

LEGISLATURE OF NEBRASKA  
NINETY-SEVENTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 749**

Introduced by Raikes, 25

Read first time January 17, 2001

Committee: Education

A BILL

1 FOR AN ACT relating to the Tax Equity and Educational Opportunities  
2 Support Act; to amend sections 79-1001, 79-1007.01,  
3 79-1007.02, 79-1026, and 79-1028, Revised Statutes  
4 Supplement, 2000; to provide for teacher salary  
5 enhancement payments; to change provisions relating to  
6 allowable growth rate and exceptions; to harmonize  
7 provisions; and to repeal the original sections.  
8 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 79-1001, Revised Statutes Supplement,  
2 2000, is amended to read:

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

6           Sec. 2. Section 79-1007.01, Revised Statutes Supplement,  
7 2000, is amended to read:

8           79-1007.01. (1) ~~For school fiscal year 1998-99 and each~~  
9 ~~school fiscal year thereafter, the~~ The adjusted formula students  
10 for each local system shall be calculated by:

11           (a) Multiplying the formula students in each grade range  
12 by the corresponding weighting factors to calculate the weighted  
13 formula students for each grade range as follows:

14           (i) The weighting factor for kindergarten is five-tenths;

15           (ii) The weighting factor for grades one through six,  
16 including full-day kindergarten, is one;

17           (iii) The weighting factor for grades seven and eight is  
18 one and two-tenths; and

19           (iv) The weighting factor for grades nine through twelve  
20 is one and four-tenths;

21           (b) Adding the weighted formula students for each grade  
22 range to calculate the weighted formula students for the local  
23 system; and

24           (c) Adjusting the weighted formula students by adding the  
25 following demographic factors:

26           (i) The Indian-land factor shall equal 0.25 times the  
27 average daily attendance of students who reside on Indian land as  
28 reported by the United States Department of Education in

1 calculating the local system's payment pursuant to 20 U.S.C. 7701  
2 et seq.;

3 (ii) The limited English proficiency factor shall equal  
4 0.25 times the formula students in the local system with limited  
5 English proficiency as defined under rules and regulations of the  
6 United States Department of Education promulgated pursuant to Title  
7 VI of the Civil Rights Act of 1964;

8 (iii) The department shall calculate the number of  
9 formula students to whom the poverty factor shall apply. The  
10 department shall calculate a ratio of the formula students to the  
11 total children under nineteen years of age residing in the local  
12 system and shall apply the ratio to the low-income children within  
13 the local system, in order to determine the number of low-income  
14 students within such local system. The number of children under  
15 nineteen years of age used in this calculation shall be derived  
16 from income tax information. The poverty factor shall equal the  
17 number of low-income students or the formula students qualified for  
18 free lunches or free milk under United States Department of  
19 Agriculture child nutrition programs, whichever is greater,  
20 multiplied by the following factors:

21 (A) 0 for the qualified formula students comprising the  
22 first five percent of the formula students in the local system;

23 (B) 0.05 for the qualified formula students comprising  
24 more than five percent and not more than ten percent of the formula  
25 students in the local system;

26 (C) 0.10 for the qualified formula students comprising  
27 more than ten percent and not more than fifteen percent of the  
28 formula students in the local system;

1           (D) 0.15 for the qualified formula students comprising  
2 more than fifteen percent and not more than twenty percent of the  
3 formula students in the local system;

4           (E) 0.20 for the qualified formula students comprising  
5 more than twenty percent and not more than twenty-five percent of  
6 the formula students in the local system;

7           (F) 0.25 for the qualified formula students comprising  
8 more than twenty-five percent and not more than thirty percent of  
9 the formula students in the local system; and

10           (G) 0.30 for the qualified formula students comprising  
11 more than thirty percent of the formula students in the local  
12 system; and

13           (iv) The extreme remoteness factor shall equal 0.125  
14 times the formula students in the local system for each local  
15 system that has fewer than two hundred formula students, more than  
16 six hundred square miles in the local system, less than  
17 three-tenths formula student per square mile in the local system,  
18 and more than twenty-five miles between the high school attendance  
19 center and the next closest high school attendance center on paved  
20 roads.

21           (2) The total adjusted formula students for each local  
22 system shall equal the weighted formula students plus the  
23 demographic factors, except that (a) for local systems qualifying  
24 for the extreme remoteness factor, the total adjusted formula  
25 students shall be greater than or equal to one hundred fifty  
26 adjusted formula students, (b) the total adjusted formula students  
27 for a local system shall not include the extreme remoteness factor  
28 or any adjustment to the adjusted formula students resulting from

1 qualification for the extreme remoteness factor for the calculation  
2 of the average formula cost per student in each cost grouping  
3 pursuant to ~~subdivision~~ subsection (2) of section 79-1007.02, and  
4 (c) the total adjusted formula students for a local system shall  
5 include the extreme remoteness factor and any adjustment to the  
6 adjusted formula students resulting from qualification for the  
7 extreme remoteness factor for the calculation of the local system's  
8 formula need pursuant to ~~subdivision~~ subsection (3) of section  
9 79-1007.02.

10 Sec. 3. Section 79-1007.02, Revised Statutes Supplement,  
11 2000, is amended to read:

12 79-1007.02. ~~For state aid calculated for school fiscal~~  
13 ~~year 1998-99 and each school fiscal year thereafter:~~

14 (1) Using data from the annual financial reports for the  
15 second school fiscal year immediately preceding the school fiscal  
16 year in which aid is to be paid, the annual statistical summary  
17 reports for the school fiscal year immediately preceding the school  
18 fiscal year in which aid is to be paid, the fall membership reports  
19 and supplements thereto for the school fiscal year immediately  
20 preceding the school fiscal year in which aid is to be paid, and  
21 the school district census as reported under sections 79-524 and  
22 79-578 for the second school fiscal year preceding the school  
23 fiscal year in which aid is to be paid, the department shall divide  
24 the local systems into three cost groupings prior to the  
25 certification of state aid based upon the following criteria:

26 (a) The very sparse cost grouping will consist of local  
27 systems that have (i)(A) less than one-half student per square mile  
28 in each county in which each high school attendance center is

1 located, based on the school district census, (B) less than one  
2 formula student per square mile in the local system, and (C) more  
3 than fifteen miles between the high school attendance center and  
4 the next closest high school attendance center on paved roads or  
5 (ii)(A) more than four hundred fifty square miles in the local  
6 system, (B) less than one-half student per square mile in the local  
7 system, and (C) more than fifteen miles between each high school  
8 attendance center and the next closest high school attendance  
9 center on paved roads;

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

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

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

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

26 (iv)(A) Less than two formula students per square mile in  
27 the local system and (B) the local system includes an area equal to  
28 ninety-five percent or more of the square miles in the largest

1 county in which a high school attendance center is located in the  
2 local system; and

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

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

12 (2) The department shall calculate the average formula  
13 cost per student in each cost grouping by dividing the difference  
14 of the total estimated general fund operating expenditures minus  
15 the teacher salary allowances calculated under section 4 of this  
16 act for the cost grouping by the total adjusted formula students  
17 for all local systems in the cost grouping. ~~For the calculation of~~  
18 ~~state aid for school fiscal year 1999-00 and for each school fiscal~~  
19 ~~year thereafter, the~~ The average formula cost per student in each  
20 cost grouping shall not be recalculated for the final calculation  
21 of state aid pursuant to section 79-1065. The calculation of total  
22 adjusted formula students for purposes of this ~~subdivision~~  
23 subsection shall take into account the requirements of subsection  
24 (2) of section 79-1007.01. ~~The~~ For all school fiscal years except  
25 school fiscal years 2002-03 and 2003-04, the total estimated  
26 general fund operating expenditures for the cost grouping is equal  
27 to the total adjusted general fund operating expenditures for all  
28 local systems in the cost grouping multiplied by a cost growth

1 factor. For school fiscal years 2002-03 and 2003-04, the total  
2 estimated general fund operating expenditures for each cost  
3 grouping is equal to the sum of the product of the total adjusted  
4 general fund operating expenditures for all local systems in the  
5 cost grouping multiplied by the cost growth factor plus the teacher  
6 salary allowances for that cost grouping. The cost growth factor  
7 for each cost grouping is equal to the sum of: (a) One; plus (b)  
8 the product of two times the ratio of the difference between the  
9 formula students attributable to the cost grouping without  
10 weighting or adjustment pursuant to section 79-1007.01 and the  
11 average daily membership attributable to the cost grouping for the  
12 most recently available complete data year divided by the average  
13 daily membership attributable to the cost grouping for the most  
14 recently available complete data year, except that the ratio shall  
15 not be less than zero; plus (c) the basic allowable growth rate  
16 pursuant to section 79-1025 for the school fiscal year in which the  
17 aid is to be distributed; plus (d) the basic allowable growth rate  
18 pursuant to section 79-1025 for the school fiscal year immediately  
19 preceding the school fiscal year in which the aid is to be  
20 distributed; plus (e) one-half of any additional growth rate  
21 allowed by special action of school boards for the school fiscal  
22 year in which the aid is to be distributed as determined for the  
23 school fiscal year immediately preceding the school fiscal year  
24 when aid is to be distributed; plus (f) one-half of any additional  
25 growth rate allowed by special action of the school boards for the  
26 school fiscal year immediately preceding the school fiscal year  
27 when the aid is to be distributed. + and

28 (3) Each local system's formula need will be equal to the

1 local system's teacher salary allowance plus the local system's  
2 transportation allowance plus the local system's special receipts  
3 allowance plus the product of the local system's adjusted formula  
4 students multiplied by the average formula cost per student in the  
5 local system's cost grouping. The calculation of total adjusted  
6 formula students for purposes of this ~~subdivision~~ subsection shall  
7 take into account the requirements of subsection (2) of section  
8 79-1007.01.

9           Sec. 4. (1) Beginning with state aid to be distributed  
10 for school fiscal year 2002-03, a teacher salary allowance shall be  
11 calculated for each qualifying local system. Except as otherwise  
12 provided in this section, the teacher salary allowance shall equal  
13 the teacher salary enhancement amount established under section 5  
14 of this act for the school fiscal year in which aid is to be paid  
15 multiplied by the adjusted weighted formula students for the most  
16 recently available complete data year attributable to the local  
17 system.

18           (2)(a) For school fiscal year 2002-03, a qualifying  
19 system shall maintain teacher salary expenditures that are greater  
20 than or equal to teacher salary expenditures for school year  
21 2000-01.

22           (b) For school fiscal year 2003-04, a qualifying system  
23 shall maintain teacher salary expenditures for school year 2002-03  
24 that are greater than or equal to the sum of the teacher salary  
25 expenditures for school year 2001-02 plus the teacher salary  
26 allowance.

27           (c) For school fiscal year 2004-05 and each school fiscal  
28 year thereafter, a qualifying system shall maintain teacher salary

1 expenditures for the prior school year that are greater than or  
2 equal to the sum of the teacher salary expenditures for the school  
3 year two years prior to the school fiscal year for which aid is  
4 being calculated plus the increase in the teacher salary allowance  
5 for the school fiscal year prior to the school fiscal year for  
6 which aid is being calculated.

7 (3) If a local system is not a qualifying system for any  
8 school fiscal year, an amount equal to the teacher salary allowance  
9 for the prior school fiscal year shall be subtracted from the aid  
10 to be distributed to the school districts in the local system, up  
11 to the amount of equalization aid that the local system received in  
12 the prior school fiscal year. If the local system did not receive  
13 equalization aid in an amount greater than the teacher salary  
14 allowance in the prior school fiscal year, the total amount of  
15 equalization aid shall be subtracted from the aid to be  
16 distributed. If the department determines within three years  
17 following the school fiscal year for which the aid was distributed  
18 that a local system incorrectly qualified for the teacher salary  
19 allowance, aid shall be withheld for the school fiscal year  
20 following the determination in the same manner as it is for local  
21 systems that are not qualifying systems.

22 (4) Qualifying systems shall certify required data and  
23 other information related to the teacher salary allowance to the  
24 department on or before the date established by the department.  
25 The department may require data, other information, or affidavits  
26 to carry out this section. The department may require audits of  
27 the information on a regular basis, a random basis, or upon notice  
28 from any source that the information provided by the district is

1 not accurate.

2           Sec. 5. The teacher salary enhancement shall equal fifty  
3 dollars for school fiscal year 2002-03. For school fiscal year  
4 2003-04 and each school fiscal year thereafter, the teacher salary  
5 enhancement shall equal the teacher salary enhancement from the  
6 prior year increased by the basic allowable growth rate calculated  
7 under section 79-1025.

8           Sec. 6. Section 79-1026, Revised Statutes Supplement,  
9 2000, is amended to read:

10           79-1026. On or before ~~April 1, 1999,~~ and on or before  
11 February 1, ~~for each year thereafter,~~ the department shall  
12 determine and certify to each Class II, III, IV, V, or VI district  
13 an applicable allowable growth percentage carried out at least four  
14 decimal places for each local system as follows:

15           (1) ~~For each school fiscal year, the department shall~~  
16 ~~determine a target budget level for each local system by~~  
17 ~~multiplying the adjusted formula students as calculated pursuant to~~  
18 ~~section 79-1007.01 by the cost grouping cost per student as~~  
19 ~~calculated under section 79-1007.02. The sum of such product and~~  
20 ~~the local system's special receipts allowance and transportation~~  
21 ~~allowance shall be each local system's target budget level,~~

22           ~~(2)~~ The department shall establish a ~~target budget level~~  
23 range of general fund operating expenditure levels for each school  
24 fiscal year for each local system which shall begin at twenty  
25 percent less than the ~~target budget level~~ local system formula  
26 needs and end at the ~~target budget level~~ local system formula  
27 needs. The beginning point of the range shall be assigned a number  
28 equal to the maximum allowable growth rate established in section

1 79-1025, and the end point of the range shall be assigned a number  
2 equal to the basic allowable growth rate as prescribed in such  
3 section such that the lower end of the range shall be assigned the  
4 maximum allowable growth rate and the higher end of the range shall  
5 be assigned the basic allowable growth rate; and

6 ~~(3)~~ (2) For each school fiscal year, each local system's  
7 general fund operating expenditures shall be compared to its ~~target~~  
8 ~~budget level~~ local system formula needs along the range described  
9 in subdivision ~~(2)~~ (1) of this section to arrive at an applicable  
10 allowable growth rate as follows: If each local system's general  
11 fund operating expenditures fall below the lower end of the range,  
12 such applicable allowable growth rate shall be the maximum growth  
13 rate identified in section 79-1025. If each local system's general  
14 fund operating expenditures are greater than the higher end of the  
15 range, the local system's allowable growth rate shall be the basic  
16 growth rate identified in such section. If each local system's  
17 general fund operating expenditures fall between the lower end and  
18 the higher end of the range, the department shall use a linear  
19 interpolation calculation between the end points of the range to  
20 arrive at the applicable allowable growth rate for the local  
21 system.

22 Sec. 7. Section 79-1028, Revised Statutes Supplement,  
23 2000, is amended to read:

24 79-1028. (1) A Class II, III, IV, V, or VI school  
25 district may exceed the local system's allowable growth rate for  
26 (a) expenditures in support of a service which is the subject of an  
27 agreement or a modification of an existing agreement whether  
28 operated by one of the parties to the agreement or an independent

1 joint entity or joint public agency, (b) expenditures to pay for  
 2 repairs to infrastructure damaged by a natural disaster which is  
 3 declared a disaster emergency pursuant to the Emergency Management  
 4 Act, (c) expenditures to pay for judgments, except judgments or  
 5 orders from the Commission of Industrial Relations, obtained  
 6 against a school district which require or obligate a school  
 7 district to pay such judgment, to the extent such judgment is not  
 8 paid by liability insurance coverage of a school district, (d)  
 9 expenditures to pay for sums agreed to be paid by a school district  
 10 to certificated employees in exchange for a voluntary termination  
 11 of employment, or (e) expenditures to pay for lease-purchase  
 12 contracts approved on or after July 1, 1997, and before July 1,  
 13 1998, to the extent the lease payments are not budgeted  
 14 expenditures for fiscal year 1997-98.

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

23	Average daily	Projected increase
24	membership of	of formula students
25	district	by percentage
26	0 - 50	10
27	50.01 - 250	5
28	250.01 - 1,000	3

1           1,000.01 and over

1

2           The department shall compute the district's estimated  
3 allowable budget per pupil using the budgeted general fund  
4 expenditures found on the budget statement for the current school  
5 year divided by the number of formula students in the current  
6 school year and multiplied by the district's applicable allowable  
7 growth rate. The resulting allowable budget per pupil shall be  
8 multiplied by the projected formula students to arrive at the  
9 estimated budget needs for the ensuing year. The department shall  
10 allow the district to increase its general fund budget of  
11 expenditures for the ensuing school year by the amount necessary to  
12 fund the estimated budget needs of the district as computed  
13 pursuant to this subsection. On or before April 1, 1999, and on or  
14 before February 1 for each year thereafter, the department shall  
15 make needed revisions in the applicable allowable growth rate of  
16 districts which have been allowed additional growth pursuant to  
17 this subsection to reflect the actual formula students of such  
18 district and shall certify such revisions to each district.

19           (3) A Class II, III, IV, V, or VI district may exceed its  
20 applicable allowable growth rate by a specific dollar amount if  
21 construction, expansion, or alteration of district buildings will  
22 cause an increase in building operation and maintenance costs of at  
23 least five percent. The department shall document the projected  
24 increase in building operation and maintenance costs and may allow  
25 a Class II, III, IV, V, or VI district to exceed the local system's  
26 applicable allowable growth percentage by the amount necessary to  
27 fund such increased costs. The department shall compute the actual  
28 increased costs for the school year and shall, if needed, modify

1 the local system's applicable allowable growth rate for the ensuing  
2 school year.

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

14 (5) For school fiscal year 2002-03, a Class II, III, IV, V,  
15 or VI district may exceed its applicable allowable growth rate by a  
16 specific dollar amount equal to the number of adjusted weighted  
17 formula students attributable to the district multiplied by fifty  
18 dollars.

19 Sec. 8. Original sections 79-1001, 79-1007.01, 79-1007.02,  
20 79-1026, and 79-1028, Revised Statutes Supplement, 2000, are  
21 repealed.