

LEGISLATIVE BILL 67

Approved by the Governor January 30, 2003

Introduced by Raikes, 25

AN ACT relating to education; to amend sections 10-704, 79-4,102, 79-527, 79-554, 79-1303, 79-1305 to 79-1307, and 79-1324, Reissue Revised Statutes of Nebraska, and sections 79-101, 79-2,135, 79-528, 79-565, 79-598, 79-602, 79-1007.02, 79-1022, 79-1023, 79-1024, 79-1026 to 79-1029, 79-1070, 79-1083.02, 79-1083.03, 79-10,110, 79-1135, 79-1155, 79-1156, and 79-1167, Revised Statutes Supplement, 2002; to change and eliminate provisions relating to bonds, elections, education, transportation, state aid, special education, and educational technology; to eliminate obsolete provisions; to harmonize provisions; to repeal the original sections; to outright repeal sections 79-4,105, 79-1308, 79-1309, and 79-1311, Reissue Revised Statutes of Nebraska, and sections 79-4,106, 79-763 to 79-770, 79-8,118 to 79-8,123, and 79-1010.01, Revised Statutes Supplement, 2002; and to declare an emergency.

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

Section 1. Section 10-704, Reissue Revised Statutes of Nebraska, is amended to read:

10-704. ~~The~~ Except as otherwise provided in this section, the aggregate amount of school bonds issued for all purposes in Class I or Class II school districts shall in no event exceed fourteen percent of the taxable valuation of all property in such school district. This section shall does not apply (1) to the issuance of refunding or compromise of indebtedness bonds by any such school district for the purpose of retiring outstanding bonds, warrants, or other indebtedness or (2) to any Class II school district which currently receives or has received in either of the two previous school fiscal years federal funds in excess of twenty-five percent of its general fund budget of expenditures as defined in section 79-1003.

Sec. 2. Section 79-101, Revised Statutes Supplement, 2002, is amended to read:

79-101. For purposes of Chapter 79:

(1) School district means the territory under the jurisdiction of a single school board authorized by Chapter 79;

(2) School means a school under the jurisdiction of a school board authorized by Chapter 79;

(3) Legal voter means a registered voter as defined in section 32-115 who is domiciled in a precinct or ward in which he or she is registered to vote and which precinct or ward lies in whole or in part within the boundaries of a school district for which the registered voter chooses to exercise his or her right to vote at a school district election or at an annual or special meeting of a Class I school district;

(4) Prekindergarten programs means all early childhood programs provided for children who have not reached the age of five by October 15 of the current school year;

(5) Elementary grades means grades kindergarten through eight, inclusive;

(6) High school grades means all grades above the eighth grade;

(7) School year means (a) for elementary grades other than kindergarten, the time equivalent to at least one thousand thirty-two instructional hours and (b) for high school grades, the time equivalent to at least one thousand eighty instructional hours;

(8) Instructional hour means a period of time, at least sixty minutes, which is actually used for the instruction of students;

(9) Teacher means any certified employee who is regularly employed for the instruction of pupils in the public schools;

(10) Administrator means any certified employee such as superintendent, assistant superintendent, principal, assistant principal, school nurse, or other supervisory or administrative personnel who do not have as a primary duty the instruction of pupils in the public schools;

(11) School board means the governing body of any school district. Board of education has the same meaning as school board;

(12) Teach means and includes, but is not limited to, the following responsibilities: (a) The organization and management of the classroom or the physical area in which the learning experiences of pupils take place; (b) the assessment and diagnosis of the individual educational needs of the pupils;

(c) the planning, selecting, organizing, prescribing, and directing of the learning experiences of pupils; (d) the planning of teaching strategies and the selection of available materials and equipment to be used; and (e) the evaluation and reporting of student progress;

(13) Permanent school fund means the fund described in section 79-1035.01;

(14) Temporary school fund means the fund described in section 79-1035.02; and

(15) School lands means the lands described in section 79-1035.03. Educational lands has the same meaning as school lands.

The State Board of Education ~~shall~~ may adopt and promulgate rules and regulations to define school day, ~~school month~~, and other appropriate units of the school calendar.

Sec. 3. Section 79-2,135, Revised Statutes Supplement, 2002, is amended to read:

79-2,135. Each school ~~board~~ district that collects money from students pursuant to subdivisions (1), (3), and (8) of section 79-2,127 shall establish a student fee fund. For purposes of this section, student fee fund means a separate school district fund not funded by tax revenue, into which all money collected from students pursuant to such subdivisions ~~(1), (3), and (8) of section 79-2,127~~ shall be deposited and from which money shall be expended for the purposes for which it was collected from students.

Funds collected from another school district for providing summer school or night school instruction to a school district's students and the related expenditures for providing such instruction shall be accounted for in the general fund of the school district providing the instruction.

Sec. 4. Section 79-4,102, Reissue Revised Statutes of Nebraska, is amended to read:

79-4,102. (1) For purposes of eligibility for or entitlement to any educational service or program, any student residing in an affiliated Class I district who is enrolled in the high school program of an affiliated school system shall be considered to be a resident of the Class II, III, IV, or V district which is part of such affiliated school system. Such student shall be treated for purposes of any educational service, including special education services, extracurricular programs, and other school-sponsored activities, as if he or she were a resident student of the high school district.

(2) All children residing in a Class I district or portion thereof which is affiliated who are fourteen through ~~twenty~~ eighteen years of age shall be counted on the school census of the affiliated high school district pursuant to section 79-528.

Sec. 5. Section 79-527, Reissue Revised Statutes of Nebraska, is amended to read:

79-527. The ~~chief executive officer~~ superintendent or head administrator of a public or a nonpublic school system ~~serving any of grades seven through twelve~~ shall annually report to the Commissioner of Education in such detail and on such date as required by the commissioner the number of students who have dropped out of school or were for any reason suspended, expelled, or excluded from school during the year.

Sec. 6. Section 79-528, Revised Statutes Supplement, 2002, is amended to read:

79-528. (1) On or before July 20 in all school districts, the ~~secretary of the school board~~ superintendent or head administrator shall file with the State Department of Education a report under oath showing the number of children from ~~birth through twenty~~ five through eighteen years of age belonging to the school district according to the census taken as provided in sections 79-524 and 79-578. The report shall identify the number of boys and the number of girls in each of the respective age categories. Each Class I school district which is part of a Class VI school district offering instruction (a) in grades kindergarten through six shall report children from ~~birth~~ five through eleven years of age and (b) in grades kindergarten through eight shall report children from ~~birth~~ five through thirteen years of age. Each Class VI school district offering instruction (i) in grades seven through twelve shall report children who are twelve through ~~twenty~~ eighteen years of age and (ii) in grades nine through twelve children who are fourteen through ~~twenty~~ eighteen years of age. Each Class I district which has affiliated in whole or in part shall report children from ~~birth~~ five through thirteen years of age. ~~Each Class I district which is not in whole or in part a part of a Class VI district and which has not affiliated in whole or in part shall report children from birth through twenty years of age.~~ Each Class II, III, IV, or V district shall report children who are fourteen through ~~twenty~~ eighteen years of age residing in Class I districts or portions thereof which

have affiliated with such district. The board of any district neglecting to take and report the enumeration shall be liable to the school district for all school money which such district may lose by such neglect.

(2) On or before June 30 the ~~secretary of each school board superintendent or head administrator~~ of each school district shall file with the Commissioner of Education a report under oath described as an end-of-the-school-year annual statistical summary showing (a) the number of children attending school during the year under five years of age, (b) the length of time the school has been taught during the year by a qualified teacher, (c) the length of time taught by each substitute teacher, and (d) such other information as the Commissioner of Education directs.

(3) On or before November 1 the ~~secretary of each school board superintendent or head administrator~~ of each school district shall submit to the Commissioner of Education, to be filed in his or her office, a report under oath described as the annual financial report showing (a) the amount of money received from all sources during the year and the amount of money expended by the school district during the year, (b) the amount of bonded indebtedness, (c) such other information as shall be necessary to fulfill the requirements of the Tax Equity and Educational Opportunities Support Act and section 79-1114, and (d) such other information as the Commissioner of Education directs.

(4) On or before October 15 of each year, the ~~secretary of each school board superintendent or head administrator~~ of each school district shall deliver to the department the fall school district membership report, which report shall include the number of children from birth through twenty years of age enrolled in the district on the last Friday in September of a given school year. The report shall enumerate (a) students by grade level, (b) school district levies and total assessed valuation for the current fiscal year, and (c) such other information as the Commissioner of Education directs. When any school district fails to submit its fall school district membership report by November 1, the commissioner shall, after notice to the district and an opportunity to be heard, direct that any state aid granted pursuant to the Tax Equity and Educational Opportunities Support Act be withheld until such time as the report is received by the department. In addition, the commissioner shall direct the county treasurer to withhold all school money belonging to the school district until such time as the commissioner notifies the county treasurer of receipt of such report. The county treasurer shall withhold such money.

Sec. 7. Section 79-554, Reissue Revised Statutes of Nebraska, is amended to read:

79-554. In all meetings of a school board ~~or board of education~~ of a Class I, II, III, or VI school district, a majority of the members shall constitute a quorum for the transaction of business. Regular meetings shall be held on or before the third Monday of every month. All meetings of the board shall be subject to sections 84-1408 to 84-1414. Special meetings may be called by the president or any two members, but all members shall have notice of the time and place of meeting. If a school district is participating in an approved unified system as provided in section 79-4,108, regular meetings of such district's school board shall be held at least twice during the school year.

Sec. 8. Section 79-565, Revised Statutes Supplement, 2002, is amended to read:

79-565. (1) The legal voters of every new Class I school district, when assembled pursuant to legal notice, shall elect by ballot from the legal voters of such district a president for a term of three years, a secretary for a term of two years, and a treasurer for a term of one year. At the next annual school meeting of the district and regularly thereafter, their successors shall be elected for terms of three years each. All officers elected shall hold their offices until their successors are elected or appointed and qualified.

(2) Officers of existing organized Class I districts, as referred to in subsection (1) of this section, shall continue and discharge the duties of their offices until the expiration of their terms. Their successors shall be elected for terms of three years.

(3) In any Class I district which is not within any city or village containing one hundred fifty or more children who are five through twenty years of age, candidates for the school board shall be nominated by petition of at least twenty-five legal voters of the district, which petition shall be filed with the secretary of the school board not less than fifteen days prior to the date of the annual school meeting. Legal voters at such meeting and election may cast their ballots, written or printed, between the hours of 12 noon and 8 p.m. of such date. Each year two members shall be elected for

terms of three years and until their successors have been elected and qualified. The terms of members of the school board in such a district shall begin on the second Monday of September, and on such date the members of the board shall elect a president, a treasurer, and a secretary from their own number. Each such officer shall serve for a term of one year or until his or her successor is elected and qualified.

(4) The president, secretary, and treasurer of a district referred to in subsection (3) of this section shall (a) conduct the election or cause the election to be conducted and (b) record the names and residences of persons voting and seal, preserve, and deliver the ballots to be publicly opened and canvassed as the first order of business at the convening of the annual meeting at 8 p.m. of such day.

(5) Elections conducted pursuant to this section shall come under the jurisdiction of the Secretary of State to decide disputed points of law as provided in section 32-201.

Sec. 9. Section 79-598, Revised Statutes Supplement, 2002, is amended to read:

79-598. (1) The school board of any public school district in this state, when authorized by a majority of the votes cast at any annual or special meeting, shall (a) contract with the board of any neighboring public school district or districts for the instruction of all or any part of the pupils residing in the first named district in the school or schools maintained by the neighboring public school district or districts for a period of time not to exceed three years and (b) make provision for the transportation of such pupils to the school or schools of the neighboring public school district or districts.

(2) The school board of any public school district may also, when petitioned to do so by at least two-thirds of the parents residing in the district having children of school age who will attend school under the contract plan, (a) contract with the board of any neighboring public school district or districts for the instruction of all or any part of the pupils residing in the first named district in the school or schools maintained by the neighboring public school district or districts for a period of time not to exceed three years and (b) make provision for the transportation of such pupils to the school or schools of the neighboring public school district or districts.

(3) The contract price for instruction referred to in subsections (1) and (2) of this section shall be the cost per pupil for the immediately preceding school year or the current year, whichever appears more practical as determined by the board of the district which accepts the pupils for instruction. The cost per pupil shall be determined by dividing the sum of the operational cost and debt service expense of the accepting district, except retirement of debt principal, plus three percent of the insurable or present value of the school plant and equipment of the accepting district, by the average daily membership of pupils in the accepting district. Payment of the contract price shall be made in equal installments at the beginning of the first and second semesters.

(4) All the contracts referred to in subsections (1) and (2) of this section shall be in writing, and copies of all such contracts shall be filed in the office of the superintendent of the primary high school district on or before August 15 of each year. ~~The form of such contracts shall be prescribed by the Commissioner of Education.~~ School districts thus providing instruction for their children in neighboring districts shall be considered as maintaining a school as required by law. The teacher of the school providing the instruction shall keep a separate record of the attendance of all pupils from the first named district and make a separate report to the secretary of that district. The board of every sending district contracting under this section shall enter into contracts with school districts of the choice of the parents of the children to be educated under the contract plan. Any school district failing to comply with this section shall not be paid any funds from the state apportionment of school funds while such violation continues.

(5) The State Committee for the Reorganization of School Districts may dissolve any district (a) failing to comply with this section, (b) in which the votes cast at an annual or special election on the question of contracting with a neighboring district are evenly divided, or (c) in which the governing body of the district is evenly divided in its vote on the question of contracting pursuant to subsection (2) of this section. The state committee shall dissolve and attach to a neighboring district or districts any school district which, for five consecutive years, contracts for the instruction of its pupils, except that when such dissolution will create extreme hardships on the pupils or the district affected, the State Board of Education may, on application by the school board of the district, waive the

requirements of this subsection. The dissolution of any school district pursuant to this section shall be effected in the manner prescribed in section 79-498. School districts that have contracted for instruction for two or more consecutive years shall, before reopening the schoolhouse within the district, have an enrollment of at least five pupils whose parents or legal guardians are legal voters of the school district and shall apply to the state committee for approval to reopen that schoolhouse for school use. ~~The state committee or its designee shall, before granting that approval, personally inspect the school building and toilets and approve them as being safe, clean, and sanitary. The state committee or its designee shall also inspect the supplies, equipment, and furnishings and approve them as being adequate for proper instruction.~~

Sec. 10. Section 79-602, Revised Statutes Supplement, 2002, is amended to read:

79-602. All school boards, the governing authorities of any nonpublic schools in this state, and all independent contractors who or which provide student transportation services for such boards and governing authorities and for military installations shall cause all pupil transportation vehicles used for the transportation of students to be inspected before school opens in the fall and each eighty days during that part of the year when school is in session by a motor vehicle mechanic appointed by the board or governing authority having jurisdiction over such students, except that any pupil transportation vehicle that has been inspected under rules and regulations of the Public Service Commission shall be exempted from the provisions of this section. The mechanic shall thoroughly inspect every vehicle used for the transportation of students as to brakes, lights, windshield wipers, window glass, tires, doors, heaters, defrosting equipment, steering gear, exhaust system, and the mechanical condition of every part of such pupil transportation vehicle to ensure compliance with the minimum allowable safety criteria established pursuant to section 79-607 and subdivision (13) of section 79-318. Within five days after such inspection, the mechanic shall make a report of his or her inspection in writing on regular forms provided by the State Department of Education which shall show if the vehicle met the minimum allowable safety criteria for use. Any item not meeting such criteria shall be brought into compliance prior to the vehicle being used to transport students. One copy of the mechanic's report shall be filed with the board or governing authority and, if the school contracts with an independent contractor to provide transportation services, one copy with the independent contractor. The chief administrative officer of each school district shall annually certify, by a written verification statement, to the State Department of Education that the inspections required pursuant to this section have been performed. Such verification statement shall be sent to the department no later than ~~July 31~~ June 30.

In addition to the inspection requirements prescribed in this section, the driver of each pupil transportation vehicle shall make daily inspections of such vehicle to ensure that all lights and equipment are fully operational or repaired before his or her daily route. Reports of such daily inspections shall be kept by the driver in the vehicle and filed weekly with the head mechanic or administrator in charge of the transportation system. If the inspection reveals any significant defect in the lights or equipment, the driver shall immediately report the defect to the head mechanic or administrator in charge of the transportation system.

Sec. 11. Section 79-1007.02, Revised Statutes Supplement, 2002, is amended to read:

79-1007.02. For state aid calculated for school fiscal year 1998-99 and each school fiscal year thereafter:

(1) Using data from the annual financial reports for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid, the annual statistical summary reports for the school fiscal year immediately preceding the school fiscal year in which aid is to be paid, the fall membership reports and supplements thereto for the school fiscal year immediately preceding the school fiscal year in which aid is to be paid, and the school district census as reported under sections 79-524 and 79-578 for the second school fiscal year preceding the school fiscal year in which aid is to be paid, the department shall divide the local systems into three cost groupings prior to the certification of state aid based upon the following criteria:

(a) The very sparse cost grouping will consist of local systems that have (i) (A) less than one-half student per square mile in each county in which each high school attendance center is located, based on the school district census, (B) less than one formula student per square mile in the local system, and (C) more than fifteen miles between the high school attendance center and

the next closest high school attendance center on paved roads or (ii) (A) more than four hundred fifty square miles in the local system, (B) less than one-half student per square mile in the local system, and (C) more than fifteen miles between each high school attendance center and the next closest high school attendance center on paved roads;

(b) The sparse cost grouping will consist of local systems that do not qualify for the very sparse cost grouping but which meet the following criteria:

(i) (A) Less than two students per square mile in the county in which each high school is located, based on the school district census, (B) less than one formula student per square mile in the local system, and (C) more than ten miles between each high school attendance center and the next closest high school attendance center on paved roads;

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

(iii) (A) Less than one and one-half formula students per square mile in the local system and (B) more than two hundred seventy-five square miles in the local system; or

(iv) (A) Less than two formula students per square mile in the local system and (B) the local system includes an area equal to ninety-five percent or more of the square miles in the largest county in which a high school attendance center is located in the local system; and

(c) The standard cost grouping will consist of local systems that do not qualify for the very sparse or the sparse cost groupings.

For purposes of subdivision (1) of this section, if a local system did not operate and offer instruction in grades nine through twelve within the boundaries of the local system during the school fiscal year immediately preceding the school fiscal year in which aid is to be paid, the local system shall not be considered to have a high school attendance center;

(2) The department shall calculate the average formula cost per student in each cost grouping by dividing the total estimated general fund operating expenditures for the cost grouping by the total adjusted formula students for all local systems in the cost grouping. For the calculation of state aid for school fiscal year 1999-00 and for each school fiscal year thereafter, the average formula cost per student in each cost grouping shall not be recalculated for the final calculation of state aid pursuant to section 79-1065. The calculation of total adjusted formula students for purposes of this subdivision shall take into account the requirements of subsection (2) of section 79-1007.01. The total estimated general fund operating expenditures for the cost grouping is equal to the total adjusted general fund operating expenditures for all local systems in the cost grouping multiplied by a cost growth factor. The cost growth factor for each cost grouping is equal to the sum of: (a) One; plus (b) the product of two times the ratio of the difference between the formula students attributable to the cost grouping without weighting or adjustment pursuant to section 79-1007.01 and the sum of the average daily membership plus tuitioned students attributable to the cost grouping for the most recently available complete data year divided by the sum of the average daily membership plus tuitioned students attributable to the cost grouping for the most recently available complete data year, except that the ratio shall not be less than zero; plus (c) the basic allowable growth rate pursuant to section 79-1025 for the school fiscal year in which the aid is to be distributed; plus (d) the basic allowable growth rate pursuant to section 79-1025 for the school fiscal year immediately preceding the school fiscal year in which the aid is to be distributed; plus (e) one-half of any additional growth rate allowed by special action of school boards for the school fiscal year in which the aid is to be distributed as determined for the school fiscal year immediately preceding the school fiscal year when aid is to be distributed; plus (f) one-half of any additional growth rate allowed by special action of the school boards for the school fiscal year immediately preceding the school fiscal year when the aid is to be distributed;

(3) For all school fiscal years except school fiscal years 2002-03, 2003-04, or 2004-05, each local system's formula need will be equal to the local system's transportation allowance plus the local system's special receipts allowance plus the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping. The calculation of total adjusted formula students for purposes of this subdivision shall take into account the requirements of subsection (2) of section 79-1007.01; and

(4) For school fiscal years 2002-03, 2003-04, or 2004-05, each local system's formula need shall be calculated by subtracting the temporary aid

adjustment factor from the sum of the local system's transportation allowance, the local system's special receipts allowance, and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping. The calculation of total adjusted formula students for purposes of this subdivision shall take into account the requirements of subsection (2) of section 79-1007.01.

Sec. 12. Section 79-1022, Revised Statutes Supplement, 2002, is amended to read:

79-1022. (1) On or before ~~May 1, 2002~~ February 5, 2003, and on or before February 1 for each year thereafter, the department shall determine the amounts to be distributed to each local system and each district pursuant to the Tax Equity and Educational Opportunities Support Act and shall certify the amounts to the Director of Administrative Services, the Auditor of Public Accounts, and each district. The amount to be distributed to each district from the amount certified for a local system shall be proportional based on the weighted formula students attributed to each district in the local system. On or before ~~May 1, 2002~~ February 5, 2003, and on or before February 1 for each year thereafter, the department shall report the necessary funding level to the Governor, the Appropriations Committee of the Legislature, and the Education Committee of the Legislature. Certified state aid amounts shall be shown as budgeted non-property-tax receipts and deducted prior to calculating the property tax request in the district's general fund budget statement as provided to the Auditor of Public Accounts pursuant to section 79-1024.

(2) Except as provided in subsection (3) of this section and subsection (6) of section 79-1016 and section 79-1033, the amounts certified pursuant to subsection (1) of this section shall be distributed in ten as nearly as possible equal payments on the last business day of each month beginning in September of each ensuing school fiscal year and ending in June of the following year, except that when a school district is to receive a monthly payment of less than one thousand dollars, such payment shall be one lump-sum payment on the last business day of December during the ensuing school fiscal year.

(3) For school fiscal year 2002-03, except as provided in subsection (6) of section 79-1016 and section 79-1033, the amounts certified pursuant to subsection (1) of this section shall be distributed according to the payment schedule in this subsection on the last business day of each month listed, except that when a school district is to receive ten thousand dollars or less, such payment shall be one lump-sum payment on the last business day of December. The amount distributed each month shall be equal to the amount certified pursuant to subsection (1) of this section multiplied by the applicable percentage, rounded to the nearest cent. The percentages are:

(a) For September, October, November, and December, seven and seven-tenths percent;

(b) For January, February, March, and April, ten percent; and

(c) For May and June, fourteen and six-tenths percent.

Sec. 13. Section 79-1023, Revised Statutes Supplement, 2002, is amended to read:

79-1023. No Class II, III, IV, V, or VI district shall increase its general fund budget of expenditures more than the local system's applicable allowable growth percentage rate.

Sec. 14. Section 79-1024, Revised Statutes Supplement, 2002, is amended to read:

79-1024. (1) The department may require each district to submit to the department a duplicate copy of such portions of the district's budget statement as the Commissioner of Education directs. The department may verify any data used to meet the requirements of the Tax Equity and Educational Opportunities Support Act. The Auditor of Public Accounts, ~~after consultation with the department,~~ shall review each district's budget statement for statutory compliance, make necessary changes in the budget documents for districts to effectuate the budget limitations imposed pursuant to sections 79-1023 to 79-1030, and notify the Commissioner of Education (a) of any district failing to submit to ~~the department or~~ the auditor the budget documents required pursuant to this subsection ~~or~~ by the date established in subsection (1) of section 13-508 or failing to make any corrections of errors in the documents pursuant to section 13-504 or 13-511 and (b) of any Class I district failing to submit the items required by this subsection to its high school districts by the date established in section 79-1083.03.

(2) If a school district fails to submit to the department or the auditor the budget documents required pursuant to subsection (1) of this section by the date established in subsection (1) of section 13-508 or fails to make any corrections of errors in the documents pursuant to section 13-504 or 13-511 or a Class I district fails to submit the items required by

subsection (1) of this section to its high school districts by the date established in section 79-1083.03, the commissioner, upon notification from the auditor or upon his or her own knowledge that the required budget documents and any required corrections of errors from any school district have not been properly filed in accordance with the Nebraska Budget Act and after notice to the district and an opportunity to be heard, shall direct that any state aid granted pursuant to the Tax Equity and Educational Opportunities Support Act be withheld until such time as the required budget documents or corrections of errors are received by the auditor and the department. In addition, the commissioner shall direct the county treasurer to withhold all school money belonging to the school district until such time as the commissioner notifies the county treasurer of receipt of the required budget documents or corrections of errors. The county treasurer shall withhold such money. If the school district does not comply with this section prior to the end of the state's biennium following the biennium which included the fiscal year for which state aid was calculated, the state aid funds shall revert to the General Fund. The amount of any reverted funds shall be included in data provided to the Governor in accordance with section 79-1031. The board of any district failing to submit to the department or the auditor the budget documents required pursuant to this section by the date established in subsection (1) of section 13-508 or failing to make any corrections of errors in the documents pursuant to section 13-504 or 13-511 or the board of a Class I district failing to submit the items required by subsection (1) of this section to its high school districts by the date established in section 79-1083.03 shall be liable to the school district for all school money which such district may lose by such failing.

Sec. 15. Section 79-1026, Revised Statutes Supplement, 2002, is amended to read:

79-1026. On or before ~~April 1, 1999,~~ and ~~on or before~~ February 5, 2003, and on or before February 1 for each year thereafter, the department shall determine and certify to each Class II, III, IV, V, or VI district an applicable allowable growth ~~percentage~~ rate carried out at least four decimal places for each local system as follows:

(1) The department shall establish a target budget level range of general fund operating expenditure levels for each school fiscal year for each local system which shall begin at twenty percent less than the local system's formula need and end at the local system's formula need. The beginning point of the range shall be assigned a number equal to the maximum allowable growth rate established in section 79-1025, and the end point of the range shall be assigned a number equal to the basic allowable growth rate as prescribed in such section such that the lower end of the range shall be assigned the maximum allowable growth rate and the higher end of the range shall be assigned the basic allowable growth rate; and

(2) For each school fiscal year, each local system's general fund operating expenditures shall be compared to its target budget level along the range described in subdivision (1) of this section to arrive at an applicable allowable growth rate as follows: If each local system's general fund operating expenditures fall below the lower end of the range, such applicable allowable growth rate shall be the maximum growth rate identified in section 79-1025. If each local system's general fund operating expenditures are greater than the higher end of the range, the local system's allowable growth rate shall be the basic allowable growth rate identified in such section. If each local system's general fund operating expenditures fall between the lower end and the higher end of the range, the department shall use a linear interpolation calculation between the end points of the range to arrive at the applicable allowable growth rate for the local system.

Sec. 16. Section 79-1027, Revised Statutes Supplement, 2002, is amended to read:

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

Average daily membership of district	Allowable reserve percentage
0 - 471	45
471.01 - 3,044	35
3,044.01 - 10,000	25
10,000.01 and over	20

On or before ~~February 1~~ February 5, 2003, and on or before February 1 each year thereafter, the department shall determine and certify each

district's applicable allowable reserve percentage.

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

Sec. 17. Section 79-1027.01, Revised Statutes Supplement, 2002, is amended to read:

79-1027.01. If the total levy required for property tax requests for all general fund budgets in a local system exceeds the amount that can be generated by the maximum levy pursuant to subdivision (2)(a) of section 77-3442, the high school district shall be entitled to take the necessary steps to comply with such maximum levy by:

(1) Reducing the property tax request for each district up to the amount by which the district's budgeted general fund cash reserve exceeds fifteen percent of the district's general fund budget of expenditures for the preceding school fiscal year, and for Class I districts, this difference multiplied by the percentage of affiliation with the Class I district's valuation which is affiliated with or part of the high school district;

(2) If the reductions under subdivision (1) of this section do not reduce the required levy to the maximum levy permitted under subdivision (2)(a) of section 77-3442, reducing the property tax request for each district proportionately based on the amount of the difference between the district's general fund budget of expenditures minus the special education budget of expenditures for the current budget year and a two-year average for the two preceding school fiscal years of the general fund budget of expenditures minus the special education budget of expenditures up to such difference, and for Class I districts, this difference multiplied by the percentage of affiliation with the Class I district's valuation which is affiliated with or part of the high school district; and

(3) If the reductions under subdivisions (1) and (2) of this section do not reduce the required levy to the maximum levy permitted under subdivision (2)(a) of section 77-3442, reducing the property tax request for each district by an amount proportional to the district's share of the total property tax request for the preceding school fiscal year such that the required local system levy shall be the maximum levy allowed under subdivision (2)(a) of section 77-3442. Class I districts with multiple ~~affiliations~~ high school districts which are required ~~under one or more of such affiliations~~ to reduce their general fund property tax request pursuant to this section shall make such reduction as necessary to effect the total required from this calculation within each local system requiring the reduction.

Sec. 18. Section 79-1028, Revised Statutes Supplement, 2002, is amended to read:

79-1028. (1) A Class II, III, IV, V, or VI school district may exceed the local system's applicable allowable growth rate for (a) expenditures in support of a service which is the subject of an agreement or a modification of an existing agreement whether operated by one of the parties to the agreement or an independent joint entity or joint public agency, (b) expenditures to pay for repairs to infrastructure damaged by a natural disaster which is declared a disaster emergency pursuant to the Emergency Management Act, (c) expenditures to pay for judgments, except judgments or orders from the Commission of Industrial Relations, obtained against a school district which require or obligate a school district to pay such judgment, to the extent such judgment is not paid by liability insurance coverage of a school district, (d) expenditures to pay for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment, or (e) expenditures to pay for lease-purchase contracts approved on or after July 1, 1997, and before July 1, 1998, to the extent the lease payments were not budgeted expenditures for fiscal year 1997-98.

(2) A Class II, III, IV, V, or VI district may exceed its applicable allowable growth rate by a specific dollar amount if the district projects an increase in formula students in the district over the current school year greater than twenty-five students or greater than those listed in the schedule provided in this subsection, whichever is less. Districts shall project increases in formula students on forms prescribed by the department. The department shall approve, deny, or modify the projected increases.

Average daily	Projected increase
membership of	of formula students

district	by percentage
0 - 50	10
50.01 - 250	5
250.01 - 1,000	3
1,000.01 and over	1

The department shall compute the district's estimated allowable budget per pupil using the budgeted general fund expenditures found on the budget statement for the current school year divided by the number of formula students in the current school year and multiplied by the district's applicable allowable growth rate. The resulting allowable budget per pupil shall be multiplied by the projected formula students to arrive at the estimated budget needs for the ensuing year. The department shall allow the district to increase its general fund budget of expenditures for the ensuing school year by the amount necessary to fund the estimated budget needs of the district as computed pursuant to this subsection. On or before ~~February~~ July 1, the department shall make available to districts which have been allowed additional growth pursuant to this subsection the necessary document to recalculate the actual formula students of such district. Such document shall be filed with the department under subsection (1) of section 79-1024.

(3) A Class II, III, IV, V, or VI district may exceed its applicable allowable growth rate by a specific dollar amount if construction, expansion, or alteration of district buildings will cause an increase in building operation and maintenance costs of at least five percent. The department shall document the projected increase in building operation and maintenance costs and may allow a Class II, III, IV, V, or VI district to exceed the local system's applicable allowable growth ~~percentage rate~~ by the amount necessary to fund such increased costs. The department shall compute the actual increased costs for the school year and shall, ~~if needed, modify the local system's applicable allowable growth rate for the ensuing school year~~ notify the district on or before July 1 of the recovery of the additional growth pursuant to this subsection.

(4) A Class II, III, IV, V, or VI district may exceed its applicable allowable growth rate by a specific dollar amount if the district demonstrates to the satisfaction of the department that it will exceed its applicable allowable growth rate as a result of costs pursuant to the Retirement Incentive Plan authorized in section 79-855 or the Staff Development Assistance authorized in section 79-856. The department shall compute the amount by which the increased cost of such program or programs exceeds the district's applicable allowable growth rate and shall allow the district to increase its general fund expenditures by such amount for that fiscal year.

Sec. 19. Section 79-1029, Revised Statutes Supplement, 2002, is amended to read:

79-1029. (1) A Class II, III, IV, V, or VI district may exceed the basic allowable growth rate prescribed in section 79-1025 upon an affirmative vote of at least seventy-five percent of the board. The total growth shall not exceed the applicable allowable growth ~~percentage rate~~ certified for the local system under section 79-1026 plus one percent. The vote shall be taken at a public meeting of the board following a special public hearing called for the purpose of receiving testimony on such proposed increase. The board shall give at least five calendar days' notice of such public hearing and shall publish such notice at least once in a newspaper of general circulation in the local system.

(2) A Class II, III, IV, V, or VI district may exceed the applicable allowable growth ~~percentage rate~~ prescribed in section 79-1026 by an amount approved by a majority of legal voters voting on the issue at a primary, general, or special election called for such purpose upon the recommendation of the board or upon the receipt by the county clerk or election commissioner of a petition requesting an election signed by at least five percent of the legal voters of the district. The recommendation of the board or the petition of the legal voters shall include the amount and percentage by which the board would increase its general fund budget of expenditures for the ensuing school year over and above the current year's general fund budget of expenditures. The county clerk or election commissioner shall place the question on the primary or general election ballot or call for a special election on the issue after the receipt of such board recommendation or legal voter petition. The election shall be held pursuant to the Election Act or section 77-3444, and all costs for a special election shall be paid by the district. A vote to exceed the applicable allowable growth ~~percentage rate~~ may be approved on the same question as a vote to exceed the levy limits provided in section 77-3444.

Sec. 20. Section 79-1070, Revised Statutes Supplement, 2002, is amended to read:

79-1070. (1) Any class of school district may borrow money to the

amount of seventy percent of the unexpended balance of total anticipated receipts of the general fund, special building fund, bond fund, ~~personal property tax reimbursement fund, or environmental hazard abatement and accessibility barrier elimination project or qualified capital purpose undertaking~~ fund for the current school fiscal year and the following school fiscal year. Total anticipated receipts of the general fund, special building fund, bond fund, ~~personal property tax reimbursement fund, or environmental hazard abatement and accessibility barrier elimination project or qualified capital purpose undertaking~~ fund for the current school fiscal year and the following school fiscal year shall mean a sum equal to the total of (a) the anticipated receipts from the current existing levy multiplied by two, (b) the anticipated receipts from the United States for the current school fiscal year and the following school fiscal year, and (c) the anticipated receipts from other sources for the current school fiscal year and the following school fiscal year.

Any class of school district may execute and deliver in evidence thereof their promissory notes which they are hereby authorized and empowered to make and negotiate, bearing a rate of interest set by the school board and maturing not more than two school fiscal years from the date thereof. Such notes, before they are negotiated, shall be presented to the treasurer of the school district and registered by him or her and shall be payable out of the funds collected by such school district in the order of their registry after the payment of prior registered warrants but prior to the payment of any warrant subsequently registered, except that if both warrants and notes are registered, the total of such registered notes and warrants shall not exceed one hundred percent of the unexpended balance of the total anticipated receipts of the general fund, special building fund, bond fund, ~~personal property tax reimbursement fund, or environmental hazard abatement and accessibility barrier elimination project or qualified capital purpose undertaking~~ fund of such district for the current school fiscal year and the following school fiscal year. For the purpose of making such calculation, such total anticipated receipts shall not include any anticipated receipts against which the school district has borrowed and issued notes pursuant to this section in either the current or the immediately preceding school fiscal year.

(2) In addition to the authority granted by subsection (1) of this section, such school districts may accept interest-free or low-interest loans from the state or federal government and may execute and deliver in evidence thereof their promissory notes maturing not more than twenty years from the date of execution.

(3) In addition to the authority granted by subsections (1) and (2) of this section, any class of school district may enter into loan agreements for the purpose of borrowing money from financial institutions, including banks, in amounts not in excess of seventy percent of the unexpended balance of their current existing levy. As evidence of such borrowing, a school district may execute and deliver one or more written loan agreements but shall not be required to execute and deliver separate promissory notes for each borrowing under such agreements. Money borrowed pursuant to such agreements shall bear interest at such rate or rates and shall become due and be repaid as provided in such agreements. Any such agreement shall provide for repayment in full at least once each school fiscal year and shall be for a term not exceeding one school fiscal year. Any such agreement shall be registered upon books kept by the treasurer of the school district, and money borrowed pursuant to such agreement shall be paid out of funds collected upon the current existing levy prior to the payment of any warrant or note registered subsequent to any such loan agreement. If a school district has any such loan agreement or agreements outstanding and has warrants or notes registered, as described in subsection (1) of this section, the total amount (a) of borrowings pursuant to such loan agreement or agreements and (b) of registered notes and warrants shall not exceed one hundred percent of the unexpended balance of the current existing levy.

(4) Nothing in this section shall be construed to exempt a school district from the terms and conditions contained in sections 10-701 to 10-716.

Sec. 21. Section 79-1083.02, Revised Statutes Supplement, 2002, is amended to read:

79-1083.02. On or before February 5, 2003, and on or before February 1 of each year thereafter, the State Department of Education shall designate a primary high school district for each Class I school district for the following school fiscal year. The primary high school district shall be the one Class II, III, IV, V, or VI school district or the unified system with which the greatest share of the Class I district's assessed valuation is affiliated or of which such share is a part for the school fiscal year

immediately preceding the school fiscal year for which the primary high school district determination is made. The department shall certify to all school districts and all county clerks the primary high school district for each Class I district.

Sec. 22. Section 79-1083.03, Revised Statutes Supplement, 2002, is amended to read:

79-1083.03. (1)(a) If the primary high school district designated pursuant to section 79-1083.02 is a Class VI district, the Class I district's total allowable general fund budget of expenditures minus the special education budget of expenditures shall be determined by the school board of such Class VI district and shall be certified to the Class I district on or before March 1 for the following school fiscal year.

(b) The Class VI primary high school district shall certify the total allowable general fund budget of expenditures minus the special education budget of expenditures for the Class I district to the State Department of Education on or before April 20.

(2) If the primary high school district is not a Class VI district, the Class I district's total allowable general fund budget of expenditures minus the special education budget of expenditures shall be determined by the department as follows and certified on or before ~~February 1~~ February 5, 2003, and on or before February 1 each year thereafter, for the following school fiscal year:

(a) The total allowable general fund budget of expenditures minus the special education budget of expenditures for the Class I district in the school fiscal year immediately preceding the school fiscal year for which the budget is prepared shall be divided by the formula students in the Class I district as defined in section 79-1003, and the result shall be increased by the applicable allowable growth rate for the primary high school district's local system for the ensuing school fiscal year calculated pursuant to section 79-1026 as determined on or before ~~February 1~~ February 5, 2003, and on or before February 1 each year thereafter, of the school fiscal year immediately preceding the school fiscal year for which the budget is prepared;

(b) The total allowable general fund budget of expenditures minus the special education budget of expenditures for the primary high school district in the school fiscal year immediately preceding the school fiscal year for which the budget is prepared shall be divided by the formula students as defined in section 79-1003 in the primary high school district weighted by the grade weighting factors contained in subdivision (1)(a) of section 79-1007.01, and the result shall be multiplied by the kindergarten through grade eight formula students as defined in section 79-1003 weighted by the grade weighting factors contained in subdivision (1)(a) of section 79-1007.01 to calculate the total allowable general fund budget of expenditures minus the special education budget of expenditures for kindergarten through grade eight in the primary high school district. The total allowable general fund budget of expenditures minus the special education budget of expenditures for kindergarten through grade eight shall be divided by the kindergarten through grade eight formula students without weighting. The result shall be increased by the applicable allowable growth rate for the primary high school district's local system for the ensuing school fiscal year calculated pursuant to section 79-1026 as determined on or before ~~February 1~~ February 5, 2003, and on or before February 1 each year thereafter, of the school fiscal year immediately preceding the school fiscal year for which the budget is prepared;

(c) The amounts calculated in subdivisions (2)(a) and (2)(b) of this section shall be summed and the result divided by two to arrive at the total allowable general fund budget of expenditures minus the special education budget of expenditures per formula student for the Class I district; and

(d) The total allowable general fund budget of expenditures minus the special education budget of expenditures per formula student for the Class I district shall be multiplied by the formula students as defined in section 79-1003 for the Class I district as used by the department for certification of the ensuing school fiscal year's state aid, and the result shall be the total allowable general fund budget of expenditures minus the special education budget of expenditures for the Class I district for the ensuing school fiscal year except as provided in subsection (3) of this section.

(3)(a) The school board of the Class I district may, on or before March 10, submit a request to exceed the total allowable general fund budget of expenditures minus the special education budget of expenditures to all the school boards of the high school district or districts with which the Class I district is affiliated or of which it is a part. For Class I districts to exceed the total allowable general fund budget of expenditures minus the special education budget of expenditures, the total general fund budget of expenditures request shall be approved by high school districts, including the

primary high school district, such that the portions of the Class I district that are affiliated with or part of the approving high school districts comprise at least two-thirds of the assessed valuation of the Class I district. Such request shall specify the total general fund budget of expenditures, broken down by expenditures for special education, for regular education, and for special grant funds as defined in section 79-1003, for which the Class I district seeks authority.

(b) The high school district shall approve or deny the request on or before April 10 following the receipt of such request and shall forward written notification to the Class I district of approval or denial. A request for additional budget authority shall be considered approved if (i) no action is taken by the high school district or (ii) the high school district fails to send written notification to the Class I district of the denial of a request for additional budget authority.

(4) The school board of a Class I district may, after October 15 of each year, amend the general fund budget of expenditures (a) by increasing the special education budget of expenditures, (b) for any special grant funds as defined in section 79-1003 received any time during a school fiscal year, or (c) for current fiscal year expenditures the board deems essential if the expenditures could not reasonably have been anticipated at the time the budget for the current year was adopted. A copy of the revised budget shall be filed pursuant to subsection (4) of section 13-511 and section 79-1024.

(5) All Class I districts shall certify the items required by subsection (1) of section 13-508 to all of their highschool districts on or before August 1.

(6) All primary high school districts shall certify to the department and all other affected districts, on or before April 20, the approved total general fund budget of expenditures for a Class I district when the Class I district has requested to exceed its certified budget authority and the request has been approved.

Sec. 23. Section 79-10,110, Revised Statutes Supplement, 2002, is amended to read:

79-10,110. (1) A school board, after making a determination that an actual or potential environmental hazard or accessibility barrier exists within the school buildings or grounds under its control, may make and deliver to the county clerk of such county in which any part of the school district is situated, not later than the date provided in section 13-508, an itemized estimate of the amounts necessary to be expended for the abatement of such environmental hazard or accessibility barrier elimination in its school buildings or grounds. The board shall conduct a public hearing on the itemized estimate prior to presenting such estimate to the county clerk. Notice of the place and time of such hearing shall, at least five days prior to the date set for hearing, be published in a newspaper of general circulation within the school district. The board shall designate the particular environmental hazard abatement project or accessibility barrier elimination project for which the tax levy provided for by this section will be expended, the period of years, which shall not exceed ten years, for which the tax will be levied for such project, and the amount of the levy for each year of the period.

(2) After a public hearing, a school board may undertake any qualified capital purpose in any qualified zone academy under its control and may levy a tax as provided in this section to repay a qualified zone academy bond issued for such undertaking. The board shall designate the particular qualified capital purpose for which the qualified zone academy bond was issued and for which the tax levy provided for by this section will be expended, the period of years, not exceeding fifteen, for which the tax will be levied for such qualified zone academy bond, and the amount of the levy for each year of the period. The hearing required by this subsection shall be held only after notice of such hearing has been published for three consecutive weeks prior to the hearing in a legal newspaper published or of general circulation in the school district.

(3) The board may designate more than one project under subsection (1) of this section or qualified capital purpose under subsection (2) of this section and levy a tax pursuant to this section for each such project or qualified capital purpose, concurrently or consecutively, as the case may be, if the aggregate levy in each year and the duration of each such levy will not exceed the limitations specified in this section. Each levy for a project or qualified capital purpose which is authorized by this section may be imposed for such duration as the board specifies, notwithstanding the contemporaneous existence or subsequent imposition of any other levy for another project or qualified capital purpose imposed pursuant to this section and notwithstanding the subsequent issuance by the district of bonded indebtedness payable from

its general fund levy.

(4) The county clerk shall levy such taxes, not to exceed five and one-fifth cents per one hundred dollars of taxable valuation for Class II, III, IV, V, and VI districts, and not to exceed the limits set for Class I districts in section 79-10,124, on the taxable property of the district necessary to (a) cover the environmental hazard abatement or accessibility barrier elimination project costs itemized by the board pursuant to subsection (1) of this section and (b) repay any qualified zone academy bonds pursuant to subsection (2) of this section. Such taxes shall be collected by the county treasurer at the same time and in the same manner as county taxes are collected and when collected shall be paid to the treasurer of the district and used to cover the project costs.

(5) If such board operates grades nine through twelve as part of an affiliated school system, it shall designate the fraction of the project or undertaking to be conducted for the benefit of grades nine through twelve. Such fraction shall be raised by a levy placed upon all of the taxable value of all taxable property in the affiliated school system pursuant to subsection (2) of section 79-1075. The balance of the project or undertaking to be conducted for the benefit of grades kindergarten through eight shall be raised by a levy placed upon all of the taxable value of all taxable property in the district which is governed by such board. The combined rate for both levies in the high school district, to be determined by such board, shall not exceed five and one-fifth cents on each one hundred dollars of taxable value.

(6) Each board which submits an itemized estimate shall establish an environmental hazard abatement and accessibility barrier elimination project ~~fund~~ account, and each board which undertakes a qualified capital purpose shall establish a qualified capital purpose undertaking account, within the qualified capital purpose undertaking fund. Taxes collected pursuant to this section shall be credited to the appropriate ~~fund~~ account to cover the project or undertaking costs. Such estimates may be presented to the county clerk and taxes levied accordingly.

(7) ~~The itemized estimate submitted by a board may include the actual cost of abatement of an environmental hazard when such abatement occurred prior to the delivery of such estimate to the county clerk and was completed after June 28, 1982.~~

~~(8)~~ For purposes of this section:

(a) Abatement includes, but is not limited to, any inspection and testing regarding environmental hazards, any maintenance to reduce, lessen, put an end to, diminish, moderate, decrease, control, dispose of, or eliminate environmental hazards, any removal or encapsulation of environmentally hazardous material or property, any restoration or replacement of material or property, any related architectural and engineering services, and any other action to reduce or eliminate environmental hazards in the school buildings or on the school grounds under the board's control, except that abatement does not include the encapsulation of any material containing more than one percent friable asbestos;

(b) Accessibility barrier means anything which impedes entry into, exit from, or use of any building or facility by all people;

(c) Accessibility barrier elimination includes, but is not limited to, inspection for and removal of accessibility barriers, maintenance to reduce, lessen, put an end to, diminish, control, dispose of, or eliminate accessibility barriers, related restoration or replacement of facilities or property, any related architectural and engineering services, and any other action to eliminate accessibility barriers in the school buildings or grounds under the board's control;

(d) Environmental hazard means any contamination of the air, water, or land surface or subsurface caused by any substance adversely affecting human health or safety if such substance has been declared hazardous by a federal or state statute, rule, or regulation;

(e) Qualified capital purpose means (i) rehabilitating or repairing the public school facility in which the qualified zone academy is established or (ii) providing equipment for use at such qualified zone academy;

(f) Qualified zone academy has the meaning found in 26 U.S.C. 1397E(d)(4), as such section existed on April 6, 2001;

(g) Qualified zone academy allocation means the allocation of the qualified zone academy bond limitation by the State Department of Education to the qualified zone academies pursuant to 26 U.S.C. 1397E(e)(2), as such section existed on April 6, 2001; and

(h) Qualified zone academy bond has the meaning found in 26 U.S.C. 1397E(d)(1), as such section existed on May 8, 2001.

~~(9)~~ (8) Accessibility barrier elimination project costs includes, but is not limited to, inspection, maintenance, accounting, emergency

services, consultation, or any other action to reduce or eliminate accessibility barriers.

~~(10)~~ (9) For the purpose of paying amounts necessary for the abatement of environmental hazards and accessibility barrier elimination, the board may borrow money and issue bonds and other evidences of indebtedness of the district, which bonds and other evidences of indebtedness shall be secured by and payable from an irrevocable pledge by the district of amounts received in respect of the tax levy provided for by this section and any other funds of the district available therefor. Bonds and other evidences of indebtedness issued by a district pursuant to this subsection shall not constitute a general obligation of the district or be payable from any portion of its general fund levy.

The total principal amount of qualified zone academy bonds which may be issued pursuant to this section for qualified capital purposes with respect to a qualified zone academy shall not exceed the qualified zone academy allocation granted to the board by the department. The total amount that may be financed by qualified zone academy bonds pursuant to this section for qualified purposes with respect to a qualified zone academy shall not exceed seven and one-half million dollars statewide in a single year. In any year that the Nebraska qualified zone academy allocations exceed seven and one-half million dollars for qualified capital purposes to be financed with qualified zone academy bonds issued pursuant to this section, (a) the department shall reduce such allocations proportionally such that the statewide total for such allocations equals seven and one-half million dollars and (b) the difference between the Nebraska allocation and seven and one-half million dollars shall be available to qualified zone academies for requests that will be financed with qualified zone academy bonds issued without the benefit of this section.

Nothing in this section directs the State Department of Education to give any preference to allocation requests that will be financed with qualified zone academy bonds issued pursuant to this section.

Sec. 24. Section 79-1135, Revised Statutes Supplement, 2002, is amended to read:

79-1135. Each school district shall demonstrate participation in a plan of services for children with disabilities who are less than five years of age. Such plans shall be prepared on a regional basis as determined by the State Department of Education and updated annually. ~~The contents of the plans shall include, but not be limited to:~~

- ~~(1) A listing of the programs existing during the initial planning period and the personnel involved and their qualifications;~~
- ~~(2) A census by name, school district of residence, and disability of all children with disabilities who are less than five years of age;~~
- ~~(3) A procedure for identification and referral of children with disabilities;~~
- ~~(4) An agreement setting forth the responsibilities and level of participation of each service agency within the region; and~~
- ~~(5) Budgets for the proposed program.~~

The content of plans and the required budget information shall be prescribed by the department.

Supplementary amendments to any program plans and budgets previously approved by the State Board of Education may be submitted on dates specified by the department during the same school year and shall be subject to the same review as the initial plans. ~~and budgets.~~

Sec. 25. Section 79-1155, Revised Statutes Supplement, 2002, is amended to read:

79-1155. All school ~~boards~~ districts shall, ~~report annually~~ on a date prescribed by the State Department of Education, file with the department application to the department on forms provided by the department ~~(1) plans for special education programs and (2) budget~~ information for special education programs and support services. Cooperatives of school districts or educational service units applying for grants or reimbursement for programs pursuant to section 79-1132, 79-1142, or 79-1144 shall also ~~report unified plans and budget~~ file application information pursuant to this section. The ~~plans and budget~~ application forms shall conform to reporting requirements provided in section 79-1156. The department shall review and take action to approve, approve with modifications, or disapprove the ~~plans and budgets~~ application for special education programs of the school district, cooperative of school districts, or educational service unit. Supplementary amendments to any program ~~plans and budgets~~ application previously approved by the department may be submitted on dates specified by the department during the same school year and shall be subject to the same review and approval as the initial ~~plans and budgets~~ application. The department shall approve, approve with modifications, or disapprove all supplementary amendments to the program

~~plans and budget requests application.~~ All final financial reports on special education and support services costs shall be reported to the department by October 31 of each year for the preceding school year on forms prescribed by the department. Any program that provides residential care shall show the costs of such care separately from the costs of the education program.

Sec. 26. Section 79-1156, Revised Statutes Supplement, 2002, is amended to read:

79-1156. The State Department of Education shall coordinate information reporting requirements for special education and support services programs with other educational data reporting requirements of the department to the extent possible. ~~The plans and budgets application~~ for programs shall contain the information required by the department.

Sec. 27. Section 79-1167, Revised Statutes Supplement, 2002, is amended to read:

79-1167. (1) Any party to a hearing conducted under sections 79-1162 to 79-1166 aggrieved by the findings, conclusions, or final decision and order of the hearing officer is entitled to judicial review under this section. Any party of record also may seek enforcement of the final decision and order of the hearing officer pursuant to this section.

(2) Proceedings for judicial review shall be instituted by filing a petition in the district court of the county in which the main administrative offices of the school district are located within ~~thirty days~~ two years after service of the final decision and order on the party seeking such review. All parties of record shall be made parties to the proceedings. The court, in its discretion, may permit other interested parties to intervene.

(3) The filing of a petition for judicial review shall operate to stay the enforcement of the final decision and order of the hearing officer. While judicial proceedings are pending and unless the school district and the parent or guardian otherwise agree, the child with a disability shall remain in his or her current educational placement or if applying for initial admission to a public school such child shall, with the consent of the parent or guardian, be placed in the public school program until all such proceedings have been completed. If the decision of the hearing officer agrees with the parent or guardian of the child that a change in placement is appropriate, then that placement shall be treated as an agreement between the parties for purposes of this subsection.

(4) Within fifteen days after receiving notification that a petition for judicial review has been filed or if good cause is shown within such further time as the court may allow, the State Department of Education shall prepare and transmit to the court a certified transcript of the proceedings before the hearing officer.

(5) Judicial review shall be conducted by the court without a jury. The court shall receive the records of the administrative proceedings, hear additional evidence at the request of a party, base its decision on the preponderance of the evidence, and grant such relief as the court determines is appropriate.

(6) An aggrieved party may secure a review of any final judgment of the district court under this section by appeal to the Court of Appeals. Such appeal shall be taken in the manner provided by law for appeals in civil cases and shall be heard de novo on the record.

~~(7) When no petition for judicial review or other civil action is filed within thirty days after service of the final decision and order on all of the parties, the hearing officer's final decision and order shall become effective.~~ Proceedings for enforcement of a hearing officer's final decision and order shall be instituted by filing a petition for appropriate relief in the district court of the county in which the main administrative offices of the school district are located within one year after the date of the hearing officer's final decision and order.

Sec. 28. Section 79-1303, Reissue Revised Statutes of Nebraska, is amended to read:

79-1303. The Educational Technology Center within the State Department of Education is created. ~~Two Educational Technology Satellite Centers are created which shall act in partnership with the Educational Technology Center.~~ The mission of the centers center is to achieve the legislative goals set forth in section 79-1302 and to provide leadership and support for the introduction and integration of technology and innovation into Nebraska elementary and secondary schools in order to provide quality education and equal opportunity for Nebraska learners. ~~One Educational Technology Satellite Center shall be located in the city of North Platte, Nebraska, and one in the city of Scottsbluff, Nebraska.~~

Sec. 29. Section 79-1305, Reissue Revised Statutes of Nebraska, is amended to read:

79-1305. The ~~state educational technology consortium established in section 79-1301~~ Educational Technology Center shall establish a program to provide grants for model educational technology projects to Nebraska schools and educational service units. The ~~state educational technology consortium center~~ shall establish guidelines for such grants, receive applications therefor, and make awards to schools or educational service units for projects which have the greatest potential to enhance the quality of instruction in Nebraska schools or to broaden the educational opportunities for Nebraska learners.

Sec. 30. Section 79-1306, Reissue Revised Statutes of Nebraska, is amended to read:

79-1306. The Educational Technology Center shall establish a program to provide funds to support partnerships between the ~~Educational Technology Center and Educational Technology Satellite Centers and center and~~ educational service units and other public or private agencies or entities for technology projects which have the greatest potential to enhance the quality of instruction in Nebraska schools or to broaden the educational opportunities for Nebraska learners.

Sec. 31. Section 79-1307, Reissue Revised Statutes of Nebraska, is amended to read:

79-1307. The ~~state educational technology consortium established in section 79-1301~~ Educational Technology Center shall establish a program to provide funds for the cooperative purchase of software or software licenses in partnership with schools, educational service units, or other states. The funds shall support the ~~Educational Technology Center's center's~~ share of costs for such purchases. The ~~state educational technology consortium center~~ shall establish guidelines for partnership activities, receive applications therefor, and make cooperative purchases for proposals which have the greatest potential to enhance the quality of instruction in Nebraska schools or to broaden the educational opportunities for Nebraska learners.

Sec. 32. Section 79-1324, Reissue Revised Statutes of Nebraska, is amended to read:

79-1324. The Commissioner of Education shall appoint a director of instructional telecommunications subject to confirmation by a majority vote of the members of the State Board of Education. The appointment shall be made on the basis of recognized and demonstrated interest in and knowledge of instructional telecommunications. ~~The director of instructional telecommunications shall have a minimum of three years of successful elementary or secondary school experience and shall hold a Nebraska Administrative and Supervisory Certificate.~~

Sec. 33. Original sections 10-704, 79-4,102, 79-527, 79-554, 79-1303, 79-1305 to 79-1307, and 79-1324, Reissue Revised Statutes of Nebraska, and sections 79-101, 79-2,135, 79-528, 79-565, 79-598, 79-602, 79-1007.02, 79-1022, 79-1023, 79-1024, 79-1026 to 79-1029, 79-1070, 79-1083.02, 79-1083.03, 79-10,110, 79-1135, 79-1155, 79-1156, and 79-1167, Revised Statutes Supplement, 2002, are repealed.

Sec. 34. The following sections are outright repealed: Sections 79-4,105, 79-1308, 79-1309, and 79-1311, Reissue Revised Statutes of Nebraska, and sections 79-4,106, 79-763 to 79-770, 79-8,118 to 79-8,123, and 79-1010.01, Revised Statutes Supplement, 2002.

Sec. 35. Since an emergency exists, this act takes effect when passed and approved according to law.