

LEGISLATIVE BILL 797

Approved by the Governor May 7, 2001

Introduced by Education Committee: Raikes, 25, Chairperson; Coordsen, 32;
Price, 26; Stuhr, 24; Suttle, 10; Wickersham, 49

AN ACT relating to schools; to amend sections 79-237, 79-313, 79-4,101, 79-563, 79-573, 79-583, 79-817, 79-1092, 85-1641, 85-1642, and 85-1657, Reissue Revised Statutes of Nebraska, sections 9-812, 13-511, 77-1601.02, 79-214, 79-215, 79-238, 79-442, 79-458, 79-4,108, 79-528, 79-1003, 79-1007.01, 79-1008.01, 79-1008.02, 79-1009, 79-1010, 79-1015.01, 79-1018.01, 79-1024, 79-1026, 79-1027, 79-1028, 79-1032, 79-1035, 79-1036, 79-1044, 79-1047, 79-1051, 79-1072.01, 79-1072.02, 79-1072.03, 79-1083.03, 79-1089, 79-1125, 79-1132, 79-1142, 79-1155, 79-1162, 79-1202, 79-1217, and 79-1241.02, Revised Statutes Supplement, 2000, and section 79-10,110, Revised Statutes Supplement, 2000, as amended by section 1, Legislative Bill 240, Ninety-seventh Legislature, First Session, 2001; to change provisions relating to duties of the Excellence in Education Council, budget revisions, tax request hearings, entrance requirements, the State Board of Education, the enrollment option program, reorganization of school districts, unified systems, reports, meetings, warrants, contract forms, state aid, budget statements, budget restrictions, the School Finance Review Committee, apportionment and distribution of federal school funds, temporary mitigation funds, the Hardship Fund, budgets of Class I districts, audits, money payable from certain cities, qualified zone academy undertakings, special education, educational service units, and the Tuition Recovery Cash Fund; to redefine terms; to eliminate provisions relating to Reserve Teachers, certification of aid for 1998, and a nonresident tuition fund; to harmonize provisions; to repeal the original sections; to outright repeal sections 79-8,102 to 79-8,105, Reissue Revised Statutes of Nebraska, and sections 79-1022.01 and 79-1076, Revised Statutes Supplement, 2000; and to declare an emergency.

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

Section 1. Section 9-812, Revised Statutes Supplement, 2000, is amended to read:

9-812. (1) All money received from the operation of lottery games conducted pursuant to the State Lottery Act in Nebraska shall be ~~deposited in~~ credited to the State Lottery Operation Trust Fund, which fund is hereby created. All payments of expenses of the operation of the lottery games shall be made from the State Lottery Operation Cash Fund. In accordance with legislative appropriations, money for payments for expenses of the division shall be transferred from the State Lottery Operation Trust Fund to the State Lottery Operation Cash Fund, which fund is hereby created. All money necessary for the payment of lottery prizes shall be transferred from the State Lottery Operation Trust Fund to the State Lottery Prize Trust Fund, which fund is hereby created. The amount used for the payment of lottery prizes shall not be less than forty percent of the dollar amount of the lottery tickets which have been sold. At least twenty-five percent of the dollar amount of the lottery tickets which have been sold on an annualized basis shall be transferred from the State Lottery Operation Trust Fund to the Education Innovation Fund, the Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund. Of the money available to be transferred to the Education Innovation Fund, the Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund, the first five hundred thousand dollars shall be transferred to the Compulsive Gamblers Assistance Fund to be used as provided in sections 83-162.01 to 83-162.04. Thereafter, forty-nine and one-half percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Education Innovation Fund. Forty-nine and one-half percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska Environmental Trust Fund to be used as provided in the Nebraska Environmental Trust Act. One percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be transferred to the Compulsive Gamblers Assistance Fund to be used as

provided in sections 83-162.01 to 83-162.04.

(2) The Education Innovation Fund is hereby created. ~~Each fiscal year beginning with fiscal year 1994-95,~~ At least seventy-five percent of the lottery proceeds allocated to the Education Innovation Fund shall be available for disbursement. The Education Innovation Fund shall be allocated in the following manner: Up to ten percent to fund the mentor teacher program pursuant to the Quality Education Accountability Act; up to seventy percent as quality education incentives pursuant to the act; and up to twenty percent of the fund shall be allocated by the Governor through incentive grants to encourage the development of strategic school improvement plans by school districts for accomplishing high performance learning and to encourage schools to establish innovations in programs or practices that result in restructuring of school organization, school management, and instructional programs which bring about improvement in the quality of education. Such incentive grants allocated by the Governor are intended to provide selected school districts, teachers or groups of teachers, nonprofit educational organizations, educational service units, or cooperatives funding for the allowable costs of implementing pilot projects and model programs.

From the funds allocated by the Governor, minigrants shall be available to school districts to support the development of strategic school improvement plans which shall include statements of purposes and goals for the districts. The plans shall also include the specific statements of improvement or strategic initiatives designed to improve quality learning for every student.

In addition to the minigrants granted for the development of strategic school improvement plans, school districts with annual budget expenditures of three hundred fifty thousand dollars or less are eligible for minigrants from the funds allocated by the Governor for the purposes allowed in subdivisions (2)(a) through (q) of this section. The amount of this type of minigrant shall not exceed five thousand dollars. The school district shall present a curriculum support plan with its application for the grant. The curriculum support plan must show how the district is working to achieve one or more of the allowed purposes and how the grant will be used to directly advance the plan to achieve one or more of these purposes. The plan must be signed by the school administrator and a school board representative. The application for the grant shall be brief. The Excellence in Education Council shall select the recipients of this type of minigrant and shall administer such minigrants.

From the funds allocated by the Governor, major competitive grants shall be available to support innovative programs which are directly related to the strategic school improvement plans. The development of a strategic school improvement plan by a school district shall be required before a grant is awarded. Annual reports shall be made by program recipients documenting the effectiveness of the program in improving the quality of education as designed in the strategic school improvement plans. Special consideration shall be given to plans which contain public or private matching funds and cooperative agreements, including agreements for in-kind services. Purposes for which such major competitive grants would be offered shall include:

(a) Professional staff development programs to provide funds for teacher and administrator training and continuing education to upgrade teaching and administrative skills;

(b) The development of strategic school improvement plans by school districts;

(c) Educational technology assistance to public schools for the purchase and operation of computers, telecommunications equipment and services, and other forms of technological innovation which may enhance classroom teaching, instructional management, and districtwide administration pursuant to the state's goal of ensuring that all kindergarten through grade twelve public school districts or affiliated school systems have a direct connection to a statewide public computer information network by June 30, 2000. The telecomputing equipment and services needed to meet this goal may be funded under this subsection, sections 79-1241.01, 79-1243, and 79-1310, or any combination of such subsection and sections. Such telecommunications equipment, services, and forms of technical innovation shall be approved ~~by the State Department of Education~~ only after review by the technical panel created in section 86-1511;

(d) An educational accountability program to develop an educational indicators system to measure the performance and outcomes of public schools and to ensure efficiency in operations;

(e) Alternative programs for students, including underrepresented groups, at-risk students, and dropouts;

(f) Programs that demonstrate improvement of student performance

against valid national and international achievement standards;

(g) Early childhood and parent education which emphasizes child development;

(h) Programs using decisionmaking models that increase involvement of parents, teachers, and students in school management;

(i) Increased involvement of the community in order to achieve increased confidence in and satisfaction with its schools;

(j) Development of magnet or model programs designed to facilitate desegregation;

(k) Programs that address family and social issues impairing the learning productivity of students;

(l) Programs enhancing critical and higher-order thinking capabilities;

(m) Programs which produce the quality of education necessary to guarantee a competitive work force;

(n) Programs designed to increase productivity of staff and students through innovative use of time;

(o) Training programs designed to benefit teachers at all levels of education by increasing their ability to work with educational technology in the classroom;

(p) Approved accelerated or differentiated curriculum programs under sections 79-1106 to 79-1108.03; and

(q) Programs for children from birth to age twenty-one years with disabilities receiving special education under the Special Education Act and children from birth to age twenty-one years needing support services as defined in section 79-1125.01, which programs demonstrate improved outcomes for children from birth to age twenty-one years through emphasis on prevention and collaborative planning.

The Governor shall establish the Excellence in Education Council. The Governor shall appoint eleven members to the council including representatives of educational organizations, postsecondary educational institutions, the business community, and the general public, members of school boards and parent education associations, school administrators, and at least four teachers who are engaged in classroom teaching. The State Department of Education shall provide staff support for the council to administer the Education Innovation Fund, including the Quality Education Accountability Act. The council shall have the following powers and duties:

(i) In consultation with the ~~State Department of Education~~ department, develop and publish criteria for the awarding of incentive grants allocated by the Governor for programs pursuant to this subsection, including minigrants;

(ii) Provide recommendations to the Governor regarding the selection of projects to be funded and the distribution and duration of project funding; ~~For projects recommended under subdivision (2)(c) of this section, the council shall also provide recommendations to the Nebraska Information Technology Commission for its review and recommendations to the Governor;~~

(iii) Establish standards, formats, procedures, and timelines for the successful implementation of approved programs funded by incentive grants allocated by the Governor from the Education Innovation Fund;

(iv) Assist school districts in determining the effectiveness of the innovations in programs and practices and measure the subsequent degree of improvement in the quality of education;

(v) Consider the reasonable distribution of funds across the state and all classes of school districts;

(vi) Carry out its duties pursuant to the Quality Education Accountability Act; and

(vii) Provide annual reports to the Governor concerning programs funded by the fund. Each report shall include the number of applicants and approved applicants, an overview of the various programs, objectives, and anticipated outcomes, and detailed reports of the cost of each program.

To assist the council in carrying out its duties, the State Board of Education shall, in consultation with the council, adopt and promulgate rules and regulations establishing criteria, standards, and procedures regarding the selection and administration of programs funded from the Education Innovation Fund, including the Quality Education Accountability Act.

(3) Recipients of incentive grants allocated by the Governor from the Education Innovation Fund shall be required to provide, upon request, such data relating to the funded programs and initiatives as the Governor deems necessary.

(4) Any money in the State Lottery Operation Trust Fund, the State Lottery Operation Cash Fund, the State Lottery Prize Trust Fund, or the Education Innovation Fund available for investment shall be invested by the

state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(5) Unclaimed prize money on a winning lottery ticket shall be retained for a period of time prescribed by rules and regulations. If no claim is made within such period, the prize money shall be used at the discretion of the Tax Commissioner for any of the purposes prescribed in this section.

Sec. 2. Section 13-511, Revised Statutes Supplement, 2000, is amended to read:

13-511. (1) Unless otherwise provided by law, whenever during the current fiscal year or biennial period it becomes apparent to a governing body that (a) there are circumstances which could not reasonably have been anticipated at the time the budget for the current year or biennial period was adopted, (b) the budget adopted violated sections 13-518 to 13-522, such that the revenue of the current fiscal year or biennial period for any fund thereof will be insufficient, additional expenses will be necessarily incurred, or there is a need to reduce the budget requirements to comply with sections 13-518 to 13-522, or (c) the governing body has been notified by the auditor of a mathematical or accounting error or noncompliance with the Nebraska Budget Act, such governing body may propose to revise the previously adopted budget statement and shall conduct a public hearing on such proposal.

(2) Notice of the time and place of the hearing shall be published at least five days prior to the date set for hearing in a newspaper of general circulation within the governing body's jurisdiction. Such published notice shall set forth (a) the time and place of the hearing, (b) the amount in dollars of additional or reduced money required and for what purpose, (c) a statement setting forth the nature of the unanticipated circumstances and, if the budget requirements are to be increased, the reasons why the previously adopted budget of expenditures cannot be reduced during the remainder of the current year or biennial period to meet the need for additional money in that manner, ~~and~~ (d) a copy of the summary of the originally adopted budget previously published, and (e) a copy of the summary of the proposed revised budget.

(3) At such hearing any taxpayer may appear or file a written statement protesting any application for additional money. A written record shall be kept of all such hearings.

(4) Upon conclusion of the public hearing on the proposed revised budget and approval of the proposed revised budget by the governing body, the governing body shall file with the county clerk of the county or counties in which such governing body is located, and with the auditor, a copy of the revised budget, as adopted, and shall certify the revised amount of tax to be levied. The governing body may then issue warrants in payment for expenditures authorized by the adopted revised budget. Such warrants shall be referred to as registered warrants and shall be repaid during the next fiscal year or biennial period from funds derived from taxes levied therefor.

(5) Within thirty days after the adoption of the budget under section 13-506, a governing body may, or within thirty days after notification of an error by the auditor, a governing body shall, correct an adopted budget which contains a clerical, mathematical, or accounting error which does not affect the total amount budgeted by more than one percent or increase the amount required from property taxes. No public hearing shall be required for such a correction. After correction, the governing body shall file a copy of the corrected budget with the county clerk of the county or counties in which such governing body is located and with the auditor. The governing body may then issue warrants in payment for expenditures authorized by the budget.

Sec. 3. Section 77-1601.02, Revised Statutes Supplement, 2000, is amended to read:

77-1601.02. (1) The property tax request for the prior year shall be the property tax request for the current year for purposes of the levy set by the county board of equalization in section 77-1601 unless the governing body of the county, municipality, school district, sanitary and improvement district, natural resources district, educational service unit, or community college passes by a majority vote a resolution or ordinance setting the tax request at a different amount. ~~School systems with multiple school districts shall hold a hearing to approve or modify the systemwide tax requests on or before October 5.~~ Such resolution or ordinance shall only be passed after a special public hearing called for such purpose is held and after notice is published in a newspaper of general circulation in the area of the political subdivision at least five days prior to the hearing. The hearing notice shall contain the following information: The dollar amount of the prior year's tax request and the property tax rate that was necessary to fund that tax request; the property tax rate that would be necessary to fund last year's tax request

if applied to the current year's valuation; and the proposed dollar amount of the tax request for the current year and the property tax rate that will be necessary to fund that tax request. Any resolution setting a tax request under this section shall be certified and forwarded to the county clerk ~~prior to October 14~~ on or before October 13 of the year for which the tax request is to apply.

(2) Any levy which is not in compliance with this section and section 77-1601 shall be construed as an unauthorized levy under section 77-1606.

Sec. 4. Section 79-214, Revised Statutes Supplement, 2000, is amended to read:

79-214. (1) Except as provided in subsection (2) of this section, the school board ~~or board of education~~ of any school district shall not admit any child into the kindergarten or beginner grade of any school of such school district unless such child has reached the age of five years or will reach such age on or before October 15 of the current year.

(2) The board may admit a child who will reach the age of five between October 16 and February 1 of the current school year if the parent or guardian requests such entrance and provides an affidavit stating that (a) the child attended kindergarten in another jurisdiction in the current school year, (b) the family anticipates relocation to another jurisdiction that would allow admission within the current year, or (c) the child has demonstrated through recognized assessment procedures approved by the board that he or she is capable of carrying the work of kindergarten or the beginner grade.

(3) ~~The board may require a birth certificate prior to entrance of a child into the beginner grade shall comply with the requirements of subsection (2) of section 43-2007~~ and shall require evidence of a physical examination by a physician, a physician assistant, or an advanced practice registered nurse within six months prior to the entrance of a child into the beginner grade and the seventh grade or, in the case of a transfer from out of state, to any other grade of the local school, except that no such physical examination shall be required of any child whose parent or guardian objects in writing. The cost of such physical examination shall be borne by the parent or guardian of each child who is examined.

Sec. 5. Section 79-215, Revised Statutes Supplement, 2000, is amended to read:

79-215. (1) Except as otherwise provided in this section, a student is a resident of the school district where he or she resides or any school district where at least one of his or her parents reside and shall be admitted to ~~the any such~~ school district upon request without charge.

(2) A school board shall admit any homeless student that requests admission without charge.

(3) ~~The~~ A school board may allow a student whose residency in the district ceases during a school year to continue attending school in such district for the remainder of that school year.

(4) A school board may admit nonresident students to the school district pursuant to a contract with the district where the student is a resident and shall collect tuition pursuant to the contract.

(5) A school board may admit nonresident students to the school district pursuant to the enrollment option program as authorized by sections 79-232 to 79-246, and such admission shall be without charge.

(6) A school board may admit a student who is a resident of another state to the school district and collect tuition in advance at a rate determined by the school board.

(7) When ~~the~~ a student as a ward of the state or as a ward of any court (a) has been placed in a school district other than the district in which he or she resided at the time he or she became a ward and such ward does not reside in a foster family home licensed or approved by the Department of Health and Human Services or a foster home maintained or used pursuant to section 83-108.04 or (b) has been placed in any institution which maintains a special education program which has been approved by the State Department of Education and such institution is not owned or operated by the district in which he or she resided at the time he or she became a ward, the cost of his or her education and the required transportation costs associated with the student's education shall be paid by the state, but not in advance, to the receiving school district or approved institution under rules and regulations prescribed by the Department of Health and Human Services and the student shall remain a resident of the district in which he or she resided at the time he or she became a ward. Any student who is a ward of the state or a ward of any court who resides in a foster family home licensed or approved by the Department of Health and Human Services or a foster home maintained or used pursuant to section 83-108.04 shall be deemed a resident of the district in

which the foster family home or foster home is located.

(8) When ~~the~~ a student is not a ward of the state or a ward of any court and is residing in a residential setting located in Nebraska for reasons other than to receive an education and the residential setting is operated by a service provider which is certified or licensed by the Department of Health and Human Services or is enrolled in the medical assistance program established under sections 68-1018 to 68-1025 and Title XIX or XXI of the federal Social Security Act, as amended, the student shall remain a resident of the district in which he or she resided immediately prior to residing in such residential setting. Upon request by a parent or legal guardian, the resident school district shall contract with the district in which such residential setting is located for the provision of all educational services, including all special education services. If the parent or legal guardian has requested that the resident school district contract with the district in which such residential setting is located, the district in which such residential setting is located shall contract with the resident district and provide all educational services, including all special education services, to the student. If the two districts cannot agree on the amount of the contract, the State Department of Education shall determine the amount to be paid by the resident district to the district in which such residential setting is located based on the needs of the student, approved special education rates, the department's general experience with special education budgets, and the cost per student in the district in which such residential setting is located. Once the contract has been entered into, all legal responsibility for special education and related services shall be transferred to the school district in which the residential setting is located. The resident district for a student who is not a ward of the state or a ward of any court does not change when the student moves from one residential setting to another.

(9) In the case of any individual eighteen years of age or younger who is a ward of the state or any court and who is placed in a county detention home established under section 43-2,110, the cost of his or her education shall be paid by the state, regardless of the district in which he or she resided at the time he or she became a ward, to the agency or institution which: (a) Is selected by the county board with jurisdiction over such detention home; (b) has agreed or contracted with such county board to provide educational services; and (c) has been approved by the State Department of Education pursuant to rules and regulations prescribed by the State Board of Education.

(10) No tuition shall be charged for students who may be by law allowed to attend the school without charge.

(11) On a form prescribed by the State Department of Education, an adult with legal or actual charge or control of ~~the~~ a student shall provide the name of the student, the name of the adult with legal or actual charge or control of the student, the address where the student is residing, and the phone number and address where the adult may generally be reached during the school day. If the student is homeless or if the adult does not have a phone number and address where he or she may generally be reached during the school day, those parts of the form may be left blank and a box may be marked acknowledging that these are the reasons these parts of the form were left blank. The adult with legal or actual charge or control of the student shall also sign the form.

(12) The department shall adopt and promulgate rules and regulations to carry out the department's responsibilities under this section.

Sec. 6. Section 79-237, Reissue Revised Statutes of Nebraska, is amended to read:

79-237. (1)(a) Except as provided in subdivision (b) of this subsection, for a student to attend school in an option school district, the student's parent or legal guardian shall submit an application to the school board ~~or board of education~~ of the option school district between September 1 and ~~January 1~~ March 15 for enrollment during the following and subsequent school years. Applications submitted after ~~January 1~~ March 15 shall be accompanied by a written release from the resident school district. The option school district shall provide the resident school district with the name of the applicant on or before ~~January 15~~ April 1. The option school district shall notify, in writing, the parent or legal guardian of the student, ~~and~~ the resident school district, and the State Department of Education whether the application is accepted or rejected on or before April 1.

(b) For a student to attend school in an option school district whose resident school district has a desegregation plan adopted by the school board ~~or the board of education~~ or ordered by the federal court, the student's parent or legal guardian shall submit an application to the school board ~~or~~

~~board of education~~ of the resident school district between September 1 and January 1 for enrollment during the following and subsequent school years. If the application is accepted, the resident school district shall notify, in writing, the option school district and the parent or legal guardian of the student on or before February 1. If the application is rejected, the resident school district shall notify, in writing, the parent or legal guardian of the student on or before February 1. If the application is accepted by the resident school district, the option school district shall notify, in writing, the parent or legal guardian of the student, the resident school district, and the State Department of Education whether the application is accepted or rejected by the option school district on or before April 1.

(2) Applications for students who do not actually attend the option school district may be withdrawn in good standing upon mutual agreement by both the resident and option school districts.

(3) No option student shall attend an option school district for less than one school year unless the student relocates to a different resident school district, completes requirements for graduation prior to the end of his or her senior year, transfers to a private or parochial school, or upon mutual agreement of the resident and option school districts cancels the enrollment option and returns to the resident school district.

(4) Except as provided in subsection (3) of this section, the option student shall attend the option school district until graduation unless the student relocates in a different resident school district, transfers to a private or parochial school, or chooses to return to the resident school district.

(5) In each case of cancellation pursuant to subsections (3) and (4) of this section, the student's parent or legal guardian shall notify the school board ~~or board of education~~ of the option school district and the resident school district and the department by ~~January 1~~ March 15 for automatic approval for the following school year.

(6) The application and cancellation forms shall be prescribed and furnished by the State Department of Education.

(7) An option student who subsequently chooses to attend a private or parochial school shall be automatically accepted to return to either the resident school district or option school district upon the completion of the grade levels offered at the private or parochial school. If such student chooses to return to the option school district, the student's parent or legal guardian shall submit another application to the school board ~~or board of education~~ of the option school district which shall be automatically accepted, and the deadlines prescribed in this section shall be waived.

Sec. 7. Section 79-238, Revised Statutes Supplement, 2000, is amended to read:

79-238. (1) Except as provided in section 79-240, the school board ~~or board of education~~ of the option school district shall adopt by resolution specific standards for acceptance and rejection of applications. Standards may include the capacity of a program, class, grade level, or school building or the availability of appropriate special education programs operated by the option district. Capacity shall be determined by setting a maximum number of option students that a district will accept in any program, class, grade level, or school building, based upon available staff, facilities, projected enrollment of resident students, projected number of students with which the option district will contract based on existing contractual arrangements, and availability of appropriate special education programs. The school board ~~or board of education~~ of the option school district may by resolution declare a program, a class, or a school unavailable to option students due to lack of capacity. Standards shall not include previous academic achievement, athletic or other extracurricular ability, disabilities, proficiency in the English language, or previous disciplinary proceedings except as provided in section 79-266.01.

(2) A school district that has a desegregation plan adopted by the school board ~~or the board of education~~ or ordered by the federal court may adopt standards for acceptance and rejection of applications for transfer into or out of such district which are designed to make desegregation easier to maintain or improve. Desegregation is made easier to maintain or improve by standards which, considering all requests for transfer into or out of the school district received prior to the school district's application deadline established in conformity with section 79-237 or 79-240, prohibit transfers which if granted would increase the racial percentage in the school district's total enrollment of the minority group for whom the desegregation plan was ordered or adopted. Any such standards may apply to students residing within the school district who seek to transfer to a school in another school district and to students who reside in another district who seek to transfer

into a school district which has a desegregation plan.

(3) Any option school district shall give first priority for enrollment to option students whose request for enrollment would aid the racial integration of the option school district and the resident school district and to siblings of option students, except that the option school district shall not be required to accept the sibling of an option student if the district is at capacity except as provided in subsections (2) and (4) of section 79-240.

(4) For purposes of this section, racial integration is aided if a student transfers to an option school district in which his or her race is a smaller percentage of the total student enrollment of the option school district than it is of the student's resident school district.

Sec. 8. Section 79-313, Reissue Revised Statutes of Nebraska, is amended to read:

79-313. No person shall be eligible to membership on the State Board of Education (1) who is actively engaged in the teaching profession, (2) who is a holder of any state office, a member of a state board or commission unless the board or commission is limited to an advisory capacity, or a candidate for any state office, or board, or commission unless the board or commission is limited to an advisory capacity, or (3) unless he or she is a citizen of the United States, a resident of the state for a period of at least six months, and a resident of the district from which he or she is elected for a period of at least six months immediately preceding his or her election.

Sec. 9. Section 79-442, Revised Statutes Supplement, 2000, is amended to read:

79-442. Before any plan of reorganization is completed or approved by the state committee, it shall hold one or more public hearings. At such hearings, it shall hear any and all persons interested with respect to (1) the merits of proposed reorganization plans, (2) the value and amount of all school property of whatever nature involved in the proposed action, (3) the amount of outstanding indebtedness of each district and proposed disposition thereof, and (4) the equitable adjustment of all property, debts, and liabilities among the districts involved. The state committee shall keep a record of all hearings in the formulation or approval of plans for the reorganization of school districts. Notice of such public hearings of the state committee shall be given by publication in a legal newspaper of general circulation in the county or counties in which the affected districts are located at least ten days prior to such hearing.

Sec. 10. Section 79-458, Revised Statutes Supplement, 2000, is amended to read:

79-458. (1) Any freeholder or freeholders, person in possession or constructive possession as vendee pursuant to a contract of sale of the fee, holder of a school land lease under section 72-232, or entrant upon government land who has not yet received a patent therefor may file a petition with a board consisting of the county assessor, county clerk, and county treasurer, asking to have any tract or tracts of land described in the petition set off from an existing Class II or III school district in which the land is situated and attached to an accredited district which is contiguous to such tract or tracts of land if:

(a) The Class II or III school district has had an average daily membership in grades nine through twelve of less than sixty pupils in grades nine through twelve for the two consecutive school fiscal years immediately preceding the filing of the petition;

(b) The Class II or III school district has voted to exceed the maximum levy established pursuant to subdivision (2)(a) of section 77-3442, which vote is effective for the school fiscal year in which the petition is filed or for the following school fiscal year; and

(c) The high school is within fifteen miles on a maintained public highway or maintained public road of another high school.

For purposes of determining whether a tract of land is contiguous, all petitions currently being considered by the board shall be considered together as a whole.

(2) The petition shall state the reasons for the proposed change and shall show with reference to the land of each petitioner: (a) That (i) the land described in the petition is either owned by the petitioner or petitioners or that he, she, or they hold a school land lease under section 72-232, are in possession or constructive possession as vendee under a contract of sale of the fee simple interest, or have made an entry on government land but have not yet received a patent therefor and (ii) such tract of land includes all such contiguous land owned or controlled by each petitioner; (b) that the land described in the petition is located in a Class II or III district, the district has had an average daily membership in grades

nine through twelve of less than sixty pupils in grades nine through twelve for the two consecutive school fiscal years immediately preceding the filing of the petition, the district has voted to exceed the maximum levy established pursuant to subdivision (2)(a) of section 77-3442 as provided in subdivision (1)(b) of this section, and the land is to be attached to an accredited school district which is contiguous to such tract or tracts of land; and (c) that such petition is approved by a majority of the members of the school board of the district to which such land is sought to be attached.

(3) The petition shall be verified by the oath of each petitioner. Notice of the filing of the petition and of the hearing on such petition before the board constituted as prescribed in subsection (1) or (4) of this section shall be given at least ten days prior to the date of such hearing by one publication in a legal newspaper of general circulation in each district and by posting a notice on the outer door of the schoolhouse in each district affected thereby, and such notice shall designate the territory to be transferred. ~~The Such~~ board shall, after a public hearing on the petition and a determination that all requirements of this section have been complied with, change the boundaries of the school districts so as to set off the land described in the petition and attach it to such district pursuant to the petition.

(4) Petitions requesting transfers of property across county lines shall be addressed jointly to the county clerks of the counties concerned, and the petitions shall be acted upon by the county assessors, county clerks, and county treasurers of the counties involved as one board, with the county clerk of the county from which the land is sought to be transferred acting as chairperson of the board.

(5) Appeals may be taken from the action of such board or, when such board fails to agree, to the district court of the county in which the land is located within twenty days after entry of such action on the records of the board by the county clerk of the county in which the land is located or within twenty days after March 15 if ~~the~~ such board fails to act upon such petition, in the same manner as appeals are now taken from the action of the county board in the allowance or disallowance of claims against the county.

(6) This section does not apply to any school district located on an Indian reservation and substantially or totally financed by the federal government.

Sec. 11. Section 79-4,101, Reissue Revised Statutes of Nebraska, is amended to read:

79-4,101. For purposes of sections 10-716.01, 79-402, 79-422, 79-424 to 79-431, 79-449, 79-4,100 to 79-4,102, 79-611, ~~79-1076,~~ and 79-1077:

(1) Elementary school facility means the educational facility used to provide services for students in grades kindergarten through eight in an affiliated school system;

(2) High school district means the Class II, III, IV, or V district which provides the high school program for an affiliated Class I district;

(3) High school facility means the educational facility used to provide services for students in grades nine through twelve in an affiliated school system;

(4) High school program means the educational services provided in an affiliated school system for grades nine through twelve; and

(5) High school students means students enrolled in a high school program.

Sec. 12. Section 79-4,108, Revised Statutes Supplement, 2000, is amended to read:

79-4,108. (1) Unified system means two or more Class II or III school districts participating in an interlocal agreement under the Interlocal Cooperation Act with approval from the State Committee for the Reorganization of School Districts. The interlocal agreement may include Class I districts if the entire valuation is included in the unified system. The interlocal agreement shall provide for a minimum term of three school years. The agreement shall provide that all property tax and state aid resources shall be shared by the unified system and that a board composed of school board members, with at least one school board member from each district, shall determine the general fund levy, within the limitations placed on school districts and multiple-district school systems pursuant to section 77-3442, to be applied in all participating districts and shall determine the distribution of property tax and state aid resources within the unified system. For purposes of section 77-3442, the multiple-district school system shall include all of the Class I, II, and III districts participating in the unified system and the Class I districts or portions thereof affiliated with any of the participating Class II and III districts. The interlocal agreement shall also provide that certificated staff will be employees of the unified system. For

any certificated staff employed by the unified system, tenure and seniority as of the effective date of the interlocal agreement shall be transferred to the unified system and tenure and seniority provisions shall continue in the unified system except as provided in sections 79-850 to 79-858. If a district withdraws from the unified system or if the interlocal agreement expires and is not renewed, certificated staff employed by a participating district immediately prior to the unification shall be reemployed by the original district and tenure and seniority as of the effective date of the withdrawal or expiration shall be transferred to the original district. The certificated staff hired by the unified system but not employed by a participating district immediately prior to the unification shall be subject to the reduction-in-force policy of the unified system. The interlocal agreement shall also require participating districts to pay obligations of the unified system pursuant to sections 79-850 to 79-858 on a pro rata basis based on the adjusted valuations if a district withdraws from the unified system or if the interlocal agreement expires and is not renewed. Additional provisions in the interlocal agreement shall be determined by the participating districts and shall encourage cooperation within the unified system.

(2) Application for unification shall be made to the state committee. The application shall contain a copy of the interlocal agreement signed by the president of each participating school board. The state committee shall approve or disapprove applications for unification within ~~thirty~~ forty days after receipt of the application. If the interlocal agreement complies with subsection (1) of this section and all school boards of the participating districts have approved the interlocal agreement, the state committee shall approve the application. Unification agreements shall be effective on June 1 following approval from the state committee for status as a unified system or on the date specified in the interlocal agreement, except that the date shall be on or after June 1 and on or before September 1 for a specified year. The board established in the interlocal agreement may begin meeting any time after the application has been approved by the state committee.

(3) Upon granting the application for unification, the State Department of Education shall recognize the unified system as a single Class II or III district for state aid, budgeting, accreditation, enrollment of students, state programs, and reporting. The unified system shall submit a single report document for each of the reports required of school districts pursuant to Chapter 79 and shall submit a single budget document pursuant to the Nebraska Budget Act and sections 13-518 to 13-522. The class of district shall be the same as the majority of participating districts, excluding Class I districts. If there are an equal number of Class II and Class III districts in the unified system, the unified system shall be recognized by the department as a Class III district.

(4) The school districts participating in a unified system shall retain their separate identities for all purposes except those specified in this section, and participation in a unified system shall not be considered a reorganization.

Sec. 13. Section 79-528, Revised Statutes Supplement, 2000, is amended to read:

79-528. (1) On or before July 20 in all school districts, the secretary of the school board shall file with the State Department of Education a report under oath showing the number of children from birth through twenty 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 through eleven years of age and (b) in grades kindergarten through eight shall report children from birth 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 years of age and (ii) in grades nine through twelve children who are fourteen through twenty years of age. Each Class I district which has affiliated in whole or in part shall report children from birth 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 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 ~~in all school districts~~, the secretary of ~~the each~~ school board 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 ~~October 15 in Class I school districts and on or before~~ November 1 ~~in Class II, III, IV, V, and VI school districts~~, the secretary of ~~the each~~ school board 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 rate of tax levied for all school purposes~~, ~~(e)~~ the amount of bonded indebtedness, ~~(d)~~ (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 ~~(e)~~ (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 shall deliver to the ~~State Department of Education~~ 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. 14. Section 79-563, Reissue Revised Statutes of Nebraska, is amended to read:

79-563. Regular meetings of the school board of education of a Class VI school district shall be held on or before the ~~second~~ third Monday of each month, but special meetings may be held from time to time as circumstances may demand. All meetings of the board shall be open to the public unless otherwise specially ordered.

Sec. 15. Section 79-573, Reissue Revised Statutes of Nebraska, is amended to read:

79-573. The president of the school board of education of a Class V school district shall preside at all meetings of the board, appoint all committees ~~whose when~~ when appointment is not otherwise provided for, and sign all warrants ordered by the board ~~of education~~ to be drawn upon the ~~city~~ county treasurer of the school district for school money.

Sec. 16. Section 79-583, Reissue Revised Statutes of Nebraska, is amended to read:

79-583. The secretary of the school board of education of a Class V school district shall be present at all meetings of the board, keep an accurate journal of the proceedings, take charge of its books and documents, countersign all warrants for school money drawn upon the ~~county~~ county treasurer of the school district by order of the board, and perform all other duties the board may require. Before entering into the discharge of his or her duties the secretary of the board shall give bond in the sum of not less than ten thousand dollars, with good and sufficient sureties, and shall take and subscribe an oath or affirmation before a proper officer that he or she will support the Constitution of Nebraska and faithfully perform the duties of his or her office.

Sec. 17. Section 79-817, Reissue Revised Statutes of Nebraska, is amended to read:

79-817. A contract for the employment of a teacher or administrator for a public school in the State of Nebraska shall be in writing. ~~The contract form or forms to be used shall be recommended by the State Department of Education.~~

Sec. 18. Section 79-1003, Revised Statutes Supplement, 2000, is amended to read:

79-1003. For purposes of the Tax Equity and Educational

Opportunities Support Act:

(1) Adjusted general fund operating expenditures means general fund operating expenditures as calculated pursuant to subdivision (21) of this section minus the transportation allowance and minus the special receipts allowance;

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

(3) Allocated income tax funds means the amount of assistance paid to a local system pursuant to section 79-1005.01 as adjusted by the minimum levy adjustment pursuant to section 79-1008.02;

(4) Average daily attendance of a student who resides on Indian land means average daily attendance of a student who resides on Indian land from the most recent data available on November 1 preceding the school fiscal year in which aid is to be paid;

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

(6) Base fiscal year means the first school fiscal year following the school fiscal year in which the reorganization or unification occurred;

(7) Board means the school board of each school district;

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

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

(10) Department means the State Department of Education;

(11) District means any Class I, II, III, IV, V, or VI school district;

(12) Ensuing school fiscal year means the school fiscal year following the current school fiscal year;

(13) Equalization aid means the amount of assistance calculated to be paid to a local system pursuant to sections 79-1008.01 to 79-1022;

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

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

(16) Formula students means (a) for state aid certified pursuant to section 79-1022, the sum of fall membership from the school fiscal year immediately preceding the school fiscal year in which the aid is to be paid, multiplied by the average ratio of average daily membership to fall membership for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid and the prior two school fiscal years, and tuitioned students from the school fiscal year immediately preceding the school fiscal year in which the aid is to be paid and (b) for final calculation of state aid pursuant to section 79-1065, the sum of average daily membership and tuitioned students from the school fiscal year immediately preceding the school fiscal year in which the aid was paid;

(17) Free lunch and free milk student means a student who qualified for free lunches or free milk from the most recent data available on November 1 of the school fiscal year immediately preceding the school fiscal year in which aid is to be paid;

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

(19) General fund budget of expenditures means the total ~~budgeted expenditures~~ budget of disbursements and transfers for general fund purposes as certified in the budget statement adopted pursuant to the Nebraska Budget Act, except that for purposes of the limitation imposed in section 79-1023, the calculation of Class I total allowable general fund budget of expenditures

minus the special education budget of expenditures pursuant to section 79-1083.03, and the calculation pursuant to subdivision (2) of section 79-1027.01, the general fund budget of expenditures does not include any special grant funds, exclusive of local matching funds, received by a district subject to the approval of the department, and does not include expenditures for repayment of funds pursuant to subsection (6) of section 79-1072.03;

(20) General fund expenditures means all expenditures from the general fund;

(21) General fund operating expenditures means the total general fund expenditures minus categorical funds, tuition paid, transportation fees paid to other districts, adult education, summer school, community services, redemption of the principal portion of general fund debt service, retirement incentive plans, staff development assistance, and transfers from other funds into the general fund for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid;

(22) High school district means a school district providing instruction in at least grades nine through twelve;

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

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

~~(24)~~ High school district means a school district providing instruction in at least grades nine through twelve;

(25) Limited English proficiency student means a student with limited English proficiency from the most recent data available on November 1 of the school fiscal year preceding the school fiscal year in which aid is to be paid;

(26) Local system means a Class VI district and the associated Class I districts or a Class II, III, IV, or V district and any affiliated Class I districts or portions of Class I districts. The membership, expenditures, and resources of Class I districts that are affiliated with multiple high school districts will be attributed to local systems based on the percent of the Class I valuation that is affiliated with each high school district;

(27) Low-income child means a child under nineteen years of age living in a household having an annual adjusted gross income of fifteen thousand dollars or less for the second calendar year preceding the beginning of the school fiscal year for which aid is being calculated;

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

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

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

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

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

(33) Special grant funds means the budgeted receipts for grants, including, but not limited to, Title I funds, Title VI funds, funds from the Education Innovation Fund, reimbursements for wards of the court, short-term borrowings including, but not limited to, registered warrants and tax anticipation notes, interfund loans, insurance settlements, and reimbursements to county government for previous overpayment. The state board shall approve a listing of grants that qualify as special grant funds; ~~that have been approved by the state board;~~

(34) Special receipts allowance means the amount of special education, state ward, and accelerated or differentiated curriculum program receipts included in local system formula resources under subdivisions (7), (8), (16), and (17) of section 79-1018.01;

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

(36) State board means the State Board of Education;

(37) State support means all funds provided to districts by the State of Nebraska for the general fund support of elementary and secondary education;

(38) Transportation allowance means the lesser of (a) ~~for state aid calculated for school fiscal year 1998-99, each district's, and for state aid calculated for school fiscal year 1999-00 and each school fiscal year thereafter,~~ each local system's general fund expenditures for regular route transportation and in lieu of transportation expenditures pursuant to section 79-611 in the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid, but not including special education transportation expenditures or other expenditures previously excluded from general fund operating expenditures, or (b) ~~for state aid calculated for school fiscal year 1998-99, for each district, and for state aid calculated for school fiscal year 1999-00 and each school fiscal year thereafter,~~ for each local system, the number of miles traveled in the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid by vehicles owned, leased, or contracted by the district or the districts in the local system for the purpose of regular route transportation multiplied by four hundred percent of the mileage rate established by the Department of Administrative Services pursuant to section 81-1176 as of January 1 of the most recently available complete data year added to in lieu of transportation expenditures pursuant to section 79-611 from the same data year; and

(39) Tuitioned students means students in kindergarten through grade twelve of the district whose tuition is paid by the district to some other district or education agency.

Sec. 19. Section 79-1007.01, Revised Statutes Supplement, 2000, is amended to read:

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

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

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

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

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

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

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

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

(i) The Indian-land factor shall equal 0.25 times the average daily attendance of students who reside on Indian land as reported by the United States Department of Education in calculating the local system's payment pursuant to 20 U.S.C. 7701 et seq., as such sections existed on the effective date of this act;

(ii) The limited English proficiency factor shall equal 0.25 times the ~~formula~~ students in the local system with limited English proficiency as defined under ~~rules and regulations of the United States Department of Education promulgated pursuant to Title VI of the Civil Rights Act of 1964~~ 20 U.S.C. 7601, as such section existed on the effective date of this act;

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

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

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

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

(D) 0.15 for the qualified formula students comprising more than fifteen percent and not more than twenty percent of the formula students in

the local system;

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

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

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

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

(2) The total adjusted formula students for each local system shall equal the weighted formula students plus the demographic factors, except that (a) for local systems qualifying for the extreme remoteness factor, the total adjusted formula students shall be greater than or equal to one hundred fifty adjusted formula students, (b) the total adjusted formula students for a local system shall not include the extreme remoteness factor or any adjustment to the adjusted formula students resulting from qualification for the extreme remoteness factor for the calculation of the average formula cost per student in each cost grouping pursuant to subdivision (2) of section 79-1007.02, and (c) the total adjusted formula students for a local system shall include the extreme remoteness factor and any adjustment to the adjusted formula students resulting from qualification for the extreme remoteness factor for the calculation of the local system's formula need pursuant to subdivision (3) of section 79-1007.02.

Sec. 20. Section 79-1008.01, Revised Statutes Supplement, 2000, is amended to read:

79-1008.01. (1) Except as provided in subsection (2) of this section and sections 79-1008.02 to 79-1010, each local system shall receive equalization aid in the amount that the total formula need of each local system, as determined pursuant to sections 79-1007.01 and 79-1007.02, exceeds its total formula resources as determined pursuant to sections 79-1015.01 to ~~79-1017.01~~ and 79-1018.01.

(2) Except as provided in section 79-1008.02, a local system shall not receive state aid for any school fiscal year which is less than an amount equal to the difference of eighty-five percent of the amount of aid certified in the preceding school fiscal year minus an amount equal to any increase in the adjusted valuation between the adjusted valuation used for the certification of aid in the preceding school fiscal year and the adjusted valuation used for the aid being calculated multiplied by the maximum levy, for the school fiscal year for which aid is being certified, pursuant to subdivision (2)(a) of section 77-3442 without a vote pursuant to section 77-3444.

(3) Except as provided in subsection (2) of this section, no local system may receive equalization aid such that, when total aid is added to a levy of one dollar for state aid to be distributed in school fiscal years 1998-99 and 1999-00 or of ninety cents for state aid to be distributed in school fiscal year 2000-01 and each school fiscal year thereafter, multiplied by the local system's adjusted valuation divided by one hundred, would result in total local system revenue from state aid plus property tax receipts which exceeds the total of:

(a) State aid plus property tax receipts received by the local system during the preceding school fiscal year multiplied by the total of (i) 1.01 plus (ii) the applicable allowable growth rate for the local system calculated pursuant to section 79-1026 as determined for the school fiscal year immediately preceding the school fiscal year when aid is to be distributed plus (iii) the percentage growth in formula students from the certification of state aid for the immediately preceding school fiscal year to the formula students for the certification of state aid for the current school fiscal year, except that the percentage growth shall not be less than zero;

(b) Unused budget authority authorized pursuant to section 79-1030;

(c) The difference between the other actual receipts included in local system formula resources for the certification of state aid in the preceding school fiscal year and other actual receipts included in local system formula resources for the certification of state aid for the current school fiscal year, except that such difference shall not be less than zero; and

(d) The absolute value of any negative prior year adjustment

pursuant to section 79-1065.

For local systems that have reorganized, state aid, property tax receipts, and number of formula students shall be attributed based on valuation. The revenue from property tax receipts shall be calculated by multiplying the reported general fund common levy by the assessed valuation subject to the levy divided by one hundred.

(4) The aid that is not distributed through equalization based on subsection (3) of this section shall be distributed through this subsection. Local systems qualify for distribution under this subsection if they have nine hundred or less formula students and adjusted general fund operating expenditures per formula student less than the average for all local systems with nine hundred or less formula students. The aid shall be distributed proportionally to qualifying districts based on the dollar amount each local system's calculated state aid plus the product of a levy of one dollar and ten cents for school fiscal years 1998-99 and 1999-00 and of one dollar for school fiscal year 2000-01 and each school fiscal year thereafter multiplied by the assessed valuation divided by one hundred is below ninety percent of state aid plus property tax receipts received by the local system during the preceding school fiscal year. No system shall receive aid pursuant to this subsection such that the calculated state aid plus the product of a levy of one dollar and ten cents for school fiscal years 1998-99 and 1999-00 and of one dollar for school fiscal year 2000-01 and each school fiscal year thereafter multiplied by the assessed valuation divided by one hundred is ninety percent or more of state aid plus property tax receipts received by the local system during the preceding school fiscal year. Any aid available for distribution pursuant to this subsection that is not distributed pursuant to this subsection shall be distributed as equalization aid.

Sec. 21. Section 79-1008.02, Revised Statutes Supplement, 2000, is amended to read:

79-1008.02. A minimum levy adjustment shall be calculated and applied to any local system that has a general fund common levy in the calendar year ~~when~~ in which aid is certified that is less than ninety percent of the maximum levy allowed pursuant to subdivision (2)(a) of section 77-3442 without a vote pursuant to section 77-3444. To calculate the minimum levy adjustment, the department shall subtract the local system general fund common levy in the calendar year when aid is certified from ninety percent of the maximum levy allowed pursuant to subdivision (2)(a) of section 77-3442 without a vote pursuant to section 77-3444 and multiply the result by the local system's adjusted valuation divided by one hundred. The minimum levy adjustment shall be added to the formula resources of the local system for the determination of equalization aid pursuant to section 79-1008.01. If the minimum levy adjustment is greater than or equal to the allocated income tax funds calculated pursuant to section 79-1005.01, the local system shall not receive allocated income tax funds. If the minimum levy adjustment is less than the allocated income tax funds calculated pursuant to section 79-1005.01, the local system shall receive allocated income tax funds in the amount of the difference between the allocated income tax funds calculated pursuant to section 79-1005.01 and the minimum levy adjustment.

Sec. 22. Section 79-1009, Revised Statutes Supplement, 2000, is amended to read:

79-1009. (1) A district in which option students as defined in section 79-233 were actually enrolled in the school year immediately preceding the school year in which the aid is to be paid shall receive net option funding. For purposes of this section: (a) Net option funding ~~is~~ means the sum of the products of the net number of option students in each grade range multiplied by ~~the lesser of the statewide average cost grouping cost per student or the local system cost grouping cost per student~~ multiplied by the weighting factor for the corresponding grade range pursuant to section 79-1007.01; and (b) net number of option students ~~is~~ means the number of option students actually enrolled in a grade range in the current data year minus the number of students residing in the district but enrolled in another district in the same grade range in the current data year as option students as defined in section 79-233. A district's net option funding shall be zero if the calculation produces a negative result.

The determination of the net number of option students shall be based on the number of option students enrolled in the district or enrolled in another district as of the day of the fall membership count pursuant to section 79-528, for the school fiscal year immediately preceding the school fiscal year in which the aid is to be paid. Payments made under this section shall be made from the funds to be disbursed under section 79-1005.01.

(2) Payments made pursuant to this section shall go directly to the option school district but shall count as a formula resource for the local

system.

Sec. 23. Section 79-1010, Revised Statutes Supplement, 2000, is amended to read:

79-1010. (1) To encourage consolidation and unification of school districts, incentives shall be paid to reorganized districts and unified systems in certain size ranges for a three-year period to reward the reorganized districts or unified systems for their efforts to increase efficiency in the delivery of educational services. This section shall only apply to consolidations and unifications with an effective date after May 31, 1996, and before August 2, 2001.

(2) To qualify for incentive payments under this section, the consolidation or unification must be approved for incentive payments by the State Committee for the Reorganization of School Districts. For consolidations, when reviewing a petition for the boundary change pursuant to section 79-413, the state committee shall issue a preliminary approval or disapproval for incentive payments along with a notice specifying application procedures. For consolidations, affected school districts shall file an application for incentive payments with the state committee within thirty days following the issuance of the boundary change order pursuant to subsection (1) of section 79-479. For unifications, the unified system or participating districts shall file an application for incentive payments with the state committee either following approval of the application for unification or in conjunction with the application for unification. The state committee shall, within thirty days, approve or disapprove incentive payments. For consolidations, if there are no material changes in the reorganization plan between a preliminary approval and application for incentive payments following the boundary change order, the state committee shall approve the incentive payments. If a preliminary disapproval was issued or if there was a material change in the reorganization plan prior to the issuance of the boundary change order, the state committee shall reconsider the approval or disapproval of incentive payments. The state committee shall make the determination regarding whether or not any changes in a reorganization plan are material for the purpose of approving or disapproving incentive payments.

(3) For incentive payments to be approved for either consolidations or unifications by the state committee, a reorganization study, including efficiency, demographic, curriculum, facility, financial, and community components, must be completed. If a study containing such elements is completed and the reorganization plan or unification agreement will most likely result in more efficiency in the delivery of educational services or greater educational opportunities, the state committee may approve incentive payments for the affected districts.

(4) Incentive payments shall be based on the number of students moving from one size range to a lower cost size range based on the average daily membership in each affected district in the school fiscal year immediately preceding the first school fiscal year the boundary change or unification is in effect and the average daily membership the consolidated district or unified system would have had following the boundary change or unification if it had occurred in the school fiscal year immediately preceding the first school fiscal year the boundary change or unification is in effect. The reorganized school districts or unified systems existing after the qualified boundary change or unification shall receive incentive payments based on the following criteria for each student meeting the criteria:

For grades one through six, including full-day kindergarten:

Average daily membership range before consolidation or unification	Average daily membership range with boundary change or unification	Incentive payment per student who moves from the average daily membership range before consolidation or unification to the average daily membership range with boundary change or unification
.01 - 101.00	101.01 - 185.00	\$ 590
.01 - 101.00	185.01 - 375.00	890
.01 - 101.00	375.01 - 1,000.00	1,190
.01 - 101.00	1,000.01 - 1,900.00	1,320
101.01 - 185.00	185.01 - 375.00	300

101.01 - 185.00	375.01 - 1,000.00	590
101.01 - 185.00	1,000.01 - 1,900.00	730
185.01 - 375.00	375.01 - 1,000.00	300
185.01 - 375.00	1,000.01 - 1,900.00	430
375.01 - 1,000.00	1,000.01 - 1,900.00	130

For grades seven and eight:

Average daily membership range before consolidation or unification	Average daily membership range with boundary change or unification	Incentive payment per student who moves from the average daily membership range before consolidation or unification to the average daily membership range with boundary change or unification
.01 - 31.00	31.01 - 57.00	\$ 710
.01 - 31.00	57.01 - 115.00	1,070
.01 - 31.00	115.01 - 308.00	1,430
.01 - 31.00	308.01 - 585.00	1,590
31.01 - 57.00	57.01 - 115.00	360
31.01 - 57.00	115.01 - 308.00	710
31.01 - 57.00	308.01 - 585.00	870
57.01 - 115.00	115.01 - 308.00	350
57.01 - 115.00	308.01 - 585.00	510
115.01 - 308.00	308.01 - 585.00	160

For grades nine through twelve:

Average daily membership range before consolidation or unification	Average daily membership range with boundary change or unification	Incentive payment per student who moves from the average daily membership range before consolidation or unification to the average daily membership range with boundary change or unification
.01 - 50.00	50.01 - 75.00	\$1,640
.01 - 50.00	75.01 - 100.00	2,550
.01 - 50.00	100.01 - 150.00	2,924
.01 - 50.00	150.01 - 250.00	3,180
.01 - 50.00	250.01 - 500.00	3,450
.01 - 50.00	500.01 - 1,000.00	3,750
50.01 - 75.00	75.01 - 100.00	910
50.01 - 75.00	100.01 - 150.00	1,280
50.01 - 75.00	150.01 - 250.00	1,540
50.01 - 75.00	250.01 - 500.00	1,810
50.01 - 75.00	500.01 - 1,000.00	2,110
75.01 - 100.00	100.01 - 150.00	380
75.01 - 100.00	150.01 - 250.00	630
75.01 - 100.00	250.01 - 500.00	900
75.01 - 100.00	500.01 - 1,000.00	1,200
100.01 - 150.00	150.01 - 250.00	260
100.01 - 150.00	250.01 - 500.00	530
100.01 - 150.00	500.01 - 1,000.00	830
150.01 - 250.00	250.01 - 500.00	270
150.01 - 250.00	500.01 - 1,000.00	570
250.01 - 500.00	500.01 - 1,000.00	300

(5) Except as otherwise provided in subsection (6) of this section, for school fiscal years 1999-00, 2000-01, and 2001-02, two million dollars shall be set aside for base fiscal year incentive payments pursuant to subsection (6) of this section. All other payments pursuant to this section shall be paid directly to the consolidated district or unified system from the Tax Equity and Educational Opportunities Fund.

(6) Base fiscal year payments approved by the State Committee for the Reorganization of School Districts on or before October 1 of the school fiscal year in which the reorganization or unification will occur shall be calculated and paid from the Tax Equity and Educational Opportunities Fund pursuant to subsection (5) of this section with the state aid certified for the base fiscal year. Any base fiscal year payments from the Tax Equity and Educational Opportunities Fund that are not distributed due to proration shall be paid from the Reorganized School Assistance Fund. Unless previously included in the certification of state aid, incentive payments for the base fiscal year shall be calculated as of August 2 immediately preceding the base fiscal year and shall be paid directly to the consolidated district or unified system from the Reorganized School Assistance Fund for the 1998-99 school fiscal year and from the two million dollars set aside from the Tax Equity and Educational Opportunities Fund pursuant to subsection (5) of this section for school fiscal years 1999-00, 2000-01, and 2001-02. The payments shall be made in ten as nearly as possible equal payments on the last business day of each month, beginning in September and ending the following June, for the base fiscal year. If the total amount of incentive payments to school districts for that school fiscal year exceeds the balance of the Reorganized School Assistance Fund for school fiscal year 1998-99 or two million dollars for school fiscal year 1999-00, 2000-01, or 2001-02, the incentive payments under this subsection shall be reduced proportionately so that the total amount of incentive payments to school districts equals the balance of the Reorganized School Assistance Fund or the two million dollars, whichever is applicable. The incentive payments shall not be included in local system formula resources as calculated under section 79-1018.01. No incentive payments shall be made pursuant to this subsection after July 1, 2002.

(7) For consolidations, one hundred percent of the amount calculated pursuant to subsection (4) of this section shall be included in the distribution of state aid for each of the first three consecutive school fiscal years beginning with the base fiscal year or two consecutive school fiscal years following the base fiscal year if payments were made in the base fiscal year pursuant to subsection (6) of this section. For unifications, one hundred percent of the amount calculated pursuant to subsection (4) of this section shall be included in the distribution of state aid for the first school fiscal year beginning with the base fiscal year, seventy-five percent for the second school fiscal year beginning with the base fiscal year, and fifty percent for the third school fiscal year beginning with the base fiscal year. If a unified system consolidates and the boundary change takes effect before August 2, 2001, the consolidated district will be eligible to receive seventy-five percent of the amount originally calculated pursuant to subsection (4) of this section in the base fiscal year. If a consolidated district is still receiving incentive payments for a unification in the base fiscal year, the payments for the remainder of the first three years will be at one hundred percent of the amount calculated pursuant to subsection (4) of this section and in the fourth year, the district will receive the difference between the incentive payments received and three hundred percent of the amount calculated pursuant to subsection (4) of this section. If additional districts are added to the unified system or are added in a consolidation, the additional incentives shall be calculated by the department and added to the incentive payments.

(8) If, prior to the beginning of the eighth school year of operating as a unified system, the unified system (a) discontinues its status as a unified system and (b) does not consolidate, the districts in the unified system shall pay back the incentives. The total incentives paid to the unified system shall be divided between the districts based on the adjusted valuation of each district in the year prior to the discontinuation of the unified system, and each district's share shall be paid back through reductions in state aid in equal amounts for five years. If a district withdraws from a unified system prior to the beginning of the eighth school year of participating in the unified system, the district shall pay back the incentives attributable to the district's participation in the unified system through reductions in state aid in equal amounts for five years. The total incentives paid shall include interest calculated from the date of payment until the estimated repayment at the rate specified in section 45-104.02 as of the expiration of the agreement or the effective date of withdrawal. If the state aid is less than the repayment amount in any school fiscal year, the remaining repayment will reduce state aid in future school fiscal years.

(9) If the total amount of incentive payments to school districts for a school year exceeds one percent of the appropriation to the Tax Equity and Educational Opportunities Fund minus two million dollars, the incentive payments shall be reduced proportionately so that the total amount of

incentive payments to school districts equals one percent of the appropriation to the Tax Equity and Educational Opportunities Fund. The payments shall not be included in local system formula resources as calculated under section 79-1018.01. No incentive payments shall be made pursuant to this section after July 1, 2004.

Sec. 24. Section 79-1015.01, Revised Statutes Supplement, 2000, is amended to read:

79-1015.01. (1) Local system formula resources shall include local effort rate yield which shall be computed as prescribed in this section.

(2) For state aid certified pursuant to section 79-1022, the local effort rate shall be the maximum levy, for the school fiscal year for which aid is being certified, authorized pursuant to section 77-3442 less ten cents. For the final calculation of state aid pursuant to section 79-1065, the local effort rate shall be the rate which, when multiplied by the total adjusted valuation of all taxable property in local systems receiving equalization aid pursuant to the Tax Equity and Educational Opportunities Support Act, will produce the amount needed to support the total formula need of such local systems when added to state aid appropriated by the Legislature and other actual receipts of local systems described in section 79-1018.01. The local effort rate yield shall be determined by multiplying each local system's total adjusted valuation by the local effort rate.

Sec. 25. Section 79-1018.01, Revised Statutes Supplement, 2000, is amended to read:

79-1018.01. Local system formula resources include other actual receipts available for the funding of general fund operating expenditures as determined by the department for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid, except that receipts from the Community Improvements Cash Fund and receipts acquired pursuant to the Low-Level Radioactive Waste Disposal Act shall not be included. Other actual receipts include:

- (1) Public power district sales tax revenue;
- (2) Fines and license fees;
- (3) Tuition receipts from individuals, other districts, or any other source except those derived from adult education;
- (4) Transportation receipts;
- (5) Interest on investments;
- (6) Other miscellaneous noncategorical local receipts, not including receipts from private foundations, individuals, associations, or charitable organizations;
- (7) Special education receipts, excluding grant funds received pursuant to section 9-812;
- (8) Special education receipts and non-special education receipts from the state for wards of the court and wards of the state;
- (9) All receipts from the temporary school fund. Beginning with the calculation of aid for school fiscal year 2002-03 and each school fiscal year thereafter, receipts from the temporary school fund shall only include receipts pursuant to section 79-1035 and the receipt of funds pursuant to section 79-1036 for property leased for a public purpose as set forth in subdivision (1)(a) of section 77-202;
- (10) Motor vehicle tax receipts received on or after January 1, 1998;
- (11) Pro rata motor vehicle license fee receipts;
- (12) Other miscellaneous state receipts excluding revenue from the textbook loan program authorized by section 79-734;
- (13) Impact aid entitlements for the school fiscal year which have actually been received by the district to the extent allowed by federal law;
- (14) All other noncategorical federal receipts;
- (15) All receipts pursuant to the enrollment option program under sections 79-232 to 79-246;
- (16) Receipts under the federal Medicare Catastrophic Coverage Act of 1988, as such act existed on the effective date of this act, as authorized pursuant to sections 43-2510 and 43-2511 but only to the extent of the amount the local system would have otherwise received pursuant to the Special Education Act; and
- (17) Receipts for accelerated or differentiated curriculum programs pursuant to sections 79-1106 to 79-1108.03.

Sec. 26. Section 79-1024, Revised Statutes Supplement, 2000, 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 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. 27. Section 79-1026, Revised Statutes Supplement, 2000, is amended to read:

79-1026. On or before April 1, 1999, 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 carried out at least four decimal places for each local system as follows:

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

~~(2)~~ 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 ~~target budget level~~ local system's formula need and end at the ~~target budget level~~ 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

~~(3)~~ (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 ~~(2)~~ (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. 28. Section 79-1027, Revised Statutes Supplement, 2000, is amended to read:

79-1027. No district shall adopt a budget, which includes total requirements of contingency funds, 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 ~~April 17, 1997~~ and on or before February 1, for 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, necessary employee benefit fund cash reserves, and total requirements of contingency funds less than the applicable allowable reserve percentage specified in this section may, notwithstanding the district's applicable allowable growth percentage, increase its necessary general fund cash reserves by an amount which will increase its combined necessary general fund cash reserves, total requirements of depreciation funds, necessary employee benefit fund cash reserves, and total requirements of contingency funds by two percent of its total general fund budget of expenditures, except that (1) a district shall not increase such necessary general fund cash reserves when such increase will result in total necessary general fund cash reserves, total requirements of depreciation funds, necessary employee benefit fund cash reserves, and total requirements of contingency funds which exceed the applicable allowable reserve percentage and (2) a district may increase such necessary general fund cash reserves in excess of such two percent limitation due to projected increases in federal funds.

Sec. 29. Section 79-1028, Revised Statutes Supplement, 2000, is amended to read:

79-1028. (1) A Class II, III, IV, V, or VI school district may exceed the local system's 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 ~~are~~ 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 ~~state board~~ department shall approve, deny, or modify the projected increases.

Average daily membership of district	Projected increase of formula students 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 ~~April 1, 1999,~~ and on or before February 1, for each year thereafter, the department shall make ~~needed revisions in the applicable allowable growth rate of available to~~ districts which have been allowed additional growth pursuant to this subsection ~~to reflect 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. and shall certify such revisions to each district.~~

(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 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.

(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 ~~state board~~ 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. 30. Section 79-1032, Revised Statutes Supplement, 2000, is amended to read:

79-1032. The School Finance Review Committee is created. The committee shall be composed of representatives of the State Department of Education, the ~~Property Tax Administrator~~ Department of Property Assessment and Taxation, the Legislative Council, and each class of district, an expert in school finance, and a member of the general public. Except for the representative of the Legislative Council, who shall be selected by the Executive Board of the Legislative Council, and the representative of the State Department of Education, who shall be appointed by the ~~State Board~~ Commissioner of Education, the committee members shall be appointed by the Governor. Committee members shall serve staggered three-year terms as the Governor designates, and committee members may be reappointed for one additional term. The committee shall monitor the operation of ~~the school finance provisions of~~ the Tax Equity and Educational Opportunities Support Act and suggest needed revisions in the act. In particular, the committee shall review the implementation and operation of cost grouping costs per student, budget growth limitations, the equalization adjustments pursuant to section 79-1008.01, the minimum levy adjustments pursuant to section 79-1008.02, and expenditures of districts pursuant to the act. ~~The committee shall study and make specific recommendations for harmonizing the provisions of the act with the provisions of Laws 1990, LB 259, and the provisions of sections 79-232 to 79-246.~~

The committee shall ~~annually, on or before March 1, meet at least once annually and may meet more often upon the call of the chairperson.~~ On or before July 1 each year, the committee shall make a report to the Governor, Legislature, and State Board of Education on the progress of the act in effectuating property tax relief, broadening the tax base for the support of the public school system, equalization of the tax burden for the support of the public school system, equalization of educational opportunities for students, and the effects of budget limitations on district spending patterns.

Sec. 31. Section 79-1035, Revised Statutes Supplement, 2000, is amended to read:

79-1035. (1) The State Treasurer shall, each year on or before the

third Monday in January, make a complete exhibit of all money belonging to the permanent school fund and the temporary school fund as returned to him or her from the several counties, together with the amount derived from other sources, and deliver such exhibit duly certified to the Commissioner of Education. On or before February 25, the Commissioner of Education shall make the apportionment of the temporary school fund to each school district as follows: From the whole amount there shall be paid to those districts in which there are school or saline lands, which lands are used for a public purpose, an amount in lieu of tax money that would be raised if such lands were taxable, to be fixed in the manner prescribed in section 79-1036; and the remainder shall be apportioned to the districts according to the pro rata enumeration of children who are five through eighteen years of age in each district last returned from the school district. The calculation of apportionment for each school fiscal year shall include any corrections to the prior school fiscal year's apportionment.

(2) The Commissioner of Education shall certify the amount of the apportionment of the temporary school fund as provided in subsection (1) of this section ~~to the county treasurer and~~ to the Director of Administrative Services. The Director of Administrative Services shall draw a warrant on the State Treasurer in favor of the various districts for the respective amounts so certified by the Commissioner of Education.

Sec. 32. Section 79-1036, Revised Statutes Supplement, 2000, is amended to read:

79-1036. (1) In making the apportionment under section 79-1035, the Commissioner of Education shall distribute from the school fund for school purposes, to any and all school districts in which there are situated school lands which have not been sold and transferred by deed or saline lands owned by the state, which lands are being used for a public purpose, an amount in lieu of tax money that would be raised if such lands were taxable, to be ascertained in accordance with subsection (2) of this section, except that:

(a) For Class I districts or portions thereof which are affiliated and in which there are situated school or saline lands, 38.6207 percent of the in lieu of land tax money calculated pursuant to subsection (2) of this section, based on the affiliated school system tax levy computed pursuant to section 79-1077, shall be distributed to the affiliated high school district and the remainder shall be distributed to the Class I district;

(b) For Class I districts or portions thereof which are part of a Class VI district which offers instruction in grades nine through twelve and in which there are situated school or saline lands, 38.6207 percent of the in lieu of land tax money calculated pursuant to subsection (2) of this section, based on the Class VI school system levy computed pursuant to section 79-1078, shall be distributed to the Class VI district and the remainder shall be distributed to the Class I district; and

(c) For Class I districts or portions thereof which are part of a Class VI district which offers instruction in grades seven through twelve and in which there are situated school or saline lands, 55.1724 percent of the in lieu of land tax money calculated pursuant to subsection (2) of this section, based on the Class VI school system levy computed pursuant to section 79-1078, shall be distributed to the Class VI district and the remainder shall be distributed to the Class I district.

(2) The county assessor shall certify to the Commissioner of Education the tax levy for school purposes of each school district in which school land or saline land is located and the last appraised value of such school land, which value shall be the same percentage of the appraised value as the percentage of the assessed value is of market value in subsection (2) of section 77-201 for the purpose of applying the applicable tax levy for each district in determining the distribution to the districts of such amounts. The school board of any school district in which there is located any leased or undeeded school land or saline land subject to this section may appeal to the Board of Educational Lands and Funds for a reappraisal of such school land if such school board deems the land not appraised in proportion to the value of adjoining land of the same or similar value. The Board of Educational Lands and Funds shall proceed to investigate the facts involved in such appeal and, if the contention of the school board is correct, make the proper reappraisal. The value calculation in this subsection shall be used by the Commissioner of Education for making distributions in each school fiscal year.

Sec. 33. Section 79-1044, Revised Statutes Supplement, 2000, is amended to read:

79-1044. The forest reserve funds, annually paid into the state treasury by the United States Government under an act of Congress approved June 30, 1906, shall be distributed among the counties of the state entitled

to the same for the benefit of the public schools and the public roads of such counties, under the direction of the Commissioner of Education, in the following manner:

(1) The State Treasurer shall annually on the first Monday in July certify to the commissioner the amount of money received from the United States Government as Nebraska's proportionate share of the income from the forest reserves within the state for the most recent complete fiscal year;

(2) The Board of Educational Lands and Funds shall annually on the first Monday in July make and deliver to the commissioner a certificate showing the counties entitled to share in the Forest Reserve Fund, together with the number of acres of forest reserves in each county; and

(3) The commissioner shall, on or before ~~the third Monday in July~~ August 5, make apportionment of such funds to such counties according to the number of acres of forest reserve in each county and certify the apportionment of each county to the county treasurer of the proper county and to the Director of Administrative Services. The director shall draw a warrant on the State Treasurer in favor of the various counties for the amount specified by the commissioner.

Sec. 34. Section 79-1047, Revised Statutes Supplement, 2000, is amended to read:

79-1047. The public grazing funds, annually paid to the state treasury by the United States Government under the federal Taylor Grazing Act, 43 U.S.C. 315i, as such act existed on the effective date of this act, shall be distributed among the counties of the state entitled to the same for the benefit of the school districts of such counties, under the direction of the Commissioner of Education, in the following manner:

(1) The State Treasurer shall annually on the first Monday in July certify to the commissioner the amount of money received from the United States Government as Nebraska's proportionate share of the income from the grazing lands within the state for the most recent complete fiscal year;

(2) The Board of Educational Lands and Funds shall annually on the first Monday in July make and deliver to the commissioner a certificate showing the counties entitled to share in the grazing fund, together with the number of acres of grazing land in each county; and

(3) The commissioner shall, on or before ~~the third Monday in July~~ August 5, make apportionment of such funds to such counties according to the number of acres of grazing land in each county and certify the apportionment of each county to the county treasurer of the proper county and to the Director of Administrative Services. The director shall draw a warrant on the State Treasurer in favor of the various counties for the amount so specified by the Commissioner of Education.

Sec. 35. Section 79-1051, Revised Statutes Supplement, 2000, is amended to read:

79-1051. The distribution of the funds received by the State Treasurer under section 79-1049 shall be made under the direction of the Commissioner of Education in the following manner:

(1) The State Treasurer shall annually on the first Monday in July certify to the commissioner the amount of money received from the United States Government as Nebraska's proportionate share of the income from the leasing of lands acquired by the United States for flood control purposes;

(2) The commissioner shall ascertain by appropriate inquiry in what counties the real estate on which lease rentals were paid was situated; and

(3) The commissioner shall, on or before ~~the third Monday in July~~ August 5, make apportionment of such fund to the counties entitled thereto in accordance with section 79-1050 and certify the apportionment of each county to the county treasurer of the proper county and to the Director of Administrative Services. The director shall draw a warrant on the State Treasurer in favor of the various counties for the amount specified by the commissioner.

Sec. 36. Section 79-1072.01, Revised Statutes Supplement, 2000, is amended to read:

79-1072.01. (1) Temporary mitigation funds shall be distributed to local systems which have property tax and state aid resources for school fiscal year 1998-99 which are less than ninety percent of their property tax and state aid resources for school fiscal year 1997-98. ~~The local system shall receive a lump-sum payment in an amount equal to ninety percent of the school fiscal year 1997-98 property tax and state aid resources minus the school fiscal year 1998-99 property tax and state aid resources if the following criteria are met:~~

(a) ~~The local system's school fiscal year 1997-98 general fund budget of expenditures minus the special education budget of expenditures did not exceed the school fiscal year 1995-96 general fund budget of expenditures~~

minus the special education budget of expenditures by more than two percent plus the two-year percentage growth in students for the local system; and

(b)(i) The local system has shown an intent to merge, consolidate, or unify with at least one specified high school district by June 1, 1999, through a public affirmative vote by the school board of the high school district in the local system with a majority of the members of the school board signing an affidavit acknowledging that the intent of the signing board member is to proceed with a merger, consolidation, or unification involving the district on the board of which they are serving. Affidavits shall be filed with the State Department of Education on or before August 1, 1998. The temporary mitigation funds provided in this section shall be returned if the receiving district qualified for such funds based on an intent to merge, consolidate, or unify and does not merge, consolidate, or unify prior to June 30, 2000. The temporary mitigation funds need not be returned if, prior to June 30, 2000, the receiving district is unable as determined by the State Committee for the Reorganization of School Districts to merge, consolidate, or unify despite good faith efforts because all districts with which the receiving district could reasonably be expected to merge, consolidate, or unify declined such merger, consolidation, or unification. +

(ii) The local system is within the sparse cost grouping or the very sparse cost grouping pursuant to section 79-1007.02;

(iii) The local system contains more than one hundred seventy-five square miles; or

(iv) The local system is subject to loss of state aid due to clerical error as defined in subsection (4) of section 79-1016.

(2) If the payments due to local systems under this section exceed the amount of funds appropriated by the Legislature, the funds shall be distributed on a pro rata basis to such local systems. Payments shall be made on or before September 15, 1998. Payments to local systems that include Class I districts shall be divided proportionally among the districts in the local system based on the weighted formula students attributed to each district in the local system for the certification of state aid to be paid in school fiscal year 1998-99. The department shall identify local systems which qualify for payments under this section and shall distribute the funds to the districts in qualifying local systems.

(3) (2) The department shall adjust payments of state aid as defined in subdivision (35) of section 79-1003 to those school districts which received temporary mitigation funds and did not merge after a final determination by the State Committee for the Reorganization of School Districts. If the total adjustment cannot be made from the funds to be provided in the ensuing school fiscal year, the adjustment shall be prorated, with additional adjustments to payments for the future school fiscal years. The department shall maintain an accurate account and a record of the reasons the adjustments were made and the amount of such adjustments.

(4) (3) For purposes of this section:

(a) Local system has the definition found in section 79-1003;

(b) Property tax and state aid resources for school fiscal year 1997-98 means the sum of state aid distributed pursuant to the Tax Equity and Educational Opportunities Support Act for school fiscal year 1997-98 plus the product of the general fund common levy for school fiscal year 1997-98 multiplied by the local system's assessed valuation for 1997; and

(c) (b) Property tax and state aid resources for school fiscal year 1998-99 means the sum of state aid certified pursuant to the Tax Equity and Educational Opportunities Support Act for school fiscal year 1998-99 plus the product of a levy of one dollar and ten cents per one hundred dollars multiplied by the local system's adjusted valuation for 1998 as certified by the Property Tax Administrator on or before July 1, 1998. + and

(d) Two-year percentage growth in students means the sum of the growth in students for school fiscal year 1996-97 and school fiscal year 1997-98 to be calculated by applying the methodology in section 79-1025 as it existed on January 1, 1998, except that growth in students is calculated for local systems rather than districts and may be negative for each school fiscal year for the purpose of adding the growth in students together from each school fiscal year but the two-year percentage growth rate shall be zero if the sum is negative.

Sec. 37. Section 79-1072.02, Revised Statutes Supplement, 2000, is amended to read:

79-1072.02. The Hardship Fund is created. Money in the fund shall be distributed to school districts pursuant to section 79-1072.03. The fund shall consist of funds appropriated by the Legislature and funds repaid and interest paid by districts as required by section 79-1072.03. Funds expended by a district to make repayments to the Hardship Fund shall be excluded from

the expenditure lid limitations under sections 79-1023 to 79-1030. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 38. Section 79-1072.03, Revised Statutes Supplement, 2000, is amended to read:

79-1072.03. (1) A school district may apply to the Commissioner of Education for money from the Hardship Fund if one or more unexpected discrete occurrences cause the district financial distress. Such occurrences are limited to:

(a) One or more new special education students or one or more new disabling conditions of a special education student causing special education expenditures to increase by at least ten percent over the prior school fiscal year's special education expenditures, but not less than three times the cost grouping cost per student in the standard cost grouping for the current school fiscal year;

(b) The opening of a group home causing expenditures to increase by at least ten percent over the prior school fiscal year's special education expenditures but not less than three times the cost grouping cost per student in the standard cost grouping for the current school fiscal year;

(c) Clerical errors by public officials, other than any person employed by or serving on the school board of the requesting district, that are affecting the funding available to the district; and

(d) The final calculation of state aid pursuant to section 79-1065 causes a negative adjustment reducing the aid originally calculated for the district by fifty percent or more.

(2) To qualify for money from the fund, a district shall have:

(a) Budgeted reserves equal to at least ninety-eight percent of the applicable allowable reserves authorized pursuant to section 79-1027 for that district for the most recent budget prior to the district becoming aware of the unexpected occurrence. Any budget amendments filed pursuant to section 13-511 after the district becomes aware of the unexpected occurrence will not be considered when determining if a district qualifies for money from the fund; and

(b) A current combined levy equal to or greater than ninety-five percent of the maximum levy authorized pursuant to section 77-3442 for all general and special levies subject to the limitation.

(3) The commissioner shall provide application forms to requesting districts which shall not be longer than one page. The forms shall require (a) the name and county district number of the school district, (b) a description of the unexpected discrete occurrence, (c) the estimated cost of the unexpected discrete occurrence for the affected school fiscal year, (d) the applicable allowable reserves authorized pursuant to section 79-1027 for the most recent budget prior to the district becoming aware of the unexpected discrete occurrence, (e) budgeted reserves pursuant to section 79-1027 for the most recent budget prior to the district becoming aware of the unexpected discrete occurrence, (f) the current combined levy for all general and special levies subject to limitation pursuant to section 77-3442, and (g) the name and address of at least one financial institution utilized by the school district. The commissioner is not limited to the information contained in the application for determining whether or not to grant an application for money from the Hardship Fund.

(4) On or before the fifth day following receipt of an application for distribution of money from the Hardship Fund, the commissioner shall send a notice to the financial institutions listed by the school district. The notice shall (a) explain the Hardship Fund, (b) state the name of the school district that has applied for distribution of money from the Hardship Fund, (c) state the deadline for determination by the commissioner, (d) state the interest rate that the State Treasurer will use to calculate interest, and (e) explain that the financial institution may offer its services to the district as an alternative to money from the Hardship Fund. No action of a financial institution shall prevent the commissioner from approving a distribution of money from the Hardship Fund for a school district.

(5) The commissioner shall notify the district of his or her determination within thirty days after receiving the application. At least one representative of the school district shall be allowed an opportunity to meet with the commissioner to discuss the application prior to the commissioner's determination on the application. The commissioner may award any amount of available money from the fund he or she deems appropriate, except that the amount may not exceed the costs incurred by the district due to the occurrence. The commissioner is not required to award any money under this section in response to any particular request.

(6) The district shall repay the fund in full in a manner to be determined by the commissioner with interest calculated by the State Treasurer at fifty percent of the rate determined pursuant to section 45-104.02 for the delinquent payment of taxes to the State of Nebraska. Funds expended by a district to make repayments to the Hardship Fund shall be excluded from the expenditure lid limitations under sections 79-1023 to 79-1030. When any school district fails to make any scheduled repayment, the commissioner shall, after notice to the district and an opportunity to be heard, direct that any state aid due the district pursuant to the Tax Equity and Educational Opportunities Support Act be withheld and transferred to the Hardship Fund until the balance of the money received by the district from the fund plus interest calculated by the State Treasurer has been repaid to the fund and shall bring such further legal action as may be necessary for the fund to be repaid with interest as calculated by the State Treasurer. If a district reorganizes or dissolves, the repayment of money received from the fund plus interest calculated by the State Treasurer shall be a liability and shall be assigned pursuant to subsection (2) of section 79-479.

(7) Before money is distributed to a district under this section, the president of the school board shall sign an agreement stating that:

(a) The costs for which money is being distributed are as accurate as can be determined at that point;

(b) The occurrence was unexpected; and

(c) The district will make required repayments to the fund.

(8) Up to two-thirds of the amount appropriated shall be available to be awarded for requests received under this section between July 1 and December 31 of each fiscal year. The remainder of the amount appropriated shall be available to be awarded for requests received under this section between January 1 and June 30 of each fiscal year.

(9) Nothing in this section guarantees an award of money from the Hardship Fund to any district. Money from the fund shall be paid as a lump sum to each district receiving funds and shall be limited to a one-year impact per unexpected discrete occurrence.

(10) The State Department of Education shall remit funds repaid by school districts as required by this section to the State Treasurer for credit to the Hardship Fund.

(11) The Commissioner of Education shall report to the Education Committee and the Appropriations Committee of the Legislature and the Governor on or before December 1 of each year for the preceding fiscal year. The report shall include (a) a list of all applications with the amounts requested and a description of the unexpected discrete occurrence that caused the district financial distress and (b) a list of the districts receiving hardship funds, including the amount awarded and repayment conditions.

Sec. 39. Section 79-1083.03, Revised Statutes Supplement, 2000, 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 ~~April 5, 1999, and on or before~~ March 1 for each year thereafter 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 May 20, 1999, and on or before~~ April 20. ~~for each school fiscal year thereafter.~~

(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 April 17, 1999, and on or before~~ February 1 ~~for 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 April 17, 1999, and thereafter~~ on or before February 1 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 April 1, 1999, and thereafter~~ on or before February 1 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, ~~prior to April 10, 1999, and on or before March 10, for each year thereafter,~~ 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 ~~by May 10, 1999, and on or before April 10 for each year thereafter~~ 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 no action is taken by the high school district.

~~(4)(a)~~ (4) The school board of a Class I district ~~which receives approval to exceed the total allowable general fund budget of expenditures minus the special education budget of expenditures pursuant to subsection (3) of this section may, after February 1 of each year beginning in 1999, submit a request to exceed the total allowable~~ 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. to all the school boards of the high school districts 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 approved pursuant to such subsection by increasing the special education budget of expenditures, the 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 special education budget of expenditures requested and the total special education budget of expenditures in the request approved pursuant to such subsection, with the difference being the requested increase in the total allowable general fund budget of expenditures.~~

~~(b) The high school district shall approve or deny the request within forty-five days following the receipt of such request and shall forward written notification to the Class I district of approval or denial. The request shall be considered approved if no action is taken by the high school district within forty-five days following the receipt of the request.~~

(5) All Class I districts shall certify the items required by subsection (1) of section 13-508 to all of their high school 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 May 20, 1999, and on or before April 20, for each year thereafter,~~ 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. 40. Section 79-1089, Revised Statutes Supplement, 2000, is amended to read:

79-1089. In each school district the school board shall cause to be examined annually by a public accountant or by a certified public accountant all financial records which are maintained directly or indirectly in the administration and management of public school funds. Rules and regulations governing the scope, extent, pattern, and report of the examination shall be adopted and promulgated by the State Board of Education with the advice and counsel of the Auditor of Public Accounts. A copy of the report shall be filed with the Commissioner of Education and the Auditor of Public Accounts on or before November 15. A copy of the report regarding the examination of a Class I school district shall be filed with the Commissioner of Education on or before November 15. When any school district fails to comply with this section, 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 district has complied with this section. 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 compliance by the district with this section. 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.

Sec. 41. Section 79-1092, Reissue Revised Statutes of Nebraska, is amended to read:

79-1092. All money arising from any source whatever which is payable to the school fund of any city of the primary class or city of the first class which may become a city of the metropolitan class, or any money which is required to be set apart by the treasurer of any such city for the support and maintenance of any school in such city, shall be payable to the treasurer of the ~~board of education~~ school district and shall be used only for the purposes specified in sections 79-409, 79-476, 79-522, 79-535 to 79-537, 79-552, 79-561, 79-562, 79-567, 79-573, 79-574, 79-583, 79-584, 79-592, 79-593, ~~79-1082, 79-1086, 79-1087, 79-1092, and 79-10,126.~~

Sec. 42. Section 79-10,110, Revised Statutes Supplement, 2000, as amended by section 1, Legislative Bill 240, Ninety-seventh Legislature, First Session, 2001, 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 or be sent by direct mailing to each resident within the 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 ~~pay the costs of~~ 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 ~~purpose 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) ~~pay the costs of any qualified purpose for~~ repay any qualified zone academy undertaken by the board 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, and each board which undertakes a qualified capital purpose shall establish a qualified capital purpose undertaking fund. Taxes collected pursuant to this section shall be credited to the appropriate fund 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 ~~has the meaning found in 26 U.S.C. 1397E(d)(5), as such section existed on the effective date of this act~~ 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 the effective date of this act; ~~and~~

(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 the effective date of this act; and

(h) Qualified zone academy bond has the meaning found in 26 U.S.C. 1397E(d)(1), as such section existed on the effective date of this act.

(9) 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) For the purpose of ~~(a)~~ paying amounts necessary for the abatement of environmental hazards and accessibility barrier elimination, ~~and (b) undertaking one or more qualified purposes in a qualified zone academy,~~ 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 ~~statewide~~ 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. The total of such reductions shall be reallocated to requests from qualified zone academies that will not be financed with bonds issued pursuant to this section.

Sec. 43. Section 79-1125, Revised Statutes Supplement, 2000, is amended to read:

79-1125. Special education means specially designed instruction, at no cost to parents or guardians, to meet the unique needs of a child with a disability, including classroom instruction, instruction in physical education, home instruction, and instruction in hospitals and institutions. Special education includes speech-language pathology, occupational therapy, and physical therapy if the speech-language pathology or occupational or

physical therapy consists of specially designed instruction, at no cost to the parents or guardians, to meet the unique needs of a child with a disability.

Sec. 44. Section 79-1132, Revised Statutes Supplement, 2000, is amended to read:

79-1132. The State Department of Education shall provide grants for the costs of the special education programs approved by the State Department of Education to the school district of residence for children with disabilities who are less than five years of age. Educational service units or cooperatives of school districts recognized as regional planning entities by the State Board of Education pursuant to section 79-1135 shall be eligible to receive grants for cooperative programs for such children with disabilities who are less than five years of age if such educational service units or cooperatives have complied with the reporting and approval requirements of such section. The grants shall be one hundred percent of the costs of such programs and shall continue to be one hundred percent as long as the funding for such grants comes from federal funds. For special education programs and transportation provided to children with disabilities who are less than five years of age in fiscal year 1995-96 and each fiscal year thereafter, if federal funding pursuant to the federal Individuals with Disabilities Education Act, as such act existed on the effective date of this act, Part B and section 619 base year allocation flow-through funds is inadequate at any time to pay one hundred percent of the allowable costs of such programs and transportation, the amount of the grant payments provided by the department shall be a pro rata amount as determined by the State Board of Education from appropriations for special education approved by the Legislature and based on such allowable costs for all special education programs and transportation to children with disabilities who are less than five years of age. The grant payments based upon claims submitted shall be made by the State Department of Education to the school district of residence, educational service unit, or regional planning entity recognized by the State Board of Education pursuant to section 79-1135 each year.

Sec. 45. Section 79-1142, Revised Statutes Supplement, 2000, is amended to read:

79-1142. (1) Level I services refers to services provided to children with disabilities who require an aggregate of not more than three hours per week of special education services and support services and includes all administrative, diagnostic, consultative, and vocational-adjustment counselor services. Support services means preventive services for children from birth to age twenty-one years and, if the child's twenty-first birthday occurs during the school year, until the end of that school year, not identified or verified as having a disability pursuant to sections 79-1118.01 and 79-1138 but who demonstrate a need for specially designed assistance in order to benefit from the school's general education curriculum. The total allowable reimbursable cost for support services shall not exceed a percentage, established by the State Board of Education, of the school district's or approved cooperative's total allowable reimbursable cost for all special education programs and support services. The percentage established by the State Board of Education for support services shall not exceed ten percent.

(2) For special education and support services provided in each school fiscal year, the State Department of Education shall reimburse each school district in the following school fiscal year a pro rata amount determined by the ~~State Board of Education~~ department from appropriations for special education approved by the Legislature and based on allowable excess costs for all special education programs and support services.

(3) Cooperatives of school districts or educational service units shall also be eligible for reimbursement for cooperative programs pursuant to this section if such cooperatives or educational service units have complied with the reporting and approval requirements of section 79-1155 for cooperative programs which were offered the preceding year. The payments shall be made by the ~~State Department of Education~~ department to the school district of residence, cooperative of school districts, or educational service unit each year in a minimum of seven payments between the fifth and twentieth day of each month beginning in December. Additional payments may be made based upon additional valid claims submitted. The State Treasurer shall, between the fifth and twentieth day of each month, notify the Director of Administrative Services of the amount of funds available in the General Fund for payment purposes. The director shall, upon receiving such certification, draw warrants against funds appropriated.

Sec. 46. Section 79-1155, Revised Statutes Supplement, 2000, is amended to read:

79-1155. All school boards shall report annually on a date prescribed by the State Department of Education 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 information pursuant to this section. The plans and budget forms shall conform to reporting requirements provided in section 79-1156. The ~~State Department of Education~~ department shall review and take action to approve, approve with modifications, or disapprove the plans and budgets for special education programs of the school district, cooperative of school districts, or educational service unit. Supplementary amendments to any program plans and budgets previously approved by the ~~State Board of Education~~ 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. The ~~State Board of Education~~ department shall approve, approve with modifications, or disapprove all supplementary amendments to program plans and budget requests. 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. 47. Section 79-1162, Revised Statutes Supplement, 2000, is amended to read:

79-1162. A parent, guardian, competent student of the age of majority, or school district may initiate a hearing on matters related to the initiation, change, or termination or the refusal to initiate, change, or terminate the identification, evaluation, or educational placement of a child with a disability or the provision of a free appropriate public education or records relating thereto. A copy of the procedures specified in rules and regulations of the State Department of Education for complaints and hearings under this section shall be provided by school districts to ~~all parents and guardians of children with disabilities who are receiving services on September 6, 1985, and, thereafter,~~ to all parents and guardians of children with disabilities upon initial consideration of the provision of services for their children with disabilities. Such hearing shall be initiated by filing a petition with the State Department of Education. ~~A parent, guardian, or competent student of the age of majority shall not be entitled to reimbursement for any expenses incurred more than sixty days prior to the filing of the petition.~~

Sec. 48. Section 79-1202, Revised Statutes Supplement, 2000, is amended to read:

79-1202. The official name of each educational service unit shall be Educational Service Unit No. ... of the State of Nebraska, and the individual number of each unit shall be determined by the State Board of Education. School district 55-001 of Lancaster County shall remain Educational Service Unit No. 18. School district 28-001 of Douglas County shall remain Educational Service Unit No. 19. For educational service units existing on January 1, 1998, the number of the unit shall remain the same. For educational service units created by merger, the number of the unit shall be the number of one of the educational service units dissolving into the new educational service unit. For all other newly created educational service units, the number shall be any number not otherwise assigned to an existing educational service unit.

Sec. 49. Section 79-1217, Revised Statutes Supplement, 2000, is amended to read:

79-1217. (1) ~~Each~~ All educational service units, except Educational Service Units No. 18 and 19, ~~unit~~ shall be governed by a board to be known as the Board of Educational Service Unit No. The educational service unit board shall be composed of one member from each county and four members at large, all of whom shall reside within the geographical boundaries of the educational service unit, but no more than two of the members at large shall be appointed or elected from the same county unless any one county within the educational service unit has a population in excess of one hundred fifty thousand inhabitants or the educational service unit consists of only one county. Successors to the members initially appointed shall be elected pursuant to section 32-515.

(2) Vacancies in office shall occur as set forth in section 32-560. Whenever any vacancy occurs on the board, the remaining members of such board shall appoint an individual residing within the geographical boundaries of the educational service unit to fill such vacancy for the balance of the unexpired term.

(3) Members of the board shall receive no compensation for their

services but shall be reimbursed for the actual and necessary expenses incurred in the performance of their duties under the Educational Service Units Act as provided in sections 81-1174 to 81-1177.

(4) Except as provided in subsection (5) of this section, any local joint school district located in two or more counties shall be considered a part of the educational service unit in which the greater number of school-age children of such joint school district reside. All legal voters of any such joint school district shall be eligible to hold office as the county representative of the county in which the greater number of school-age children reside. Any legal voter of any joint school district shall be eligible to hold office as the at-large representative if such legal voter resides within the geographical boundary of the school district comprising the educational service unit.

(5) Any Class I district which is part of a Class VI district shall be considered a part of the educational service unit of which the Class VI district is a member. If the Class VI district has removed itself from an educational service unit, each Class I district which is part of such Class VI district may continue its existing membership in an educational service unit or may change its status relative to membership in an educational service unit in accordance with section 79-1209. The patrons of a Class I district maintaining membership in an educational service unit pursuant to this subsection shall have the same rights and privileges as other patrons of the educational service unit, and the taxable valuation of the taxable property within the geographic boundaries of such Class I district shall be subject to the educational service unit's tax levy established pursuant to section 79-1225.

(6) The administrator of each educational service unit, prior to July 1 of each year in which a statewide primary election is to be held, shall certify to the election commissioner or county clerk of each county located within the unit the corporate name of each school district, as described in section 79-405, located within the county. If a school district is a joint school district located in two or more counties, the administrator shall certify to each election commissioner or county clerk the educational service unit of which the school district is considered to be a part.

(7) Educational Service Unit No. 18 shall be governed by the school board of School District 55-001 of Lancaster County.

(8) Educational Service Unit No. 19 shall be governed by the school board of School District 28-001 of Douglas County.

Sec. 50. Section 79-1241.02, Revised Statutes Supplement, 2000, is amended to read:

79-1241.02. It is the intent of the Legislature that any funds appropriated pursuant to the intent of section 79-1241.01 for technology-related projects or technology initiatives undertaken by an educational service unit follow the review process established in sections 86-1501 to 86-1514, including the review by the technical panel ~~and review and prioritization by~~ of the Nebraska Information Technology Commission.

Sec. 51. Section 85-1641, Reissue Revised Statutes of Nebraska, is amended to read:

85-1641. (1) Until the Tuition Recovery Cash Fund initially reaches the minimum fund level prescribed in section 85-1656, the surety bond or other security agreement of a school provided for in section 85-1639 shall cover the period of the authorization to operate or the agent's permit, as appropriate, except when a surety is released as provided in this section. The surety bond of an agent provided for in section 85-1640 shall cover the period of such agent's permit except when a surety is released as provided in this section.

(2) A surety on any bond or agreement filed under section 85-1639 or 85-1640 may be released ~~therefrom~~ after such surety serves written notice ~~thereof~~ on the department thirty days prior to the release. Such release shall not discharge or otherwise affect any claim ~~theretofore or thereafter~~ previously or subsequently filed by a student or enrollee or his or her parent or guardian for loss or damage resulting from any act or practice which is a violation of the Private Postsecondary Career School Act alleged to have occurred while the bond or agreement was in effect or for a school's ceasing operations during the term for which tuition has been paid while the bond or agreement was in force.

Sec. 52. Section 85-1642, Reissue Revised Statutes of Nebraska, is amended to read:

85-1642. Until the Tuition Recovery Cash Fund initially reaches the minimum fund level prescribed in section 85-1656 ~~Except as otherwise provided in this section,~~ authorization to operate and an agent's permit shall be suspended by operation of law when the school or agent is no longer covered by a surety bond or agreement as required by sections 85-1639 and 85-1640. The

commissioner shall cause the school or agent, or both, to receive at least thirty days' written notice prior to the release of the surety to the effect that the authorization or permit shall be suspended by operation of law until another surety bond or agreement is filed in the same manner and like amount as the bond or agreement being terminated. After the Tuition Recovery Cash Fund initially reaches ~~such~~ the minimum fund level prescribed in section 85-1656, the surety bond or agreement provided for in section 85-1639 shall no longer be required to be kept in force by any private postsecondary career school contributing to the fund except as specified for any private postsecondary career school applying for authorization to operate from the commissioner or any other agency after September 9, 1993.

Sec. 53. Section 85-1657, Reissue Revised Statutes of Nebraska, is amended to read:

85-1657. (1) Any student injured by the termination of operations by a private postsecondary career school on or after September 9, 1993, may submit a claim against the Tuition Recovery Cash Fund. ~~for tuition and fees paid to the school for which classes were not offered and no refunds made.~~ The board shall adopt rules and regulations for the evaluation and approval of claims made against the fund and shall provide for payments made from the fund. No claim shall be allowed unless it is submitted within one year after the school terminates operations and there are sufficient funds available in the fund to pay the claim.

(2) For purposes of this section, a student injured by the termination of operations by a private postsecondary career school means (a) a student who has paid tuition and fees to the school for which classes were not offered and no refunds were made or (b) a student who ceased to be enrolled in classes at a school while the school was in operation and to whom a refund of unearned tuition and fees became due from the school after the school terminated operations and no refunds were made within the required time period following the student's withdrawal from the school under the rules and regulations established by the department.

Sec. 54. Original sections 79-237, 79-313, 79-4,101, 79-563, 79-573, 79-583, 79-817, 79-1092, 85-1641, 85-1642, and 85-1657, Reissue Revised Statutes of Nebraska, sections 9-812, 13-511, 77-1601.02, 79-214, 79-215, 79-238, 79-442, 79-458, 79-4,108, 79-528, 79-1003, 79-1007.01, 79-1008.01, 79-1008.02, 79-1009, 79-1010, 79-1015.01, 79-1018.01, 79-1024, 79-1026, 79-1027, 79-1028, 79-1032, 79-1035, 79-1036, 79-1044, 79-1047, 79-1051, 79-1072.01, 79-1072.02, 79-1072.03, 79-1083.03, 79-1089, 79-1125, 79-1132, 79-1142, 79-1155, 79-1162, 79-1202, 79-1217, and 79-1241.02, Revised Statutes Supplement, 2000, and section 79-10,110, Revised Statutes Supplement, 2000, as amended by section 1, Legislative Bill 240, Ninety-seventh Legislature, First Session, 2001, are repealed.

Sec. 55. The following sections are outright repealed: Sections 79-8,102 to 79-8,105, Reissue Revised Statutes of Nebraska, and sections 79-1022.01 and 79-1076, Revised Statutes Supplement, 2000.

Sec. 56. Since an emergency exists, this act takes effect when passed and approved according to law.