

LEGISLATIVE BILL 641

Approved by the Governor May 24, 2007

Introduced by Raikes, 25

FOR AN ACT relating to schools; to amend sections 32-567, 32-604, 32-606, and 79-1015.01, Reissue Revised Statutes of Nebraska, sections 77-3442, 79-4,117, 79-4,125, 79-4,126, 79-4,128, 79-528, 79-769, 79-1001, 79-1007.02, 79-1007.03, 79-1007.04, 79-1007.05, 79-1007.06, 79-1007.07, 79-1007.08, 79-1007.09, 79-1008.02, 79-1073, 79-1073.01, 79-10,120, 79-10,126.01, 79-11,150, 79-1204, 79-2101, 79-2102, 79-2103, 79-2104, 79-2107, and 79-2110, Revised Statutes Cumulative Supplement, 2006, and sections 79-611, 79-1003, and 79-1022, Revised Statutes Cumulative Supplement, 2006, as affected by Referendum 2006, No. 422; to change and eliminate provisions relating to property tax levy limits, school funding, school financial reports, transportation costs, state aid, the high-needs education coordinator, learning communities, and learning community coordinating councils; to provide powers and duties; to provide for election and appointment of members of the councils; to provide for achievement subcouncils; to eliminate a task force and a plan to divide a Class V school district; to harmonize provisions; to provide severability; to repeal the original sections; and to outright repeal sections 79-4,130, 79-2105, 79-2106, 79-2108, and 79-2109, Revised Statutes Cumulative Supplement, 2006.

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

Section 1. Section 32-567, Reissue Revised Statutes of Nebraska, is amended to read:

32-567 Vacancies in office shall be filled as follows:

(1) In state and judicial district offices and in the membership of any board or commission created by the state when no other method is provided, by the Governor;

(2) In county offices, by the county board;

(3) In the membership of the county board, by the county clerk, county attorney, and county treasurer;

(4) In township offices, by the township board or, if there are two or more vacancies on the township board, by the county board;

(5) In offices in public power and irrigation districts, according to section 70-615;

(6) In offices in natural resources districts, according to section 2-3215;

(7) In offices in community college areas, according to section 85-1514;

(8) In offices in educational service units, according to section 79-1217;

(9) In offices in hospital districts, according to section 23-3534;

(10) In offices in metropolitan utilities districts, according to section 14-2104;

(11) In membership on airport authority boards, according to section 3-502, 3-611, or 3-703, as applicable;

(12) In membership on the board of trustees of a road improvement district, according to section 39-1607; and

(13) In membership on the council of a municipal county, by the council; and -

(14) For learning community coordinating councils, according to section 49 of this act.

Unless otherwise provided by law, all vacancies shall be filled within forty-five days after the vacancy occurs unless good cause is shown that the requirement imposes an undue burden.

Sec. 2. Section 32-604, Reissue Revised Statutes of Nebraska, is amended to read:

32-604 (1) Except as provided in subsection (2) or (4) of this section, no person shall be precluded from being elected or appointed to or holding an elective office for the reason that he or she has been elected or appointed to or holds another elective office.

(2) No person serving as a member of the Legislature or in an elective office described in Article IV, section 1 or 20, or Article VII, section 3 or 10, of the Constitution of Nebraska shall simultaneously serve in any other elective office, except that such a person may simultaneously serve in another elective office which is filled at an election held in conjunction

with the annual meeting of a public body.

(3) Whenever an incumbent serving as a member of the Legislature or in an elective office described in Article IV, section 1 or 20, or Article VII, section 3 or 10, of the Constitution of Nebraska assumes another elective office, except an elective office filled at an election held in conjunction with the annual meeting of a public body, the office first held by the incumbent shall be deemed vacant.

(4) No person serving in a high elective office shall simultaneously serve in any other high elective office, except that a county attorney may serve as the county attorney for more than one county if appointed under subsection (2) of section 23-1201.01.

(5) Notwithstanding subsections (2) through (4) of this section, any person holding more than one high elective office upon September 13, 1997, shall be entitled to serve the remainder of all terms for which he or she was elected or appointed.

(6) For purposes of this section, (a) elective office has the meaning found in section 32-109 and includes an office which is filled at an election held in conjunction with the annual meeting of a public body created by an act of the Legislature and (b) high elective office means a member of the Legislature, an elective office described in Article IV, section 1 or 20, or Article VII, section 3 or 10, of the Constitution of Nebraska, or a county, city, learning community, or school district elective office.

Sec. 3. Section 32-606, Reissue Revised Statutes of Nebraska, is amended to read:

32-606 (1) Any candidate may place his or her name on the primary election ballot by filing a candidate filing form prescribed by the Secretary of State as provided in section 32-607. If a candidate for an elective office is an incumbent, the deadline for filing the candidate filing form shall be February 15 prior to the date of the primary election. No incumbent who resigns from elective office prior to the expiration of his or her term shall file for any office after February 15 of that election year. All other candidates shall file for office by March 1 prior to the date of the primary election. A candidate filing form may be transmitted by facsimile for the offices listed in subdivision (1) of section 32-607 if (a) the transmission is received in the office of the filing officer by the filing deadline and (b) the original filing form is mailed to the filing officer with a legible postmark bearing a date on or prior to the filing deadline and is in the office of the filing officer no later than seven days after the filing deadline.

(2) Any candidate for a township office in a county under township organization, the board of trustees of a village, the board of directors of a reclamation district, the county weed district board, the board of directors of a public power district receiving annual gross revenue of less than forty million dollars, the school board of a Class II school district, a learning community coordinating council, or the board of an educational service unit may place his or her name on the general election ballot by filing a candidate filing form prescribed by the Secretary of State as provided in section 32-607. If a candidate for an elective office is an incumbent, the deadline for filing the candidate filing form shall be July 15 prior to the date of the general election. No incumbent who resigns from elective office prior to the expiration of his or her term shall file for any office after July 15 of that election year. All other candidates shall file for office by August 1 prior to the date of the general election. A candidate filing form may be transmitted by facsimile for the offices listed in subdivision (1) of section 32-607 if (a) the transmission is received in the office of the filing officer by the filing deadline and (b) the original filing form is mailed to the filing officer with a legible postmark bearing a date on or prior to the filing deadline and is in the office of the filing officer no later than seven days after the filing deadline.

(3) Any city having a home rule charter may provide for filing deadlines for any person desiring to be a candidate for the office of council member or mayor.

Sec. 4. Section 77-3442, Revised Statutes Cumulative Supplement, 2006, is amended to read:

77-3442 (1) Property tax levies for the support of local governments for fiscal years beginning on or after July 1, 1998, shall be limited to the amounts set forth in this section except as provided in section 77-3444.

(2)(a) Except as provided in subdivision ~~(2)(d)~~ (2)(e) of this section, school districts and multiple-district school systems, except learning communities and school districts that are members of learning communities, may levy a maximum levy of one dollar and five cents per one hundred dollars of taxable valuation of property subject to the levy.

(b) ~~Except as provided in subdivision (2)(d) of this section, for fiscal year 2008-09 and For each fiscal year, thereafter, (i) learning communities may levy a maximum levy for the general fund budgets of member school districts equal to the local effort rate prescribed in section 79-1015.01 for such fiscal year. the ratio of the aggregate difference of one hundred ten percent of the formula needs as calculated pursuant to section 79-1007.02 minus the amount of state aid certified pursuant to section 79-1022 and minus the other actual receipts included in local system formula resources pursuant to section 79-1018.01 for each member school district for such school fiscal year divided by each one hundred dollars of taxable property subject to the levy. The proceeds from the levy pursuant to this subdivision shall be distributed pursuant to section 79-1073.~~

(c) Except as provided in subdivision (2)(e) of this section, for each fiscal year, except that such levy shall not exceed one dollar and two cents on each one hundred dollars of taxable property subject to the levy, and (ii) school districts that are members of learning communities may levy for purposes of such districts' general fund budget and special building funds a maximum combined levy of the difference of one dollar and two five cents on each one hundred dollars of taxable property subject to the levy minus the learning community levy levies pursuant to this subdivision for purposes of such school district's general fund budget and special building funds. subdivisions (2)(b) and (2)(g) of this section for such learning community.

~~(e) (d)~~ Excluded from the limitations in subdivisions ~~(a) (2)(a)~~ and ~~(b) (2)(c)~~ of this subsection section are amounts levied to pay for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment and amounts levied to pay for special building funds and sinking funds established for projects commenced prior to April 1, 1996, for construction, expansion, or alteration of school district buildings. For purposes of this subsection, commenced means any action taken by the school board on the record which commits the board to expend district funds in planning, constructing, or carrying out the project.

~~(d) (e)~~ Federal aid school districts may exceed the maximum levy prescribed by subdivision (2)(a) or ~~(b) (2)(c)~~ of this section only to the extent necessary to qualify to receive federal aid pursuant to Title VIII of Public Law 103-382, as such title existed on September 1, 2001. For purposes of this subdivision, federal aid school district means any school district which receives ten percent or more of the revenue for its general fund budget from federal government sources pursuant to Title VIII of Public Law 103-382, as such title existed on September 1, 2001.

~~(e) (f)~~ For school fiscal year 2002-03 through school fiscal year 2007-08, school districts and multiple-district school systems may, upon a three-fourths majority vote of the school board of the school district, the board of the unified system, or the school board of the high school district of the multiple-district school system that is not a unified system, exceed the maximum levy prescribed by subdivision (2)(a) of this section in an amount equal to the net difference between the amount of state aid that would have been provided under the Tax Equity and Educational Opportunities Support Act without the temporary aid adjustment factor as defined in section 79-1003 for the ensuing school fiscal year for the school district or multiple-district school system and the amount provided with the temporary aid adjustment factor. The State Department of Education shall certify to the school districts and multiple-district school systems the amount by which the maximum levy may be exceeded for the next school fiscal year pursuant to this subdivision ~~(e) (f)~~ of this subsection on or before February 15 for school fiscal years 2004-05 through 2007-08.

~~(f) (g)~~ For ~~fiscal year 2008-09 and each fiscal year, thereafter,~~ learning communities may levy a maximum levy of two cents on each one hundred dollars of taxable property subject to the levy for special building funds for member school districts. The proceeds from the levy pursuant to this subdivision shall be distributed pursuant to section 79-1073.01.

~~(g) (h)~~ For ~~fiscal year 2008-09 and each fiscal year, thereafter,~~ learning communities may levy a maximum levy of ~~one cent~~ five cents on each one hundred dollars of taxable property subject to the levy for ~~the learning community budget~~ elementary learning center facilities and for up to fifty percent of the estimated cost for capital projects approved by the learning community coordinating council pursuant to section 43 of this act.

(3) Community colleges may levy a maximum levy on each one hundred dollars of taxable property subject to the levy of seven cents, plus amounts allowed under subsection (7) of section 85-1536.01, except that any community college whose valuation per reported aid equivalent student as defined in section 85-1503 was less than eighty-two percent of the average valuation per statewide reimbursable reported aid equivalent total as defined in section

85-1503 for all community colleges for fiscal year 1997-98 may levy up to an additional one-half cent for each of fiscal years 2005-06 and 2006-07 upon a three-fourths majority vote of the board.

(4) Natural resources districts may levy a maximum levy of four and one-half cents per one hundred dollars of taxable valuation of property subject to the levy. Natural resources districts shall also have the power and authority to levy a tax equal to the dollar amount by which their restricted funds budgeted to administer and implement ground water management activities and integrated management activities under the Nebraska Ground Water Management and Protection Act exceed their restricted funds budgeted to administer and implement ground water management activities and integrated management activities for FY2003-04, not to exceed one cent on each one hundred dollars of taxable valuation annually on all of the taxable property within the district. In addition, natural resources districts located in a river basin, subbasin, or reach that has been determined to be fully appropriated pursuant to section 46-714 or designated as overappropriated pursuant to section 46-713 by the Department of Natural Resources shall also have the power and authority to levy a tax equal to the dollar amount by which their restricted funds budgeted to administer and implement ground water management activities and integrated management activities under the Nebraska Ground Water Management and Protection Act exceed their restricted funds budgeted to administer and implement ground water management activities and integrated management activities for FY2005-06, not to exceed three cents on each one hundred dollars of taxable valuation on all of the taxable property within the district for fiscal year 2006-07 and not to exceed two cents on each one hundred dollars of taxable valuation annually on all of the taxable property within the district for fiscal years 2007-08 and 2008-09.

(5) Educational service units may levy a maximum levy of one and one-half cents per one hundred dollars of taxable valuation of property subject to the levy.

(6) (a) Incorporated cities and villages which are not within the boundaries of a municipal county may levy a maximum levy of forty-five cents per one hundred dollars of taxable valuation of property subject to the levy plus an additional five cents per one hundred dollars of taxable valuation to provide financing for the municipality's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. The maximum levy shall include amounts levied to pay for sums to support a library pursuant to section 51-201, museum pursuant to section 51-501, visiting community nurse, home health nurse, or home health agency pursuant to section 71-1637, or statue, memorial, or monument pursuant to section 80-202.

(b) Incorporated cities and villages which are within the boundaries of a municipal county may levy a maximum levy of ninety cents per one hundred dollars of taxable valuation of property subject to the levy. The maximum levy shall include amounts paid to a municipal county for county services, amounts levied to pay for sums to support a library pursuant to section 51-201, a museum pursuant to section 51-501, a visiting community nurse, home health nurse, or home health agency pursuant to section 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

(7) Sanitary and improvement districts which have been in existence for more than five years may levy a maximum levy of forty cents per one hundred dollars of taxable valuation of property subject to the levy, and sanitary and improvement districts which have been in existence for five years or less shall not have a maximum levy. Unconsolidated sanitary and improvement districts which have been in existence for more than five years and are located in a municipal county may levy a maximum of eighty-five cents per one hundred dollars of taxable valuation of property subject to the levy.

(8) Counties may levy or authorize a maximum levy of fifty cents per one hundred dollars of taxable valuation of property subject to the levy, except that five cents per one hundred dollars of taxable valuation of property subject to the levy may only be levied to provide financing for the county's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. The maximum levy shall include amounts levied to pay for sums to support a library pursuant to section 51-201 or museum pursuant to section 51-501. The county may allocate up to fifteen cents of its authority to other political subdivisions subject to allocation of property tax authority under subsection (1) of section 77-3443 and not specifically covered in this section to levy taxes as authorized by law which do not collectively exceed fifteen cents per one hundred dollars of taxable valuation on any parcel or item of taxable property. The county may allocate to one or more other political subdivisions subject to allocation of property tax authority by the county under subsection

(1) of section 77-3443 some or all of the county's five cents per one hundred dollars of valuation authorized for support of an agreement or agreements to be levied by the political subdivision for the purpose of supporting that political subdivision's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. If an allocation by a county would cause another county to exceed its levy authority under this section, the second county may exceed the levy authority in order to levy the amount allocated.

(9) Municipal counties may levy or authorize a maximum levy of one dollar per one hundred dollars of taxable valuation of property subject to the levy. The municipal county may allocate levy authority to any political subdivision or entity subject to allocation under section 77-3443.

(10) Property tax levies for judgments, except judgments or orders from the Commission of Industrial Relations, obtained against a political subdivision which require or obligate a political subdivision to pay such judgment, to the extent such judgment is not paid by liability insurance coverage of a political subdivision, for preexisting lease-purchase contracts approved prior to July 1, 1998, for bonded indebtedness approved according to law and secured by a levy on property, and for payments by a public airport to retire interest-free loans from the Department of Aeronautics in lieu of bonded indebtedness at a lower cost to the public airport are not included in the levy limits established by this section.

(11) The limitations on tax levies provided in this section are to include all other general or special levies provided by law. Notwithstanding other provisions of law, the only exceptions to the limits in this section are those provided by or authorized by sections 77-3442 to 77-3444.

(12) Tax levies in excess of the limitations in this section shall be considered unauthorized levies under section 77-1606 unless approved under section 77-3444.

(13) For purposes of sections 77-3442 to 77-3444, political subdivision means a political subdivision of this state and a county agricultural society.

Sec. 5. Section 79-4,117, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-4,117 Sections 79-4,117 to ~~79-4,130~~ 79-4,129 shall be known and may be cited as the Learning Community Reorganization Act.

Sec. 6. Section 79-4,125, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-4,125 ~~Except as provided in section 79-4,130, if~~ If the state committee disapproves the plan pursuant to the Learning Community Reorganization Act, it shall be considered a disapproved plan and returned to the learning community coordinating council as a disapproved plan.

Sec. 7. Section 79-4,126, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-4,126 When a plan of reorganization or any part thereof has been approved by the state committee pursuant to the Learning Community Reorganization Act, it shall be designated as the final approved plan and shall be returned to the learning community coordinating council to be submitted to the school boards of the affected school districts for approval or rejection by such school boards within forty-five days. ~~except that reorganizations required pursuant to section 79-4,130 shall not require the approval of any school board and approval shall not be required by any school board for dissolutions required pursuant to section 79-2108.~~

Sec. 8. Section 79-4,128, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-4,128 If the plan of reorganization is approved by the state committee and the school board of each affected school district, ~~if required,~~ pursuant to the Learning Community Reorganization Act, the county clerk shall proceed to cause the changes, realignment, and adjustment of districts to be carried out as provided in the plan. The county clerk shall classify the school districts according to the plan of reorganization. He or she shall also file certificates with the county assessor, county treasurer, and state committee showing the boundaries of the various districts under the approved plan of reorganization.

Sec. 9. Section 79-528, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-528 (1)(a) On or before July 20 in all school districts, the superintendent or head administrator shall file with the State Department of Education a report under oath showing the number of children from five through eighteen years of age belonging to the school district according to the census taken as provided in sections 79-524 and 79-578. The report shall identify the number of boys and the number of girls in each of the respective

age categories. On or before July 20, school districts that are members of learning communities shall provide the learning community coordinating council with a copy of the report filed with the department. On or before August 1, each learning community coordinating council shall file with the department a report showing the number of children from five through eighteen years of age belonging to the member school districts according to the school district reports filed with the department.

(b) Each Class I school district which is part of a Class VI school district offering instruction (i) in grades kindergarten through five shall report children from five through ten years of age, (ii) in grades kindergarten through six shall report children from five through eleven years of age, and (iii) in grades kindergarten through eight shall report children from five through thirteen years of age.

(c) Each Class VI school district offering instruction (i) in grades six through twelve shall report children who are eleven through eighteen years of age, (ii) in grades seven through twelve shall report children who are twelve through eighteen years of age, and (iii) in grades nine through twelve children who are fourteen through eighteen years of age.

(d) Each Class I district which has affiliated in whole or in part shall report children from five through thirteen years of age.

(e) Each Class II, III, IV, or V district shall report children who are fourteen through eighteen years of age residing in Class I districts or portions thereof which have affiliated with such district.

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

(2) On or before June 30 the superintendent or head administrator of each school district shall file with the Commissioner of Education a report under oath described as an end-of-the-school-year annual statistical summary showing (a) the number of children attending school during the year under five years of age, (b) the length of time the school has been taught during the year by a qualified teacher, (c) the length of time taught by each substitute teacher, and (d) such other information as the Commissioner of Education directs. On or before June 30, school districts that are members of learning communities shall also provide the learning community coordinating council with a copy of the report filed with the commissioner. On or before July 15, each learning community coordinating council shall file with the commissioner a report showing the number of children from five through eighteen years of age belonging to an end-of-the-school year annual statistical summary for the learning community based on the member school districts according to the school district reports filed with the commissioner.

(3) (a) On or before November 1 the superintendent or head administrator of each school district shall submit to the Commissioner of Education, to be filed in his or her office, a report under oath described as the annual financial report showing (i) the amount of money received from all sources during the year and the amount of money expended by the school district during the year, (ii) the amount of bonded indebtedness, (iii) 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 (iv) such other information as the Commissioner of Education directs.

(b) On or before November 1, school districts that are members of learning communities shall also provide the learning community coordinating council with a copy of the report submitted to the commissioner. On or before November 15, each learning community coordinating council shall submit to the commissioner, to be filed in his or her office, a report described as the annual financial report showing (i) the aggregate amount of money received from all sources during the year for all member school districts and the aggregate amount of money expended by member school districts during the year, (ii) the aggregate amount of bonded indebtedness for all member school districts, (iii) such other aggregate information as shall be necessary to fulfill the requirements of the Tax Equity and Educational Opportunities Support Act and section 79-1114 for all member school districts, and (iv) such other aggregate information as the Commissioner of Education directs for all member school districts.

(4) (a) On or before October 15 of each year, the superintendent or head administrator of each school district shall deliver to the department the fall school district membership report, which report shall include the number of children from birth through twenty years of age enrolled in the district on the last Friday in September of a given school year. The report shall enumerate (i) students by grade level, (ii) school district levies and total assessed valuation for the current fiscal year, and (iii) such other information as the Commissioner of Education directs.

(b) On or before October 15 of each year, school districts that are members of learning communities shall also provide the learning community coordinating council with a copy of the report delivered to the department. On or before October 31 of each year, each learning community coordinating council shall deliver to the department the fall learning community membership report, which report shall include the aggregate number of children from birth through twenty years of age enrolled in the member school districts on the last Friday in September of a given school year for all member school districts. The report shall enumerate (i) the aggregate students by grade level for all member school districts, (ii) learning community levies and total assessed valuation for the current fiscal year, and (iii) such other information as the Commissioner of Education directs.

(c) When any school district or learning community fails to submit its fall 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 or learning community until such time as the commissioner notifies the county treasurer of receipt of such report. The county treasurer shall withhold such money. For school districts that are members of learning communities, a determination of school money belonging to the district shall be based on the proportionate share of state aid and property tax receipts allocated to the school district by the learning community coordinating council, and the treasurer of the learning community coordinating council shall withhold any such school money in the possession of the learning community from the school district. If a school district that is a member of a learning community fails to provide a copy of the report to the learning community coordinating council on or before October 15, the learning community coordinating council shall complete the fall learning community membership report with information from the reports received from other member school districts.

Sec. 10. Section 79-611, Revised Statutes Cumulative Supplement, 2006, as affected by Referendum 2006, No. 422, is amended to read:

79-611 (1) The school board of any school district ~~that is not subject to subsection (2) of this section~~ shall either provide free transportation or pay an allowance for transportation in lieu of free transportation as follows:

(a) When a student attends an elementary school in his or her own district and lives more than four miles from the public schoolhouse in such district;

(b) When a student is required to attend an elementary school outside of his or her own district and lives more than four miles from such elementary school;

(c) When a student attends a secondary school in his or her own Class II or Class III school district and lives more than four miles from the public schoolhouse. This subdivision does not apply when one or more Class I school districts merge with a Class VI school district to form a new Class II or III school district on or after January 1, 1997; and

(d) When a student, other than a student in grades ten through twelve in a Class V district, attends an elementary or junior high school in his or her own Class V district and lives more than four miles from the public schoolhouse in such district.

~~(2)~~ (2)(a) The school board of any school district that is a member of a learning community subject to the enrollment provisions of section 79-2110 shall provide free transportation for a student if (a) the student is a resident of any school district that is a member of such learning community, (b) the student is attending a school in the school district under the control of such school board, and (c) the student does not reside in the attendance area for such school. Transportation shall be provided from the school building providing education in at least kindergarten through grade three in the attendance area in which the student resides to the school building the student attends. (i) the student is transferring pursuant to the open enrollment provisions of section 79-2110, qualifies for free or reduced-price lunches, and lives more than one mile from the school to which he or she transfers, (ii) the student is transferring pursuant to such open enrollment provisions and the student is a student who contributes to the socioeconomic diversity of the school building the student attends, (iii) the student is attending a focus school or program and lives more than one mile from the school building housing the focus school or program, or (iv) the student is attending a magnet school or program and lives more than one mile from the magnet school or the school housing the magnet program.

(b) For purposes of this subsection, a student who contributes to the socioeconomic diversity of the school building he or she attends means (i) a student who is not a student qualifying for free or reduced-price lunches when, based upon official membership, the school building the student will attend has more students qualifying for free or reduced-price lunches than the average percentage of such students in all school buildings in the learning community or (ii) a student who is a student that qualifies for free or reduced-price lunches when, based upon official membership, the school building the student will attend has fewer students qualifying for free or reduced-price lunches than the average percentage of such students in all school buildings in the learning community. This subsection does not prohibit a school district that is a member of a learning community from providing ~~additional~~ transportation to any intradistrict student.

(3) The transportation allowance which may be paid to the parent, custodial parent, or guardian of students qualifying for free transportation pursuant to subsection (1) or (2) of this section shall equal two hundred eighty-five percent of the mileage rate provided in section 81-1176, multiplied by each mile actually and necessarily traveled, on each day of attendance, beyond which the one-way distance from the residence of the student to the schoolhouse exceeds three miles.

(4) Whenever students from more than one family travel to school in the same vehicle, the transportation allowance prescribed in subsection (3) of this section shall be payable as follows:

(a) To the parent, custodial parent, or guardian providing transportation for students from other families, one hundred percent of the amount prescribed in subsection (3) of this section for the transportation of students of such parent's, custodial parent's, or guardian's own family and an additional five percent for students of each other family not to exceed a maximum of one hundred twenty-five percent of the amount determined pursuant to subsection (3) of this section; and

(b) To the parent, custodial parent, or guardian not providing transportation for students of other families, two hundred eighty-five percent of the mileage rate provided in section 81-1176 multiplied by each mile actually and necessarily traveled, on each day of attendance, from the residence of the student to the pick-up point at which students transfer to the vehicle of a parent, custodial parent, or guardian described in subdivision (a) of this subsection.

(5) The board may authorize school-provided transportation to any student who does not qualify under the mileage requirements of subsection (1) of this section and may charge a fee to the parent or guardian of the student for such service. An affiliated high school district may provide free transportation or pay the allowance described in this section for high school students residing in an affiliated Class I district. No transportation payments shall be made to a family for mileage not actually traveled by such family. The number of days the student has attended school shall be reported monthly by the teacher to the board of such public school district.

(6) No more than one allowance shall be made to a family irrespective of the number of students in a family being transported to school. If a family resides in a Class I district which is part of a Class VI district and has students enrolled in any of the grades offered by the Class I district and in any of the non-high-school grades offered by the Class VI district, such family shall receive not more than one allowance for the distance actually traveled when both districts are on the same direct travel route with one district being located a greater distance from the residence than the other. In such cases, the travel allowance shall be prorated among the school districts involved.

(7) No student shall be exempt from school attendance on account of distance from the public schoolhouse.

Sec. 11. Section 79-769, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-769 (1) Any one or more member school district districts of a learning community may establish a focus school or program anywhere in the learning community with approval from pursuant to the diversity plan developed by the learning community coordinating council. A focus school or program shall be:

~~(1) Centered around meeting specific learning goals that are an addition to the standard curriculum;~~

~~(2) Open to all students residing in the learning community in the grades offered on an equal basis; and~~

~~(3) Designed to create an economically and culturally diverse learning environment.~~

(2) Member school districts of a learning community may also

establish magnet programs which may include magnet pathways across member school districts pursuant to the diversity plan developed by the learning community coordinating council.

(3) For purposes of this section:

(a) Focus program means a program that does not have an attendance area and is unique and designed differently than the standard curriculum which may be housed in an existing school building;

(b) Focus school means a school that does not have an attendance area and whose enrollment is designed so that the socioeconomic diversity of the students attending the focus school reflects as nearly as possible the socioeconomic diversity of the student body of the learning community;

(c) Magnet pathway means a location in which elementary, middle, and high school magnet schools are placed;

(d) Magnet program means a program which offers coordinated elementary, middle, and high school programs and services that are unique and that have specific learning goals in addition to the standard curriculum; and

(e) Magnet school means a school having a home attendance area but which reserves a portion of its capacity specifically for students from outside the attendance area who will contribute to the socioeconomic diversity of the student body of such school.

Sec. 12. Section 79-1001, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1001 Sections 79-1001 to 79-1033 and sections 14, 23, 24, and 25 of this act shall be known and may be cited as the Tax Equity and Educational Opportunities Support Act.

Sec. 13. Section 79-1003, Revised Statutes Cumulative Supplement, 2006, as affected by Referendum 2006, No. 422, is amended to read:

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

(1) Adjusted general fund operating expenditures means (a) for school fiscal years before school fiscal year 2007-08, general fund operating expenditures as calculated pursuant to subdivision (24) of this section minus the transportation allowance and minus the special receipts allowance, (b) for school fiscal year 2007-08, general fund operating expenditures as calculated pursuant to subdivision (24) of this section minus the sum of the transportation, special receipts, and distance education and telecommunications allowances, and (c) for school fiscal year 2008-09 and each school fiscal year thereafter, the difference of the product of the general fund operating expenditures as calculated pursuant to subdivision (24) of this section multiplied by the cost growth factor for the school district's cost grouping calculated pursuant to section 79-1007.10 minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary class size allowance, and focus school and program 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 or 79-1005.02 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, and funds from the Education Innovation

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) Converted contract means an expired contract that was in effect for at least fifteen years for the education of students in a nonresident district in exchange for tuition from the resident district when the expiration of such contract results in the nonresident district educating students who would have been covered by the contract if the contract were still in effect as option students pursuant to the enrollment option program established in section 79-234;

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

(12) Department means the State Department of Education;

(13) Distance education and telecommunications allowance means, for state aid calculated for school fiscal year 2007-08 and each school fiscal year thereafter, eighty-five percent of the difference of the costs for (a) telecommunications services, (b) access to data transmission networks that transmit data to and from the school district, and (c) the transmission of data on such networks paid by the school districts in the local system as reported on the annual financial report for the most recently available complete data year minus the receipts from the federal Universal Service Fund pursuant to section 254 of the Telecommunications Act of 1996, 47 U.S.C. 254, as such section existed on January 1, 2006, for the school districts in the local system as reported on the annual financial report for the most recently available complete data year;

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

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

(16) Equalization aid means the amount of assistance calculated to be paid to a local system pursuant to sections 79-1008.01 to 79-1022 and 79-1022.02;

(17) 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;

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

(19) 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, plus qualified early childhood education fall membership plus 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 plus qualified early childhood education average daily membership plus tuitioned students from the school fiscal year immediately preceding the school fiscal year in which the aid was paid;

(20) 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;

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

(22) General fund budget of expenditures means the total 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;

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

(24) 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 as reported on the annual financial report prior to December 1 of the school fiscal year immediately preceding the school fiscal year in which aid is to be paid;

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

(26) 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;

(27) 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;

(28) 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;

(29) 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 and for school fiscal year 2008-09 and each school fiscal year thereafter, a learning community or a Class II, III, IV, or V district that is not a member of a learning community. 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;

(30) Low-income child means (a) for school fiscal years prior to 2008-09, 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 and (b) for school fiscal year 2008-09 and each school fiscal year thereafter, a child under nineteen years of age living in a household having an annual adjusted gross income for the second calendar year preceding the beginning of the school fiscal year for which aid is being calculated equal to or less than the maximum household income that would allow a student from a family of four people to be a free lunch and free milk student during the school fiscal year immediately preceding the school fiscal year for which aid is being calculated;

(31) Low-income students means the number of low-income children within the local system multiplied by the ratio of the formula students in the local system divided by the total children under nineteen years of age residing in the local system as derived from income tax information;

(32) 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;

(33) Poverty students means the number of low-income students or the number of ~~formula~~ students who are free lunch and free milk students in a local system, whichever is greater;

(34) Qualified early childhood education average daily membership means the product of the average daily membership for school fiscal year 2006-07 and each school fiscal year thereafter of students who will be eligible to attend kindergarten the following school year and are enrolled in an early childhood education program approved by the department pursuant to section 79-1103 for such school district for such school year if: (a) The program is receiving a grant pursuant to such section for the third year; (b) the program has already received grants pursuant to such section for three years; or (c) the program has been approved pursuant to subsection (5) of section 79-1103 for such school year and the two preceding school years, including any such students in portions of any of such programs receiving an expansion grant, multiplied by the ratio of the actual instructional hours of the program divided by one thousand thirty-two;

(35) Qualified early childhood education fall membership means the product of membership on the last Friday in September 2006 and each year thereafter of students who will be eligible to attend kindergarten the

following school year and are enrolled in an early childhood education program approved by the department pursuant to section 79-1103 for such school district for such school year if: (a) The program is receiving a grant pursuant to such section for the third year; (b) the program has already received grants pursuant to such section for three years; or (c) the program has been approved pursuant to subsection (5) of section 79-1103 for such school year and the two preceding school years, including any such students in portions of any of such programs receiving an expansion grant, multiplied by the ratio of the planned instructional hours of the program divided by one thousand thirty-two;

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

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

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

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

(40) 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;

(41) 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 attributable to the school district;

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

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

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

(45) Temporary aid adjustment factor means (a) for school fiscal years before school fiscal year 2007-08, one and one-fourth percent of the sum of the local system's transportation allowance, the local system's special receipts allowance, and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping and (b) for school fiscal year 2007-08, ~~and each school fiscal year thereafter,~~ one and one-fourth percent of the sum of the local system's transportation allowance, special receipts allowance, and distance education and telecommunications allowance and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping;

(46) Transportation allowance means the lesser of (a) 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) 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;

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

(48) 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. 14. For purposes of this section and section 79-1007.03, summer school student unit means one student enrolled in summer school in a school

district, whether or not the student is in the membership of the school district, for (1) at least three hours but fewer than six hours per day and (2) at least twelve days but fewer than twenty-four days. Each school district shall receive a summer school student unit for each qualified time period for which a student is enrolled, up to six units per student per summer.

Each school district shall receive an additional summer school student unit for each summer school student unit attributed to remedial math or reading programs. Each school district shall also receive an additional summer school student unit for each summer school student unit attributed to a free lunch and free milk student. This section does not prevent school districts from requiring and collecting fees for summer school, except that summer school student units shall not be calculated for summer school programs for which fees are collected from students who qualify for free or reduced-price lunches under United States Department of Agriculture child nutrition programs.

Sec. 15. Section 79-1007.02, Revised Statutes Cumulative Supplement, 2006, is amended to read:

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

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

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

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

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

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

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

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

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

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

(2) (a) The department shall calculate the average formula cost per student in each cost grouping by dividing the total estimated general fund operating expenditures for the cost grouping by the difference between the total adjusted formula students for all local systems in the cost grouping minus (i) the adjusted formula students attributed to early childhood education programs approved by the department pursuant to section 79-1103 for

the first two school fiscal years for which students attributed to early childhood education programs approved by the department pursuant to section 79-1103 are being included in the calculation of state aid for the local system and (ii) for the first two school fiscal years immediately following the school fiscal year in which a district in the local system received an expansion grant pursuant to section 79-1103, the difference between the adjusted formula students attributed to early childhood education programs approved by the department pursuant to section 79-1103 for the school fiscal year immediately following the school fiscal year in which a district in the local system received an expansion grant minus the adjusted formula students attributed to early childhood education programs approved by the department pursuant to section 79-1103 for the school fiscal year in which a district in the local system received an expansion grant. For the calculation of state aid for school fiscal year 1999-00 and for each school fiscal year thereafter, the average formula cost per student in each cost grouping shall not be recalculated for the final calculation of state aid pursuant to section 79-1065. The calculation of total adjusted formula students for purposes of this subdivision shall take into account the requirements of subdivision (2) of section 79-1007.01. For school fiscal years prior to school fiscal year 2008-09, the total estimated general fund operating expenditures for the cost grouping is equal to the total adjusted general fund operating expenditures for all local systems in the cost grouping multiplied by a cost growth factor. For school fiscal year 2008-09 and each school fiscal year thereafter, the total estimated general fund operating expenditures for the cost grouping is equal to the total adjusted general fund operating expenditures for all local systems in the cost grouping.

(b) The For school fiscal years prior to school fiscal year 2008-09, the cost growth factor for each cost grouping is equal to the sum of: (i) One; plus (ii) the product of two times the ratio of the difference between the formula students attributable to the cost grouping without weighting or adjustment pursuant to section 79-1007.01 and the sum of the average daily membership plus tuitioned students attributable to the cost grouping for the most recently available complete data year divided by the sum of the average daily membership plus tuitioned students attributable to the cost grouping for the most recently available complete data year, except that the ratio shall not be less than zero; plus (iii) the basic allowable growth rate pursuant to section 79-1025 for the school fiscal year in which the aid is to be distributed; plus (iv) the basic allowable growth rate pursuant to section 79-1025 for the school fiscal year immediately preceding the school fiscal year in which the aid is to be distributed; plus (v) one-half of any additional growth rate allowed by special action of school boards for the school fiscal year in which the aid is to be distributed as determined for the school fiscal year immediately preceding the school fiscal year when aid is to be distributed; plus (vi) one-half of any additional growth rate allowed by special action of the school boards for the school fiscal year immediately preceding the school fiscal year when the aid is to be distributed;

(3) For school fiscal years 2002-03 through 2006-07, each local system's formula need shall be calculated by subtracting the temporary aid adjustment factor from the sum of the local system's transportation allowance, the local system's special receipts allowance, and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping. The calculation of total adjusted formula students for purposes of this subdivision shall take into account the requirements of subdivision (2) of section 79-1007.01;

(4) For school fiscal year 2007-08, each local system's formula need shall be calculated by subtracting the temporary aid adjustment factor from the sum of the local system's transportation allowance, special receipts allowance, and distance education and telecommunications allowance and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping. The calculation of total adjusted formula students for purposes of this subdivision shall take into account the requirements of subdivision (2) of section 79-1007.01; and

(5) For school fiscal year 2008-09 and each school fiscal year thereafter, each school district's formula need shall equal the greater of (a) the difference of the sum of the school district's transportation allowance, elementary class size allowance, focus school and program allowance, limited English proficiency allowance, poverty allowance, special receipts allowance, and distance education and telecommunications allowance plus the product of the school district's adjusted formula students multiplied by the average formula cost per student in the school district's local system cost grouping minus the sum of the limited English proficiency allowance correction and

poverty allowance correction or (b) if the school district's general fund levy was at or above ~~ninety-nine cents per one hundred dollars of valuation for the previous year~~, ninety-five percent of the school district's maximum levy pursuant to section 77-3442, the school district's prior year formula need multiplied by one hundred percent. The calculation of total adjusted formula students for purposes of this subdivision shall take into account the requirements of subdivision (2) of section 79-1007.03.

Sec. 16. Section 79-1007.03, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1007.03 For state aid calculated for school fiscal year 2008-09 and each school fiscal year thereafter:

(1) The adjusted formula students for each school district 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 early childhood education programs is six-tenths;

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

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

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

(v) 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 January 1, 2006; and

(ii) The extreme remoteness factor shall equal 0.125 times the formula students in the school district for each school district that has fewer than two hundred formula students, more than six hundred square miles in the school district, 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; and

(iii) The summer school factor shall equal 0.025 times the number of summer school student units as defined in section 14 of this act; and

(2) The total adjusted formula students for each school district shall equal the weighted formula students plus the demographic factors, except that (a) for school districts 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 school district shall not include the summer school factor, 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 section 79-1007.02, and (c) the total adjusted formula students for a school district shall include the summer school factor, 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 school district's formula need pursuant to section 79-1007.02.

Sec. 17. Section 79-1007.04, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1007.04 For school fiscal year 2008-09 and each school fiscal year thereafter, the department shall determine the elementary class size allowance for each school district. The allowance shall equal the statewide average general fund operating expenditures per formula student multiplied by 0.20 then multiplied by the number of students in the school district in kindergarten through grade ~~five~~ eight who qualify for free or reduced-price lunches and who spend at least fifty percent of the school day in a classroom with a minimum of ten students and a maximum of twenty students as reported on the fall membership report from the school fiscal year immediately preceding the school fiscal year in which the aid is to be paid for state aid certified pursuant to section 79-1022 and as reported on the annual ~~financial~~ statistical summary report from the school fiscal year immediately preceding

the school fiscal year in which the aid was paid for the final calculation of state aid pursuant to section 79-1065.

Sec. 18. Section 79-1007.05, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1007.05 For school fiscal year 2008-09 and each school fiscal year thereafter, the department shall determine the focus school and program allowance for each school district in a learning community. The focus school and program allowance shall equal the statewide average general fund operating expenditures per formula student multiplied by 0.10 then multiplied by the number of students participating in a focus school or program as reported on the fall membership report from the school fiscal year immediately preceding the school fiscal year in which the aid is to be paid for state aid certified pursuant to section 79-1022 and as reported on the annual ~~financial~~ statistical summary report from the school fiscal year immediately preceding the school fiscal year in which the aid was paid for the final calculation of state aid pursuant to section 79-1065.

Sec. 19. Section 79-1007.06, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1007.06 (1) For school fiscal year 2008-09 and each school fiscal year thereafter, the department shall determine the poverty allowance for each school district that meets the requirements of this section and has not been disqualified pursuant to section 79-1007.07. ~~The~~ Each school district ~~may~~ shall designate a maximum poverty allowance on a form prescribed by the department on or before November 1 of the school fiscal year immediately preceding the school fiscal year for which aid is being calculated, ~~on a form prescribed by the department.~~ The school district may decline to participate in the poverty allowance by providing the department with a maximum poverty allowance of zero dollars on such form on or before November 1 of the school fiscal year immediately preceding the school fiscal year for which aid is being calculated. Each school district designating a maximum poverty allowance greater than zero dollars shall submit a poverty plan pursuant to section 23 of this act. on such form.

(2) The poverty allowance for each school district that has not been disqualified pursuant to section 79-1007.07 shall equal the lesser of:

(a) The maximum amount designated pursuant to subsection (1) of this section by the school district in the local system, if such school district designated a maximum amount, for the school fiscal year for which aid is being calculated; or

(b) Sixty-one percent of the sum of:

(i) The statewide average general fund operating expenditures per formula student multiplied by 0.05 then multiplied by the poverty students comprising more than five percent and not more than ten percent of the formula students in the school district; plus

(ii) The statewide average general fund operating expenditures per formula student multiplied by 0.10 then multiplied by the poverty students comprising more than ten percent and not more than fifteen percent of the formula students in the school district; plus

(iii) The statewide average general fund operating expenditures per formula student multiplied by 0.15 then multiplied by the poverty students comprising more than fifteen percent and not more than twenty percent of the formula students in the school district; plus

(iv) The statewide average general fund operating expenditures per formula student multiplied by 0.20 then multiplied by the poverty students comprising more than twenty percent and not more than twenty-five percent of the formula students in the school district; plus

(v) The statewide average general fund operating expenditures per formula student multiplied by 0.25 then multiplied by the poverty students comprising more than twenty-five percent and not more than thirty percent of the formula students in the school district; plus

(vi) The statewide average general fund operating expenditures per formula student multiplied by 0.30 then multiplied by the poverty students comprising more than thirty percent of the formula students in the school district.

Sec. 20. Section 79-1007.07, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1007.07 (1)(a) For school fiscal year 2007-08, the annual financial report required pursuant to section 79-528 shall include:

(i) The amount of federal funds received based on poverty as defined by the federal program providing the funds; and

(ii) The expenditures and sources of funding for each program related to poverty with a narrative description of the program and the method used to allocate money to the program and within the program.

(b) The department shall set up accounting codes for the receipts and expenditures required to be reported on the annual financial report pursuant to this subsection. The department shall also determine for each school district an amount that shall be deemed the poverty allowance for purposes of this section. Such amount shall equal the adjustments to the weighted formula students pursuant to subdivision (1)(c)(iii) of section 79-1007.01 multiplied by the average formula cost per student in the school district's cost grouping.

(2)(a) For school fiscal year 2008-09 and each school fiscal year thereafter, the annual financial report required pursuant to section 79-528 shall include:

(i) The amount of the poverty allowance used in the certification of state aid pursuant to section 79-1022 for such school fiscal year;

(ii) The amount of federal funds received based on poverty as defined by the federal program providing the funds; and

(iii) The expenditures and sources of funding for each program related to poverty with a narrative description of the program, and the method used to allocate money to the program and within the program, and the program's relationship to the poverty plan submitted pursuant to section 23 of this act for such school fiscal year; and -

(iv) An explanation of how any required elements of the poverty plan for such school fiscal year were met.

(b) The department shall set up accounting codes for the receipts and expenditures required to be reported on the annual financial report pursuant to this subsection.

(3) For school fiscal year 2009-10 and each school fiscal year thereafter, the department shall determine the poverty allowance expenditures using the reported expenditures on the annual financial report for the most recently available complete data year that would include in the poverty allowance expenditures only those expenditures that were used to specifically address issues related to the education of students living in poverty, that do not replace expenditures that would have occurred if the students involved in the program did not live in poverty, and that are not paid for with federal funds. The department shall establish a procedure to allow school districts to receive preapproval for categories of expenditures that could be included in poverty allowance expenditures.

(4) For school fiscal year 2009-10 and each school fiscal year thereafter, if the poverty allowance expenditures do not equal 117.65 percent or more of the poverty allowance for the most recently available complete data year, the department shall calculate a poverty allowance correction. The poverty allowance correction shall equal the poverty allowance minus eighty-five percent of the poverty allowance expenditures. If the poverty allowance expenditures do not equal fifty percent or more of the allowance for such school fiscal year, the school district shall also be disqualified from receiving a poverty allowance for the school fiscal year for which aid is being calculated.

(5) For school fiscal year 2010-11 and each school fiscal year thereafter, if the department determines that the school district did not meet the required elements of the poverty plan for the most recently available complete data year, the department shall calculate a poverty allowance correction equal to fifty percent of the poverty allowance for such school fiscal year and the school district shall also be disqualified from receiving a poverty allowance for the school fiscal year for which aid is being calculated. Any poverty allowance correction calculated pursuant to this subsection shall be added to any poverty allowance correction calculated pursuant to subsection (4) of this section to arrive at the total poverty allowance correction.

~~(5)~~ (6) The department may request additional information from any school district to assist with calculations and determinations pursuant to this section. If the school district does not provide information upon the request of the department pursuant to this section, the school district shall be disqualified from receiving a poverty allowance for the school fiscal year for which aid is being calculated.

~~(6)~~ (7) The department shall annually provide the Legislature with a report containing a general description of the expenditures and funding sources for programs related to poverty statewide and specific descriptions of the expenditures and funding sources for programs related to poverty for each school district.

~~(7)~~ (8) The state board shall establish a procedure for appeal of decisions of the department to the state board for a final determination.

Sec. 21. Section 79-1007.08, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1007.08 (1) For school fiscal year 2008-09 and each school fiscal year thereafter, the department shall determine the limited English proficiency allowance for each school district that meets the requirements of this section and has not been disqualified pursuant to section 79-1007.09. The ~~Each~~ school district ~~may shall~~ designate a maximum limited English proficiency allowance on or before November 1 of the school fiscal year immediately preceding the school fiscal year for which aid is being calculated, ~~on a form prescribed by the department.~~ The school district may decline to participate in the limited English proficiency allowance by providing the department with a maximum limited English proficiency allowance of zero dollars on such form on or before November 1 of the school fiscal year immediately preceding the school fiscal year for which aid is being calculated. Each school district designating a maximum limited English proficiency allowance greater than zero dollars shall submit a limited English proficiency plan pursuant to section 24 of this act. on such form.

(2) The limited English proficiency allowance for each school district that has not been disqualified pursuant to section 79-1007.09 shall equal the lesser of:

(a) The amount designated pursuant to subsection (1) of this section by the school district, if such school district designated a maximum amount, for the school fiscal year for which aid is being calculated; or

(b) The statewide average general fund operating expenditures per formula student multiplied by 0.25 then multiplied by:

(i) The number of students in the school district who are limited English proficient as defined under 20 U.S.C. 7801, as such section existed on January 1, 2006, if such number is greater than or equal to twelve;

(ii) Twelve, if the number of students in the school district who are limited English proficient as defined under 20 U.S.C. 7801, as such section existed on January 1, 2006, is greater than or equal to one and less than twelve; or

(iii) Zero, if the number of students in the school district who are limited English proficient as defined under 20 U.S.C. 7801, as such section existed on January 1, 2006, is less than one.

Sec. 22. Section 79-1007.09, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1007.09 (1)(a) For school fiscal year 2007-08, the annual financial report required pursuant to section 79-528 shall include:

(i) The amount of federal funds received based on students who are limited English proficient as defined by the federal program providing the funds; and

(ii) The expenditures and sources of funding for each program related to limited English proficiency with a narrative description of the program and the method used to allocate money to the program and within the program.

(b) The department shall set up accounting codes for the receipts and expenditures required to be reported on the annual financial report pursuant to this subsection. The department shall also determine for each school district an amount that shall be deemed the limited English proficiency allowance for purposes of this section. Such amount shall equal the adjustments to the weighted formula students pursuant to subdivision (1)(c)(ii) of section 79-1007.01 multiplied by the average formula cost per student in the school district's cost grouping.

(2)(a) For school fiscal year 2008-09 and each school fiscal year thereafter, the annual financial report required pursuant to section 79-528 shall include:

(i) The amount of the limited English proficiency allowance used in the certification of state aid pursuant to section 79-1022 for such school fiscal year;

(ii) The amount of federal funds received based on students who are limited English proficient as defined by the federal program providing the funds; and

(iii) The expenditures and sources of funding for each program related to limited English proficiency with a narrative description of the program, and the method used to allocate money to the program and within the program, and the program's relationship to the limited English proficiency plan submitted pursuant to section 24 of this act for such school fiscal year; and

(iv) An explanation of how any required elements of the limited English proficiency plan for such school fiscal year were met.

(b) The department shall set up accounting codes for the receipts and expenditures required to be reported on the annual financial report pursuant to this subsection.

(3) For school fiscal year 2009-10 and each school fiscal year thereafter, the department shall determine the limited English proficiency allowance expenditures using the reported expenditures on the annual financial report for the most recently available complete data year that would only include in the limited English proficiency allowance expenditures those expenditures that were used to specifically address issues related to the education of students with limited English proficiency, that do not replace expenditures that would have occurred if the students involved in the program did not have limited English proficiency, and that are not paid for with federal funds. The department shall establish a procedure to allow school districts to receive preapproval for categories of expenditures that could be included in limited English proficiency allowance expenditures.

(4) For school fiscal year 2009-10 and each school fiscal year thereafter, if the limited English proficiency allowance expenditures do not equal 117.65 percent or more of the limited English proficiency allowance for the most recently available complete data year, the department shall calculate a limited English proficiency allowance correction. The limited English proficiency allowance correction shall equal the limited English proficiency allowance minus eighty-five percent of the limited English proficiency allowance expenditures. If the limited English proficiency allowance expenditures do not equal fifty percent or more of the allowance for such school fiscal year, the school district shall also be disqualified from receiving a limited English proficiency allowance for the school fiscal year for which aid is being calculated.

(5) For school fiscal year 2010-11 and each school fiscal year thereafter, if the department determines that the school district did not meet the required elements of the limited English proficiency plan for the most recently available complete data year, the department shall calculate a limited English proficiency allowance correction equal to fifty percent of the limited English proficiency allowance for such school fiscal year and the school district shall also be disqualified from receiving a limited English proficiency allowance for the school fiscal year for which aid is being calculated. Any limited English proficiency allowance correction calculated pursuant to this subsection shall be added to any limited English proficiency allowance correction calculated pursuant to subsection (4) of this section to arrive at the total limited English proficiency allowance correction.

~~(5)~~ (6) The department may request additional information from any school district to assist with calculations and determinations pursuant to this section. If the school district does not provide information upon the request of the department pursuant to this section, the school district shall be disqualified from receiving a limited English proficiency allowance for the school fiscal year for which aid is being calculated.

~~(6)~~ (7) The department shall annually provide the Legislature with a report containing a general description of the expenditures and funding sources for programs related to limited English proficiency statewide and specific descriptions of the expenditures and funding sources for programs related to limited English proficiency for each school district.

~~(7)~~ (8) The state board shall establish a procedure for appeal of decisions of the department to the state board for a final determination.

Sec. 23. (1) On or before November 1 of each year, each school district designating a maximum poverty allowance greater than zero dollars shall submit a poverty plan for the next school fiscal year to the department and to the learning community coordinating council of any learning community of which the school district is a member. On or before the immediately following December 1, the department shall approve or disapprove such plan for school districts that are not members of a learning community based on the inclusion of the elements required pursuant to this section. On or before the immediately following December 1, the learning community coordinating council and, as to the applicable portions thereof, each achievement subcouncil, shall approve or disapprove such plan for school districts that are members of such learning community based on the inclusion of such elements. On or before the immediately following December 5, each learning community coordinating council shall certify to the department the approval or disapproval of the poverty plan for each member school district.

(2) In order to be approved pursuant to this section, a poverty plan shall include an explanation of how the school district will address the following issues for such school fiscal year:

(a) Attendance, including absence followup and transportation for students qualifying for free or reduced-price lunches who reside more than one-half mile from the attendance center;

(b) Student mobility, including transportation to allow a student to continue attendance at the same school if the student moves to another

attendance area within the same school district or within the same learning community;

(c) Parental involvement at the school-building level with a focus on the involvement of parents in poverty and from other diverse backgrounds;

(d) Parental involvement at the school-district level with a focus on the involvement of parents in poverty and from other diverse backgrounds;

(e) Class size reduction or maintenance of small class sizes for students who qualify for free or reduced-price lunches;

(f) Scheduled teaching time on a weekly basis that will be free from interruptions;

(g) Access to early childhood education programs for children in poverty;

(h) Student access to social workers;

(i) Access to summer school, extended-school-day programs, or extended-school-year programs;

(j) Mentoring for new and newly reassigned teachers;

(k) Professional development for teachers and administrators, focused on addressing the educational needs of students in poverty and students from other diverse backgrounds;

(l) Coordination with elementary learning centers if the school district is a member of a learning community; and

(m) An evaluation to determine the effectiveness of the elements of the poverty plan.

(3) The state board shall establish a procedure for appeal of decisions of the department and of learning community coordinating councils to the state board for a final determination.

Sec. 24. (1) On or before November 1 of each year, each school district designating a maximum limited English proficiency allowance greater than zero dollars shall submit a limited English proficiency plan for the next school fiscal year to the department. On or before the immediately following December 1, the department shall approve or disapprove such plans for school districts that are not members of a learning community, based on the inclusion of the elements required pursuant to this section. On or before the immediately following December 1, the learning community coordinating council, and, as to the applicable portions thereof, each achievement subcouncil, shall approve or disapprove such plan for school districts that are members of such learning community, based on the inclusion of such elements.

(2) In order to be approved pursuant to this section, a limited English proficiency plan must include an explanation of how the school district will address the following issues for such school fiscal year:

(a) Identification of students with limited English proficiency;

(b) Instructional approaches;

(c) Assessment of such students' progress toward mastering the English language; and

(d) An evaluation to determine the effectiveness of the elements of the limited English proficiency plan.

(3) The state board shall establish a procedure for appeal of decisions of the department to the state board for a final determination.

Sec. 25. (1) For the first five complete school fiscal years for a learning community, the department shall calculate two preliminary state aid amounts pursuant to the Tax Equity and Educational Opportunities Support Act for school districts which are members of such learning community, with one amount based on separate local systems and the other amount based on the learning community as a whole. For the preliminary amount based on separate local systems, the department shall calculate the aid for each member school district as if the school district were its own local system, except that in the second through fifth fiscal years, the minimum levy adjustment, if any, shall be based on the general fund common levy for the learning community for the fiscal year during which aid is certified. For the preliminary amount based on the learning community as a whole, formula need shall be calculated separately for each member school district then added together to calculate local system formula need, local system formula resources shall include the formula resources for all member school districts, and equalization aid shall be calculated based on the local system formula need and the local system formula resources. The local system aid based on such calculation shall be divided among the member school districts proportionally based on the formula need calculated for each member school district in the learning community to calculate the preliminary amount based on the learning community as a whole.

(2) For the first school fiscal year, for each school district that is a member of such learning community, the state aid certified and distributed to such district shall equal one hundred percent of the preliminary amount for such district based on separate local systems.

(3) For the second school fiscal year, for each school district that is a member of such learning community, the state aid certified and distributed to such district shall equal the sum of seventy-five percent of the preliminary amount for such district based on separate local systems plus twenty-five percent of the preliminary amount for such district based on the learning community as a whole.

(4) For the third school fiscal year, for each school district that is a member of such learning community, the state aid certified and distributed to such district shall equal the sum of fifty percent of the preliminary amount for such district based on separate local systems plus fifty percent of the preliminary amount for such district based on the learning community as a whole.

(5) For the fourth school fiscal year, for each school district that is a member of such learning community, the state aid certified and distributed to such district shall equal the sum of twenty-five percent of the preliminary amount for such district based on separate local systems plus seventy-five percent of the preliminary amount for such district based on the learning community as a whole.

(6) For the fifth school fiscal year, for each school district that is a member of such learning community, the state aid certified and distributed to such district shall equal one hundred percent of the preliminary amount for such district based on the learning community as a whole.

Sec. 26. Section 79-1008.02, Revised Statutes Cumulative Supplement, 2006, 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~~ in for the fiscal year during which aid is certified that is less than ninety percent of the maximum levy, for such fiscal year for such local system, allowed pursuant to subdivision (2)(a) or (b) of section 77-3442 without a vote pursuant to section 77-3444 less two cents for learning communities and less ten cents for all other local systems. 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~~ for such fiscal year for such local system from the maximum levy allowed pursuant to subdivision (2)(a) or (b) of section 77-3442 without a vote pursuant to section 77-3444 less two cents for learning communities and less ten cents for all other local systems 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 or 79-1005.02, 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 or 79-1005.02, 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 or 79-1005.02 and the minimum levy adjustment. This section does not apply to the calculation of aid for a local system containing a learning community for the first school fiscal year for which aid is calculated for such local system.

Sec. 27. Section 79-1015.01, Reissue Revised Statutes of Nebraska, 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 subdivision (2)(a) or (c) of 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. 28. Section 79-1022, Revised Statutes Cumulative Supplement, 2006, as affected by Referendum 2006, No. 422, is amended to read:

79-1022 (1) On or before ~~June 15, 2003, and on or before~~ February 1 ~~for~~ of each year, ~~thereafter,~~ the department shall determine the amounts

to be distributed to each local system and each district pursuant to the Tax Equity and Educational Opportunities Support Act and shall certify the amounts to the Director of Administrative Services, the Auditor of Public Accounts, each learning community, and each district. The amount to be distributed to each district that is not a member of a learning community from the amount certified for a local system shall be proportional based on the weighted formula students attributed to each district in the local system. The For the first five complete school fiscal years for a learning community, the amount to be distributed to each district that is a member of such learning community shall be determined pursuant to section 25 of this act. For each school fiscal year thereafter, the amount to be distributed to each district that is a member of a learning community from the amount certified for the local system shall be proportional based on the formula needs calculated for each district in the local system. On or before June 15, 2003, and on or before February 1 ~~for~~ of each year, thereafter, the department shall report the necessary funding level to the Governor, the Appropriations Committee of the Legislature, and the Education Committee of the Legislature. Certified state aid amounts, including adjustments pursuant to section 79-1065.02, shall be shown as budgeted non-property-tax receipts and deducted prior to calculating the property tax request in the district's general fund budget statement as provided to the Auditor of Public Accounts pursuant to section 79-1024.

(2) Except as provided in subsection (8) of section 79-1016 and sections 79-1033 and 79-1065.02, the amounts certified pursuant to subsection (1) of this section shall be distributed in ten as nearly as possible equal payments on the last business day of each month beginning in September of each ensuing school fiscal year and ending in June of the following year, except that when a school district is to receive a monthly payment of less than one thousand dollars, such payment shall be one lump-sum payment on the last business day of December during the ensuing school fiscal year.

Sec. 29. Section 79-1073, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1073 On or before October 1 for each year, each learning community coordinating council shall determine the expected amounts to be distributed to each member school district from general fund property tax receipts pursuant to subdivision (2)(b) of section 77-3442 and shall certify such amounts to each member school district and the State Department of Education. Such property tax receipts shall be divided among member school districts proportionally based on the difference of one hundred ~~ten~~ percent of the school district's formula need calculated pursuant to section 79-1007.02 minus the sum of the state aid certified pursuant to section 79-1022 and the other actual receipts included in local system formula resources pursuant to section 79-1018.01 for the school fiscal year for which the distribution is being made, except that no school district shall receive property tax receipts in excess of the lesser of such difference or the school district's property tax request submitted to the learning community coordinating council.

Each time a learning community coordinating council distributes property tax receipts to member school districts, the amount to be distributed to each district shall be proportional based on the total amounts to be distributed to each member school district for the school fiscal year.

Sec. 30. Section 79-1073.01, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1073.01 Amounts levied by learning communities for special building funds for member school districts pursuant to subdivision ~~(2)(f)~~ (2)(g) of section 77-3442 shall be distributed to all member school districts proportionally based on the formula students used in the most recent certification of state aid pursuant to section 79-1022.

Any amounts distributed pursuant to this section shall be used by the member school districts for special building funds.

Sec. 31. Section 79-10,120, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-10,120 The school board or board of education of a Class II, III, IV, V, or VI school district may establish a special fund for purposes of acquiring sites for school buildings or teacherages, purchasing existing buildings for use as school buildings or teacherages, including the sites upon which such buildings are located, and the erection, alteration, equipping, and furnishing of school buildings or teacherages and additions to school buildings for elementary and high school grades and for no other purpose. For school districts that are not members of learning communities, the fund shall be established from the proceeds of an annual levy, to be determined by the board, of not to exceed fourteen cents on each one hundred dollars upon the taxable value of all taxable property in the district which shall be in addition to any other taxes authorized to be levied for school purposes. Such

tax shall be levied and collected as are other taxes for school purposes. For school districts that are members of a learning community, such fund shall be established from the proceeds of the learning community special building funds levy directed to the school district for such purpose pursuant to subdivision ~~(2)(f)~~ (2)(g) of section 77-3442 and the proceeds of any school district special building fund levy pursuant to subdivision ~~(2)(b)~~ (2)(c) of section 77-3442.

Sec. 32. Section 79-10,126.01, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-10,126.01 A Class V school district that is a member of a learning community shall establish (1) for the general operation of the schools, such fund as will result from distributions pursuant to section 79-1073 from the learning community levy and any annual levy of such rate of tax upon the taxable value of all the taxable property in such school district as the board of education determines to be necessary for such purpose and as authorized pursuant to subdivision ~~(2)(b)~~ (2)(c) of section 77-3442, (2) ~~a fund resulting from distributions from the learning community levy for special building funds~~ for the purpose of acquiring sites of school buildings and the erection, alteration, equipping, and furnishing of school buildings and additions to school buildings, a fund as will result from distributions from the learning community levy pursuant to section 79-1073.01 and any annual levy of such rate of tax upon the taxable value of all the taxable property in such school district as the school board determines to be necessary for such purpose and as authorized pursuant to subdivision (2)(c) of section 77-3442, which fund shall be used for no other purposes, and (3) a further fund resulting from an annual amount of tax to be determined by the board of education to pay interest on and for retiring, funding, or servicing of bonded indebtedness of the district.

Sec. 33. Section 79-11,150, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-11,150 The Commissioner of Education shall appoint a ~~high-needs education~~ student achievement coordinator, subject to confirmation by a majority vote of the members of the State Board of Education. The appointment shall be made on the basis of recognized and demonstrated ~~interest in and knowledge of instructional effectiveness for~~ background and training in instructional methods to address the unique educational needs of students in poverty, limited English proficient students, and highly mobile students. The coordinator shall evaluate and coordinate existing resources for effective programs for students in poverty, limited English proficient students, and highly mobile students across the state. The coordinator shall also develop a plan to improve educational attainment for such students. In developing the plan, the coordinator shall seek input from superintendents, principals, teachers, and other individuals with relevant expertise. The plan may include research efforts to be conducted by Nebraska postsecondary educational institutions. The plan shall be presented to the Education Committee of the Legislature on or before November 1, ~~2007.~~ 2008.

Sec. 34. Section 79-1204, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-1204 (1) The role and mission of the educational service units is to serve as educational service providers in the state's system of elementary and secondary education.

(2) Educational service units shall:

(a) Act primarily as service agencies in providing core services and services identified and requested by member school districts;

(b) Provide for economy, efficiency, and cost-effectiveness in the cooperative delivery of educational services;

(c) Provide educational services through leadership, research, and development in elementary and secondary education;

(d) Act in a cooperative and supportive role with the State Department of Education and school districts in development and implementation of long-range plans, strategies, and goals for the enhancement of educational opportunities in elementary and secondary education; and

(e) Serve, when appropriate and as funds become available, as a repository, clearinghouse, and administrator of federal, state, and private funds on behalf of school districts which choose to participate in special programs, projects, or grants in order to enhance the quality of education in Nebraska schools.

(3) Except as provided in section 79-1241, core services shall be provided by educational service units to all member school districts. Core services shall be defined by each educational service unit as follows:

(a) Core services shall be within the following service areas in order of priority: (i) Staff development which shall include access to staff

development related to improving the achievement of students in poverty and students with diverse backgrounds; (ii) technology, including distance education services; and (iii) instructional materials services;

(b) Core services shall improve teaching and student learning by focusing on enhancing school improvement efforts, meeting statewide requirements, and achieving statewide goals in the state's system of elementary and secondary education;

(c) Core services shall provide schools with access to services that:

(i) The educational service unit and its member school districts have identified as necessary services;

(ii) Are difficult, if not impossible, for most individual school districts to effectively and efficiently provide with their own personnel and financial resources;

(iii) Can be efficiently provided by each educational service unit to its member school districts; and

(iv) Can be adequately funded to ensure that the service is provided equitably to the state's public school districts;

(d) Core services shall be designed so that the effectiveness and efficiency of the service can be evaluated on a statewide basis; and

(e) Core services shall be provided by the educational service unit in a manner that minimizes the costs of administration or service delivery to member school districts.

(4) Educational service units shall meet minimum accreditation standards set by the State Board of Education that will:

(a) Provide for accountability to taxpayers;

(b) Assure that educational service units are assisting and cooperating with school districts to provide for equitable and adequate educational opportunities statewide; and

(c) Assure a level of quality in educational programs and services provided to school districts by the educational service units.

(5) Educational service units may contract to provide services to:

(a) Nonmember public school districts;

(b) Nonpublic school systems;

(c) Other educational service units; and

(d) Other political subdivisions, under the Interlocal Cooperation Act and the Joint Public Agency Act.

(6) Educational service units shall not regulate school districts unless specifically provided pursuant to another section of law.

Sec. 35. Section 79-2101, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-2101 Learning community means a political subdivision which shares the territory of member school districts and is governed by a learning community coordinating council. The fiscal year for a learning community shall be the same as for member school districts. ~~A learning community shall not have the authority to levy property taxes for the first fiscal year of its existence and shall not have the authority to levy property taxes prior to school fiscal year 2008-09.~~

Sec. 36. Section 79-2102, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-2102 ~~(1)~~ On or before ~~August 1, 2006,~~ September 15, 2007, and on or before August 1 of each odd-numbered year following the official designation of any new city of the metropolitan class or any valid request to form a new learning community, the Secretary of State Commissioner of Education shall certify the establishment of a new learning community with an the effective date of September 1 of the year of the first Thursday after the first Tuesday in January of the next odd-numbered year following such certification to the county clerks, election commissioners, and county assessors of the counties with territory in the new learning community, to the Property Tax Administrator, to the State Department of Education, and to the school boards of the member school districts of the new learning community. A learning community shall be established for each city of the metropolitan class and shall include all school districts for which the principal office of the school district is located in the county where the city of the metropolitan class is located and all school districts for which the principal office of the school district is located in a county that has a contiguous border of at least five miles in the aggregate with such city of the metropolitan class. A learning community may also be established for one or more counties at the request of the school boards of all school districts for which the principal office of the school district is located in the specified county or counties if such school districts have a minimum combined total of at least two thousand students, except that districts in

local systems that are in the sparse cost grouping or the very sparse cost grouping as described in section 79-1007.02 need not have a minimum combined total of at least two thousand students but a learning community with fewer than two thousand students shall include at least two school districts. Such requests shall be received by the Secretary of State Commissioner of Education on or before March 1 to be effective the following September 1, May 1 of each odd-numbered year.

~~(2) On or before September 1 following the certification of the establishment of a new learning community, the school board of each member school district shall appoint a member of such school board to serve on the learning community coordinating council and shall notify the Secretary of State of the appointment. The Secretary of State or his or her designee shall convene a meeting of the new council during the month of September and each month thereafter through the following June. At the September meeting, the council shall elect officers and shall begin taking the necessary steps to begin operating as a learning community. The Secretary of State or his or her designee shall schedule and host each meeting and shall serve as a facilitator at each meeting. The Secretary of State may contract for facilitation services. In any fiscal year that one or more new learning communities are established, the Secretary of State shall report to the Education Committee of the Legislature on or before December 31 and on or before June 30, regarding the progress of any new learning community coordinating councils.~~

Sec. 37. The election commissioners of the applicable counties, pursuant to certification of the establishment of a learning community pursuant to section 79-2102, shall divide the territory of the new learning community into six numbered districts for the purpose of electing members to the learning community coordinating council in compliance with section 32-553. Such districts shall be compact and contiguous and substantially equal in population. The newly established election districts shall be certified to the Secretary of State on or before November 1 immediately following such certification. The newly established election districts shall apply beginning with the election of the first council members for such learning community. Following the drawing of initial election districts pursuant to this section, additional redistricting thereafter shall be undertaken by the learning community coordinating council according to section 32-553.

Sec. 38. The Commissioner of Education or his or her designee shall convene a meeting of the newly elected learning community coordinating council during the month of January following the election. At such meeting, the council shall elect officers and shall begin taking the necessary steps to begin operating as a learning community. The commissioner or his or her designee shall schedule and host such meeting and shall serve as a facilitator at such meeting.

Sec. 39. Section 79-2103, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-2103 The State Department of Education shall provide ~~transition aid~~ learning community funds to learning communities pursuant to this section. A learning community shall receive ~~transition aid~~ for the second school fiscal year of the learning community's existence for funding the general fund budget of the learning community during the transition to property tax funding. Each learning community established on September 1, 2006, shall also receive ~~transition aid~~ for the third school fiscal year of the learning community's existence. Transition aid Learning community funds shall be distributed to each qualified learning community on or before January 30 of the school fiscal year during which the learning community is established and on or before July 5 September 15 of each school fiscal year thereafter in an amount equal to the product of the ratio of the amount appropriated for ~~transition aid~~ learning community funds divided by the sum of the number of qualified learning communities. formula students in all learning communities that will be established during such fiscal year plus two times the number of formula students in all other learning communities for the calculation of state aid for member school districts for such school fiscal year multiplied by the number of such formula students in the learning community for learning communities that will be established in such school fiscal year or two times the number of such formula students for all other learning communities. It is the intent of the Legislature to appropriate for each fiscal year up to an amount equal to five hundred thousand dollars for each learning community to be established in such fiscal year plus one million dollars for each learning community that will be in the first full fiscal year for such learning community in such fiscal year plus the amount appropriated in the prior year for all other learning communities increased by the basic allowable growth rate described in section 79-1025.

Sec. 40. Section 79-2104, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-2104 A learning community coordinating council shall have the authority to:

(1) Levy and distribute a common levy for the general funds of member school districts pursuant to sections 77-3442 and 79-1073;

(2) Levy and distribute a common levy for the special building funds of member school districts pursuant to sections 77-3442 and 79-1073.01;

(3) Levy ~~for the budget of the learning community and for capital projects approved by the learning community coordinating council~~ pursuant to section 77-3442 and section 43 of this act;

(4) Collect, analyze, and report data and information; ~~as required;~~

~~(5) Coordinate development of focus schools and programs to provide educational opportunities to diversified student populations, including exploration of a campus that would include focus schools and programs operated by different member school districts;~~

~~(6)~~ (5) Approve focus schools and programs to be operated by member school districts;

~~(7) Annually conduct a school fair to allow students and parents to learn about each school in the learning community;~~

(6) Adopt, approve, and implement an integration and diversity plan which shall include open enrollment and may include focus schools, focus programs, and magnet pathways pursuant to section 79-2110;

(7) Administer the open enrollment provisions in section 79-2110 for the learning community as part of a diversity plan developed by the council to provide educational opportunities which will result in increased diversity in schools across the learning community;

(8) Annually conduct school fairs to provide students and parents the opportunity to explore the educational opportunities available at each school in the learning community and develop other methods for encouraging access to such information and promotional materials;

~~(8)~~ (9) Develop reorganization plans for submission pursuant to the Learning Community Reorganization Act; and

~~(9) Upon recommendation of the integration task force for the learning community, adopt and implement an integration and diversity plan.~~

(10) Establish and administer elementary learning centers through achievement subcouncils pursuant to sections 44 to 46 of this act;

(11) Administer the learning community funds distributed to the learning community pursuant to section 43 of this act;

(12) Approve or disapprove poverty plans and limited English proficiency plans for member school districts;

(13) Establish a procedure for receiving community input and complaints regarding the learning community; and

(14) Establish a procedure to assist parents, citizens, and member school districts in accessing an approved center pursuant to the Dispute Resolution Act to resolve disputes involving member school districts or the learning community. Such procedure shall include payment by the learning community for such mediation services.

Sec. 41. Section 79-2107, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-2107 The boundaries of all school districts for which the principal office of the school district is located in a county where a city of the metropolitan class is located ~~on July 14, 2006,~~ and all school districts for which the principal office of the school district is located in a county that has a contiguous border of at least five miles in the aggregate with such city of the metropolitan class ~~on July 14, 2006,~~ shall remain as depicted ~~on March 1, 2006,~~ on the map kept by the county clerk pursuant to section 79-490 as of March 1, 2006, for cities of the metropolitan class designated as such prior to January 2008 or as of March 1 immediately preceding the designation as a city of the metropolitan class for cities designated as such on or after January 1, 2008, until a learning community has been ~~formed~~ established for such city of the metropolitan class.

Sec. 42. Section 79-2110, Revised Statutes Cumulative Supplement, 2006, is amended to read:

79-2110 ~~(1)~~ ~~For school year 2008-09~~ (1)(a) Each learning community coordinating council, together with its member school districts, shall develop and administer a diversity plan which may be revised from time to time. Each diversity plan shall provide for open enrollment in all school buildings in the learning community, subject to specific limitations necessary to bring about diverse enrollments in each school building in the learning community. Such limitations shall include giving preference at each school building to students that contribute to the socioeconomic diversity of enrollment, as

defined in section 79-611, at each building and may include establishing zone limitations in which students may access several schools other than their home attendance area school. Notwithstanding the limitations necessary to bring about diversity, open enrollment shall include providing access to students who do not contribute to the socioeconomic diversity of a school building, if, subsequent to the regular enrollment process that is subject to limitations necessary to bring about diverse enrollments, capacity remains in a school building. In such a case, a student who applies to attend such school building shall be permitted to enroll at such building unless the student has otherwise been disqualified from the school building pursuant to the school district's code of conduct or related school discipline rules.

(b) To facilitate the open enrollment provisions of this subsection, and each school year thereafter, each member school district in a learning community shall establish a maximum capacity for each school building under such district's control pursuant to procedures and criteria established by the learning community coordinating council. Each member school district shall also establish attendance areas for each school building under the district's control, except that the school board shall not establish attendance areas for focus schools. school buildings with focus schools or programs. The attendance areas shall be established such that all of the territory of the school district is within an attendance area for each grade, but no territory of the school district is within more than one attendance area for a grade. Students residing in a school district an attendance area shall be allowed to attend a such school building for the grades offered. in such school district.

(2) On or before March 1, 2008, and March 1 of each year thereafter, the school board shall certify to the learning community coordinating council the number of students that will be accepted into each school building from outside of the school building's attendance area for the next school year based on the established capacity and the estimated number of students who will attend the school building from the attendance area or as continuing students.

(3)(a) (2)(a) On or before March 15, 2008, and March 15 of each year, thereafter, a parent or guardian of a student residing in a member school district in a learning community may apply to the learning community coordinating council submit an application to any school district in the learning community on behalf of a student who is applying to attend a school building for the following school year a school building in the learning community that is not in an attendance area where the student applicant resides or a focus school, focus program, or magnet school as such terms are defined in section 79-769. On or before April 1, 2008, and April 1 of each year, thereafter, the learning community coordinating council school district shall accept or reject such applications based on the capacity of the school building, the eligibility of the applicant for the school building or program, the number of such students the school district is willing to accept applicants that will be accepted for a given school building, and whether or not the applicant contributes to the socioeconomic diversity of the school or program to which he or she has applied and for which he or she is eligible. The school district and shall notify the applicant such parent or guardian in writing of the acceptance or rejection. Such parent or guardian may provide information on the application regarding the applicant's potential qualification for free or reduced-price lunches. Any such information provided shall be subject to verification and shall only be used for the purposes of this section. Nothing in this section requires a parent or guardian to provide such information. Determinations about an applicant's qualification for free or reduced-price lunches for purposes of this section shall be based on any verified information provided on the application. If no such information is provided the student shall be presumed not to qualify for free or reduced-price lunches for the purposes of this section. A student may not apply to attend a school building in the learning community for any grades that are offered by another school building for which the student had previously applied and been accepted pursuant to this section, absent a hardship exception as established by the individual school district. On or before September 1 of each year, each school district shall provide to the learning community coordinating council a complete and accurate report of all applications received, including the number of students who applied at each grade level at each building, the number of students accepted at each grade level at each building, the number of such students that contributed to the socioeconomic diversity that applied and were accepted, the number of applicants denied and the rationales for denial, and other such information as requested by the learning community coordinating council.

(b) If more students have applied to attend a school building, other than a focus school or program, than the number of such students the

school district is willing to accept for such building, the learning community coordinating council shall select applications for approval up to the number of such students the school district is willing to accept for such building as follows: (i) Students who qualify for free lunch shall be selected first, with applications for such students selected randomly up to the number of students the school district is willing to accept for such building; (ii) students who qualify for reduced-price lunch shall be selected randomly up to the remainder of the number of students the school district is willing to accept for such building if all of the applications for students who qualify for free lunch have been selected; and (iii) all other applications shall be selected randomly up to the remainder of the number of students the school district is willing to accept for such building if all of the applications for students who qualify for free lunch and reduced-price lunch have been selected.

(b) Each diversity plan may also include establishment of one or more focus schools or focus programs and the involvement of every member school district in one or more magnet pathways across member school districts. Enrollment in each focus school or focus program shall be designed to reflect the socioeconomic diversity of the learning community as a whole. School district selection of students for focus schools or focus programs shall be on a random basis from two pools of applicants, those who qualify for free and reduced-price lunches and those who do not qualify for free and reduced-price lunches. The percentage of students selected for focus schools from the pool of applicants who qualify for free and reduced-price lunches shall be as nearly equal as possible to the percentage of the student body of the learning community who qualify for free and reduced-price lunches. The percentage of students selected for focus schools from the pool of applicants who do not qualify for free and reduced-price lunches shall be as nearly equal as possible to the percentage of the student body of the learning community who do not qualify for free and reduced-price lunches. If more capacity exists in a focus school or program than the number of applicants for such focus school or program that contribute to the socioeconomic diversity of the focus school or program, the school district shall randomly select applicants for approval up to the number of applicants that will be accepted for such building.

(c) The goal of the diversity plan shall be to annually increase the socioeconomic diversity of enrollment at each grade level in each school building within the learning community until such enrollment reflects the average socioeconomic diversity of the entire enrollment of the learning community. The learning community shall annually publish statistics on changes in diversity at each grade level in each school building within the learning community.

(e) If more students have applied to attend a focus school or program than the number of such students the school district is willing to accept for such focus school or program, the learning community coordinating council shall select applications for approval up to the number of such students the school district is willing to accept for such building as follows: (i) Students who qualify for free lunch shall be selected randomly up to the product of the number of students the school district is willing to accept for such focus school or program multiplied by the ratio of students qualifying for free lunch in the learning community divided by the total formula students in the learning community; (ii) students qualifying for reduced-price lunch shall be selected randomly up to the product of the number of students the school district is willing to accept for such focus school or program multiplied by the ratio of students qualifying for reduced-price lunch in the learning community divided by the total formula students in the learning community; (iii) students who do not qualify for free or reduced-price lunch shall be selected randomly up to the product of the number of students the school district is willing to accept for such school or program multiplied by the ratio of students not qualifying for free or reduced-price lunch in the learning community divided by the total formula students in the learning community; and (iv) students who were not selected pursuant to subdivision (e)(i), (ii), or (iii) of this subsection shall be selected randomly up to the number of students the school district is willing to accept for such school or program minus the number of students that were selected pursuant to subdivisions (e)(i), (ii), and (iii) of this subsection.

(d) Any student who attended a particular school building in the prior school year and who is seeking education in the grades offered in such school building shall be allowed to continue attending such school building as a continuing student.

~~(4)~~ (3) On or before February 15 of each year, a parent or guardian of a student who is currently attending a school building outside of the attendance area where the student resides and who will complete the grades offered at such school building prior to the following school year shall

provide notice, on a form provided by the school district, to the school board of the school district containing such school building if such student will attend another school building within such district as a continuing student and which school building such student would prefer to attend. On or before March 1, such school board shall provide a notice to such parent or guardian stating which school building or buildings the student ~~will~~ shall be allowed to attend in such school district as a continuing student for the following school year. If the student resides within the school district, the notice shall include the school building offering the grade the student will be entering for the following school year in the attendance area where the student resides. This subsection shall not apply to focus schools or programs.

(4) A student who will complete the grades offered at a magnet school shall be allowed to attend the magnet school offering the next grade level as part of the magnet pathway as a continuing student.

(5) A parent or guardian of a student who moves to a new residence in the learning community after April 1 may apply directly to a school board within the learning community within ninety days after moving for the student to attend a school building outside of the attendance area where the student resides. Such school board shall accept or reject such application within fifteen days after receiving the application, based on the ~~capacity~~ established number of applications and qualifications pursuant to subsection (2) of this section for all other students.

(6) A parent or guardian of a student who wishes to change school buildings for emergency or hardship reasons may apply directly to a school board within the learning community at any time for the student to attend a school building outside of the attendance area where the student resides. Such application shall state the emergency or hardship and shall be kept confidential by the school board. Such school board shall accept or reject such application within fifteen days after receiving the application. Applications shall only be accepted if an emergency or hardship was presented which justifies an exemption from the procedures in subsection (3) of this section based on the judgment of such school board, and such acceptance shall not exceed the number of applications that will be accepted for the school year pursuant to subsection (2) of this section for such building. ~~based on the judgment of such school board, except that the board may not exceed the established capacity.~~

(7) For purposes of this section, a student is deemed to reside in any attendance area where such student or at least one of his or her parents or guardians resides.

Sec. 43. (1) A learning community may levy a maximum levy pursuant to subdivision (2)(h) of section 77-3442 for the purchase, construction, or remodeling of elementary learning center facilities and up to fifty percent of the estimated costs for capital projects approved pursuant to this section. The proceeds from such levy shall be used for elementary learning center facilities and for one-time reductions of the bonded indebtedness required for approved projects up to fifty percent of the estimated cost of the approved project. The funds used for reductions of bonded indebtedness shall be transferred to the school district for which the project was approved and shall be deposited in such school district's special building fund for use on such project.

(2) The learning community may approve pursuant to this section funding for capital projects which will include the purchase, construction, or remodeling of facilities for (a) a focus school or program designed to meet the requirements of section 79-769 or (b) a school or program that will otherwise specifically attract a more economically and culturally diverse student body than would otherwise attend a school or program in a facility at that location. Such approval shall include an estimated cost for the project and shall state the amount that will be provided by the learning community for such project.

(3) If, within the ten years following receipt of the funding for a capital project pursuant to this section, a school district receiving such funding uses the facility purchased, constructed, or remodeled with such funding for purposes other than those stated to qualify for the funds, the school district shall repay such funds to the learning community with interest at the rate prescribed in section 45-104.02 accruing from the date the funds were transferred to the school district's building fund as of the last date the facility was used for such purpose as determined by the learning community coordinating council or the date that the learning community coordinating council determines that the facility will not be used for such purpose or that such facility will not be purchased, constructed, or remodeled for such purpose. Interest shall continue to accrue on outstanding balances until the repayment has been completed. The remaining terms of repayment shall

be determined by the learning community coordinating council. The learning community coordinating council may waive such repayment if the facility is used for a different (a) focus school or program or (b) school or program that will specifically attract a more economically and culturally diverse student body than would attend a school or program in a facility at that location for a period of time that will result in the use of the facility for qualifying purposes for a total of at least ten years.

Sec. 44. (1) Elementary learning centers shall serve as visionary resource centers for enhancing the academic success of elementary students, particularly those students who face challenges in the educational environment due to factors such as poverty, limited English skills, and mobility. Each learning community coordinating council shall provide for a system of elementary learning centers to be administered by an elementary learning center executive director.

(2) The elementary learning center executive director shall be appointed by the learning community coordinating council. The executive director shall be a person well equipped to work with populations in poverty and to analyze effective methods for assisting and encouraging such populations to access the programs offered by elementary learning centers. The elementary learning center executive director shall serve for a term of six years, unless removed by a vote of two-thirds of the members of the learning community coordinating council upon their determination that he or she has become incapacitated or has been guilty of neglect of duty or misconduct. If the position of elementary learning center executive director becomes vacant for any cause, a temporary elementary learning center executive director may serve for up to one year until an elementary learning center executive director has been appointed for a full term. The elementary learning center executive director shall receive such salary as is set by the learning community coordinating council.

(3) The elementary learning center executive director may select, appoint, and compensate as he or she sees fit, within the amount provided by the learning community coordinating council, such noncertificated assistants and noncertificated employees as he or she deems necessary to discharge the responsibilities under sections 44 to 46 of this act. Such assistants and employees shall be subject to the control and supervision of the elementary learning center executive director.

Sec. 45. (1) On or before July 1 immediately following the establishment of a new learning community, the learning community coordinating council shall establish at least one elementary learning center for each twenty-five elementary schools in which at least thirty-five percent of the students attending the school who reside in the attendance area of such school qualify for free or reduced-price lunches.

(2) Each achievement subcouncil shall submit a plan to the learning community coordinating council for any elementary learning center in its election district and the services to be provided by such elementary learning center. In developing the plan, the achievement subcouncil shall seek input from community resources and collaborate with such resources in order to maximize the available opportunities and the participation of elementary students and their families. An achievement subcouncil may, as part of such plan, recommend services be provided through contracts with, or grants to, entities other than school districts to provide some or all of the services. Such entities may include collaborative groups which may include the participation of a school district. An achievement subcouncil may also, as part of such plan, recommend that the elementary learning center serve as a clearinghouse for recommending programs provided by school districts or other entities and that the elementary learning center assist students in accessing such programs.

(3) Each elementary learning center shall have at least one elementary learning center facility that is located in an area with a high concentration of poverty within the region. Such facility may be owned or leased by the learning community, or the use of the facility may be donated to the learning community. Programs offered by the elementary learning center may be offered in such facility or in other facilities located within the elementary learning center.

Sec. 46. (1) Programs offered by an elementary learning center may be accessed by any elementary-age child who resides in the learning community or any family with an elementary-age child who resides in the learning community. Services to be provided by the elementary learning center shall comply with all applicable state regulations for such services, including, but not limited to, regulations requiring certification of teachers, safety provisions, and compliance with state standards. Such programs shall be designed to enhance the academic success of elementary students and may

include, but are not limited to:

(a) Summer school, extended-school-day programs, and extended-school-year programs which may be coordinated with programs offered in the schools;

(b) Literacy centers for providing intensive assistance to elementary-age children and their parents to work on reading skills outside of the school day;

(c) Computer labs;

(d) Tutors for elementary students;

(e) Mentors for elementary students;

(f) Services for transient students;

(g) Attendance advocates to assist in resolving issues that contribute to truancy;

(h) Transportation for truant students;

(i) English classes for parents and other family members;

(j) Health services;

(k) Mental health services;

(l) Child care for children of parents working on their own literacy skills or working with their children on academic skills at the center;

(m) Nutritional services for families working on skills at the center;

(n) Transportation for participating families;

(o) Distribution of clothing and school supplies;

(p) Information on other resources to assist participating families;

and

(q) Interpreter services for educational needs.

(2) Each elementary learning center shall report the participation of elementary students in academic programs offered by or in collaboration with the center to the elementary schools attended by such students.

Sec. 47. (1) Learning community funds distributed pursuant to section 79-2103 may be used by the learning community coordinating council receiving the funds for:

(a) The administration and operation of the learning community;

(b) The administration, operations, and programs of elementary learning centers pursuant to sections 44 to 46 of this act;

(c) Supplements for extended hours to teachers in elementary schools in which at least thirty-five percent of the students attending the school who reside in the attendance area of such school qualify for free or reduced-price lunches;

(d) Transportation for parents to school functions of students in elementary schools who qualify for free or reduced-price lunches; and

(e) Pilot projects related to enhancing the academic achievement of elementary students, particularly students who face challenges in the educational environment due to factors such as poverty, limited English skills, and mobility.

(2) Each learning community coordinating council shall adopt policies and procedures for granting supplements for extended hours and for providing transportation for parents if any such funds are to be used for such purposes. An example of a pilot project that could receive such funds would be a school designated as Jump Start Center focused on providing intensive literacy services for elementary students with low reading scores.

(3) A learning community coordinating council shall provide for financial audits and evaluations of effectiveness of elementary learning centers and pilot projects receiving funds pursuant to this section. A learning community coordinating council shall serve as the recipient of private funds donated to support any elementary learning center or pilot project receiving funds pursuant to this section from such learning community coordinating council and shall assure that the use of such private funds is included in the financial audits required pursuant to this section.

Sec. 48. Terms and conditions of employment of school employees providing services for an elementary learning center shall be established by the negotiated agreement of the learning community employing such school employees to provide services. For certificated employees as defined in subdivision (1) of section 79-824, the learning community shall be deemed to be an employer as defined in subdivision (4) of section 48-801. Compensation paid to school employees for services provided to a learning community shall be subject to the School Employees Retirement Act unless such employee is employed by a Class V school district, in which case compensation paid such school employee shall be subject to the Class V School Employees Retirement Act.

Sec. 49. Each learning community shall be governed by a learning community coordinating council consisting of eighteen members, with twelve

members elected on a nonpartisan ballot from six numbered election districts and with six members appointed from such election districts pursuant to this section. Each voter shall be allowed to cast votes for one candidate to represent the election district in which the voter resides. The two candidates receiving the most votes shall be elected. A candidate shall reside in the election district for which he or she is a candidate. No primary election for the office of learning community coordinating council shall be held.

The initial elected members shall be elected at the statewide general election immediately following the certification of the establishment of the learning community, and subsequent members shall be elected at subsequent statewide general elections. Except as provided in this section, such elections shall be conducted pursuant to the Election Act.

Vacancies in office for elected members shall occur as set forth in section 32-560. Whenever any such vacancy occurs, the remaining elected members of such council shall appoint an individual residing within the geographical boundaries of the election district for the balance of the unexpired term.

Members elected to represent odd-numbered districts in the first election for the learning community coordinating council shall be elected for two-year terms. Members elected to represent even-numbered districts in the first election for the learning community coordinating council shall be elected for four-year terms. Members elected in subsequent elections shall be elected for four-year terms and until their successors are elected and qualified.

The appointed members shall be appointed in November of each even-numbered year after the general election. Appointed members shall be school board members of school districts in the learning community either elected to take office the following January or continuing their current term of office for the following two years. For learning communities to be established the following January pursuant to orders issued pursuant to section 79-2102, the Secretary of State shall hold a meeting of the school board members of the school districts in such learning community to appoint one member from such school boards to represent each of the election districts on the coordinating council of such learning community. For subsequent appointments, the current appointed members of the coordinating council shall hold a meeting of the school board members of such school districts to appoint one member from such school boards to represent each of the election districts on the coordinating council of the learning community. The appointed members shall be selected by the school board members of the school districts in the learning community who reside in the election district to be represented pursuant to a secret ballot, shall reside in the election district to be represented, and shall be appointed for two-year terms and until their successors are appointed and qualified.

Vacancies in office for appointed members shall occur upon the resignation, death, or disqualification from office of an appointed member. Disqualification from office shall include ceasing membership on the school board for which membership qualified the member for the appointment to the learning community coordinating council or ceasing to reside in the election district represented by such member of the learning community coordinating council. Whenever such vacancy occurs, the remaining appointed members shall hold a meeting of the school board members of the school districts in such learning community to appoint a member from such school boards who lives in the election district to be represented to serve for the balance of the unexpired term.

Members of a learning community coordinating council shall take office on the first Thursday after the first Tuesday in January following their election. Each member shall be paid a per diem in an amount determined by such council up to two hundred dollars per day for official meetings of the council and the achievement subcouncil for which he or she is a member, up to a maximum of twelve thousand dollars per fiscal year, and shall be eligible for reimbursement of reasonable expenses related to service on the learning community coordinating council as provided in sections 81-1174 to 81-1177.

Sec. 50. Each learning community coordinating council shall designate the three members representing each election district as the achievement subcouncil for such election district. Each achievement subcouncil shall meet as necessary but shall meet and conduct a public hearing within its election district at least once each school year. Each achievement subcouncil shall:

(1) Develop a diversity plan recommendation for the territory in its election district that will provide educational opportunities which will result in increased diversity in schools in the election district;

(2) Administer elementary learning centers in cooperation with the

elementary learning center executive director;

(3) Review and approve or disapprove of the poverty plans and limited English proficiency plans for the schools located in its election district;

(4) Receive community input and complaints regarding the learning community and academic achievement in the election district; and

(5) Hold public hearings at its discretion in its election district in response to issues raised by residents of the election district regarding the learning community, a member school district, and academic achievement in the election district.

Sec. 51. Each learning community, together with its member school districts, shall develop a diversity plan to provide educational opportunities in each election district designed to attract students from diverse backgrounds, which plan may be revised from time to time. Each diversity plan for a learning community shall include specific provisions relating to each election district with such learning community. The specific provisions relating to each election district shall be approved by both the achievement subcouncil for such district and by the learning community coordinating council. The learning community coordinating council shall report to the Education Committee of the Legislature on or before December 1 of each even-numbered year on diversity in the school or learning community and academic achievement for different demographic groups.

Sec. 52. If any section in this act or any part of any section is declared invalid or unconstitutional, the declaration shall not affect the validity or constitutionality of the remaining portions.

Sec. 53. Original sections 32-567, 32-604, 32-606, and 79-1015.01, Reissue Revised Statutes of Nebraska, sections 77-3442, 79-4,117, 79-4,125, 79-4,126, 79-4,128, 79-528, 79-769, 79-1001, 79-1007.02, 79-1007.03, 79-1007.04, 79-1007.05, 79-1007.06, 79-1007.07, 79-1007.08, 79-1007.09, 79-1008.02, 79-1073, 79-1073.01, 79-10,120, 79-10,126.01, 79-11,150, 79-1204, 79-2101, 79-2102, 79-2103, 79-2104, 79-2107, and 79-2110, Revised Statutes Cumulative Supplement, 2006, and sections 79-611, 79-1003, and 79-1022, Revised Statutes Cumulative Supplement, 2006, as affected by Referendum 2006, No. 422, are repealed.

Sec. 54. The following sections are outright repealed: Sections 79-4,130, 79-2105, 79-2106, 79-2108, and 79-2109, Revised Statutes Cumulative Supplement, 2006.