;  
7       (c) One representative of the Governor appointed by the Governor;  
8       (d) Three members of the Legislature, who shall be nonvoting members  
9   of the commission, including the Chairperson of the Education Committee  
10   of the Legislature or the chairperson's designee, the Chairperson of the  
11   Revenue Committee of the Legislature or the chairperson's designee, and  
12   one member appointed pursuant to subsection (2) of this section. No more  
13   than two members shall be affiliated with the same political party;  
14       (e) One member who is a representative of postsecondary education  
15   with expertise in school finance;  
16       (f) Four members who are superintendents or school board members  
17   representing a Class I, II, or III school district. There shall be at  
18   least one member appointed pursuant to this subdivision (1)(f)  
19   representing each class of school district. Of the members appointed  
20   pursuant to this subdivision (1)(f), no more than two members shall  
21   represent the same class of school district, no more than three members  
22   may be superintendents, and no more than three members may be school  
23   board members;  
24       (g) One member that is a representative of a Class IV school  
25   district and one member that is a representative of a Class V school  
26   district. One member appointed pursuant to this subdivision (1)(g) shall  
27   be a school board member of the school district being represented and the  
28   other member appointed pursuant to this subdivision (1)(g) shall be a  
29   school administrator in the other school district being represented; and  
30       (h) Five members appointed from the state at large, which shall  
31   include (i) at least one individual having experience in business, (ii)

1 at least one individual having experience in farming, (iii) at least one  
2 individual teaching as a certified teacher in a public school, and (iv)  
3 two other individuals. Members appointed pursuant to subdivision (i) and  
4 (ii) of this subdivision (1)(h) may be retired.

5 (2)(a) The member to be appointed as described in subdivision (1)(d)  
6 of this section shall be appointed by the Executive Board of the  
7 Legislative Council in January of each odd-numbered year for a two-year  
8 term, except that the initial member shall be appointed within thirty  
9 days after the effective date of this act and shall serve until a  
10 successor is appointed in January 2027.

11 (b) The members described in subdivisions (1)(a) through (c) of this  
12 section shall serve as ex officio members of the commission.

13 (3) The members described in subdivisions (1)(e) through (h) of this  
14 section shall be appointed by the Governor within thirty days after the  
15 effective date of this act. Initial appointees under this subsection  
16 shall serve terms as described in subsection (4) of this section.  
17 Thereafter, such members shall serve terms of three years, and any  
18 vacancy shall be filled by the Governor for the remainder of the vacated  
19 term. For purposes of determining term length and expiration of such  
20 terms, the initial terms for such members shall begin thirty days after  
21 the effective date of this act.

22 (4)(a) The initial terms for members described in subdivisions (1)  
23 (e) through (h) of this section shall be as follows:

24 (i) The member appointed pursuant to subdivision (1)(e) of this  
25 section, one member described in subdivision (1)(g) of this section, and  
26 one member described in subdivision (1)(h) of this section shall serve a  
27 three-year term;

28 (ii) Two members described in subdivision (1)(f) of this section,  
29 one member described in subdivision (1)(g) of this section, and one  
30 member described in subdivision (1)(h) shall serve an initial term of two  
31 years; and

1       (iii) Two members described in subdivision (1)(f) of this section  
2       and three members described in subdivision (1)(h) of this section shall  
3       serve an initial term of one year.

4       (b) The Governor shall, upon appointment, designate the initial term  
5       for the members appointed subject to subdivision (4)(a) of this section.

6       (5) If at any point a member no longer meets the qualification for  
7       such member's position on the commission, such member shall vacate  
8       membership on the commission. Any vacancy in the commission shall be  
9       filled in the same manner and same qualification as the original  
10       appointment.

11       (6) A member of the commission appointed pursuant to subsection (3)  
12       of this section shall not receive any compensation for services as a  
13       member but shall be reimbursed for expenses incurred as a member of the  
14       commission as provided in sections 81-1174 to 81-1177.

15       (7) The Commissioner of Education or the designee of the  
16       Commissioner of Education shall be the chairperson of the commission, and  
17       the commission shall elect a vice-chairperson from among its members.

18       (8) The commission shall meet at least four times a year and at  
19       least once per calendar quarter.

20       (9) The State Department of Education may provide staff to assist  
21       the commission as needed and requested by the chairperson of the  
22       commission in accordance with guidelines developed by the commission. The  
23       commission may also obtain assistance from the State Department of  
24       Education, the Department of Revenue, and the Legislative Fiscal Analyst  
25       in acquiring the data needed to carry out its duties.

26       (10) For administrative purposes, the commission shall be housed  
27       within the State Department of Education.

28       **Sec. 2.**       (1)(a) The purpose of the School Financing Review  
29       Commission is to study and provide advisory recommendations relating to  
30       school funding in Nebraska. The commission shall:

31       (i) Evaluate the school funding formula for education under the Tax

1 Equity and Educational Opportunities Support Act and make recommendations  
2 for adjustments or changes to such formula that may be necessary to help  
3 prevent the increase of property taxes;

4 (ii) Regularly review the resources side of the formula under the  
5 Tax Equity and Educational Opportunities Support Act;

6 (iii) Regularly review the needs side of the formula under the Tax  
7 Equity and Educational Opportunities Support Act;

8 (iv) Analyze options for how to minimize the negative impact on  
9 schools during times when the state may be unable to fully fund the  
10 formula under the Tax Equity and Educational Opportunities Support Act;

11 (v) Analyze the impact of funding for education on student  
12 achievement and outcomes, focusing on, but not limited to: Access to  
13 early childhood education; student attendance; literacy; graduation rate;  
14 college-going rate; and postsecondary workforce participation; and

15 (vi) Analyze the impact of funding for education on issues and  
16 resources impacting students with relatively high needs, including, but  
17 not limited to, students who live in areas of high concentrations of  
18 poverty, students with an individualized education program, and students  
19 with limited English proficiency.

20 (b) The School Financing Review Commission, to the extent it is  
21 practical, shall compare findings from subdivision (1)(a) of this section  
22 to similar policies from other states.

23 (2) By December 1, 2025, and by November 1 of each year thereafter,  
24 the commission shall prepare and electronically deliver to the Clerk of  
25 the Legislature an annual report with the observations and  
26 recommendations developed pursuant to subsection (1) of this section.

27 **Sec. 3.** Section 79-1028.01, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29 79-1028.01 (1) For each school fiscal year, a school district may  
30 exceed its budget authority for the general fund budget of expenditures  
31 as calculated pursuant to section 79-1023 for such school fiscal year by

1 a specific dollar amount for the following exclusions:

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

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

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

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

17 ~~(e)(i) (e)~~ Expenditures to pay for employer contributions pursuant  
18 to subsection (2) of section 79-958 to the School Employees Retirement  
19 System of the State of Nebraska to the extent that such expenditures  
20 exceed the employer contributions under such subsection that would have  
21 been made at a contribution rate of seven and thirty-five hundredths  
22 percent. ÷

23 (ii) For school fiscal years 2025-26 and 2026-27, the amount of the  
24 expenditures described in subdivision (1)(e)(i) of this section for  
25 school fiscal year 2024-25 may be carried over and included in the budget  
26 authority for the general fund budget of expenditures for school fiscal  
27 years 2025-26 and 2026-27;

28 (f) Expenditures to pay for school district contributions pursuant  
29 to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the  
30 retirement system established pursuant to the Class V School Employees  
31 Retirement Act to the extent that such expenditures exceed the school

1 district contributions under such subdivision that would have been made  
2 at a contribution rate of seven and thirty-seven hundredths percent;

3 (g) Expenditures for incentives agreed to be paid by a school  
4 district to certificated employees in exchange for a voluntary  
5 termination of employment occurring prior to July 1, 2009, occurring on  
6 or after the last day of the 2010-11 school year and prior to the first  
7 day of the 2013-14 school year, or, to the extent that a district  
8 demonstrates to the State Board of Education pursuant to subsection (3)  
9 of this section that the agreement will result in a net savings in salary  
10 and benefit costs to the school district over a five-year period,  
11 occurring on or after the first day of the 2013-14 school year and prior  
12 to September 1, 2017;

13 (h) Expenditures by a school district with budgeted expenditures  
14 otherwise equal to the budget authority for the general fund budget of  
15 expenditures for such school district as calculated pursuant to section  
16 79-1023 for such school fiscal year for current and future qualified  
17 voluntary termination incentives for certificated teachers pursuant to  
18 subsection (3) of section 79-8,142 that are not otherwise included in an  
19 exclusion pursuant to this subsection;

20 (i) Expenditures by a school district with budgeted expenditures  
21 otherwise equal to the budget authority for the general fund budget of  
22 expenditures for such school district as calculated pursuant to section  
23 79-1023 for such school fiscal year for seventy-five percent of  
24 incentives agreed to be paid to certificated employees in exchange for a  
25 voluntary termination of employment occurring between September 1, 2017,  
26 and August 31, 2018, as a result of a collective-bargaining agreement in  
27 force and effect on September 1, 2017, that are not otherwise included in  
28 an exclusion pursuant to this subsection;

29 (j) Expenditures by a school district with budgeted expenditures  
30 otherwise equal to the budget authority for the general fund budget of  
31 expenditures for such school district as calculated pursuant to section

1 79-1023 for such school fiscal year for fifty percent of incentives  
2 agreed to be paid to certificated employees in exchange for a voluntary  
3 termination of employment occurring between September 1, 2018, and August  
4 31, 2019, as a result of a collective-bargaining agreement in force and  
5 effect on September 1, 2017, that are not otherwise included in an  
6 exclusion pursuant to this subsection;

7 (k) Expenditures by a school district with budgeted expenditures  
8 otherwise equal to the budget authority for the general fund budget of  
9 expenditures for such school district as calculated pursuant to section  
10 79-1023 for such school fiscal year for twenty-five percent of incentives  
11 agreed to be paid to certificated employees in exchange for a voluntary  
12 termination of employment occurring between September 1, 2019, and August  
13 31, 2020, as a result of a collective-bargaining agreement in force and  
14 effect on September 1, 2017, that are not otherwise included in an  
15 exclusion pursuant to this subsection;

16 (l) The special education budget of expenditures;

17 (m) Expenditures of special grant funds; and

18 (n) Expenditures of funds received as federal impact aid pursuant to  
19 20 U.S.C. 7701 to 7714, as such sections existed on January 1, 2016, due  
20 to a district having land within its boundaries that is federal property  
21 classified as Indian lands under 20 U.S.C. 7713(7), as such section  
22 existed on January 1, 2016, and funds received as impact aid due to  
23 children in attendance who resided on Indian lands in accordance with 20  
24 U.S.C. 7703(a)(1)(C), as such section existed on January 1, 2016.

25 (2) For each school fiscal year, a school district may exceed its  
26 budget authority for the general fund budget of expenditures as  
27 calculated pursuant to section 79-1023 for such school fiscal year by a  
28 specific dollar amount and include such dollar amount in the budget of  
29 expenditures used to calculate budget authority for the general fund  
30 budget of expenditures pursuant to section 79-1023 for future years for  
31 the following exclusions:



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

11           (b) Expenditures for new elementary attendance sites in the first  
12 year of operation or the first year of operation after being closed for  
13 at least one school year if such elementary attendance site will most  
14 likely qualify for the elementary site allowance in the immediately  
15 following school fiscal year as determined by the state board;

16           (c) For the first school fiscal year for which early childhood  
17 education membership is included in formula students for the calculation  
18 of state aid, expenditures for early childhood education equal to the  
19 amount the school district received in early childhood education grants  
20 pursuant to section 79-1103 for the prior school fiscal year, increased  
21 by the basic allowable growth rate; and

22           (d) For school fiscal year 2013-14, an amount not to exceed two  
23 percent over the previous school year if such increase is approved by a  
24 seventy-five percent majority vote of the school board of such district.

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

28           **Sec. 4.** Original section 79-1028.01, Reissue Revised Statutes of  
29 Nebraska, is repealed.

30           **Sec. 5.** Since an emergency exists, this act takes effect when  
31 passed and approved according to law.