

## LEGISLATIVE BILL 833

Approved by the Governor May 21, 2001

Introduced by Bromm, 23; Engel, 17; Kremer, 34; Robak, 22

AN ACT relating to schools; to amend sections 9-812, 79-1001, 79-1003, 79-1009, 79-1018.01, and 79-1310, Revised Statutes Supplement, 2000; to change distribution of educational funds and distance education provisions; to change provisions relating to enrollment option program state aid under the Tax Equity and Educational Opportunities Support Act; to harmonize provisions; to repeal the original sections; and to declare an emergency.

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

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

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

(2) The Education Innovation Fund is hereby created. ~~Each fiscal year beginning with fiscal year 1994-95, at~~ At least seventy-five percent of the lottery proceeds allocated to the Education Innovation Fund shall be available for disbursement. ~~The~~ For each fiscal year except fiscal years 2001-02 and 2002-03, the Education Innovation Fund shall be allocated in the following manner: Up to ten percent to fund the mentor teacher program pursuant to the Quality Education Accountability Act; up to seventy percent as quality education incentives pursuant to the act; and up to twenty percent of the fund shall be allocated by the Governor. ~~For fiscal years 2001-02 and 2002-03, the Education Innovation Fund shall be allocated in the following manner: Up to ten percent to fund the mentor teacher program pursuant to the Quality Education Accountability Act; up to seventy percent as quality education incentives pursuant to the act; up to twenty percent, but not to exceed one million five hundred thousand dollars per fiscal year, as a distance education network completion grant pursuant to section 2 of this act; and any amount of the twenty percent that would have been allocated to distance education network completion grants that is in excess of the one million five hundred thousand dollar maximum that is authorized for distance education network completion grants shall be allocated by the Governor. Allocations by the Governor shall be through incentive grants to encourage the development of strategic school improvement plans by school districts for accomplishing high performance learning and to encourage schools to establish~~

innovations in programs or practices that result in restructuring of school organization, school management, and instructional programs which bring about improvement in the quality of education. Such incentive grants allocated by the Governor are intended to provide selected school districts, teachers or groups of teachers, nonprofit educational organizations, educational service units, or cooperatives funding for the allowable costs of implementing pilot projects and model programs.

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

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

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

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

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

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

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

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

(f) Programs that demonstrate improvement of student performance against valid national and international achievement standards;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Any money in the State Lottery Operation Trust Fund, the State Lottery Operation Cash Fund, the State Lottery Prize Trust Fund, or the Education Innovation Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

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

Sec. 2. (1) For fiscal years 2001-02 and 2002-03, the Excellence in Education Council shall grant up to twenty percent of the Education Innovation Fund, not to exceed one million five hundred thousand dollars per fiscal year, to a grantee for a distance education network completion grant. The distance

education network completion grant shall fund engineering, equipment, and installation charges for two-way interactive distance education capacity for public high school buildings that do not currently have such capacity. The grant application shall:

(a) Designate the State Department of Education as the fiscal agent for the grant;

(b) Specify criteria for determining the public high school buildings for which the grant will fund engineering, equipment, and installation charges;

(c) Specify criteria for determining the engineering, equipment, and installation charges which the grant will fund;

(d) Specify the technique for prorating funding and collecting funds from districts if the charges for engineering, equipment, and installation for the public high school buildings for which grant funds are used exceed the grant funds available;

(e) Specify the procedure for assuring that all projects meet the standards of the technical panel created in section 86-1511, including periodic reviews of projects by the technical panel;

(f) Specify the timeline for completing a statewide two-way interactive distance education network that includes all participating public high schools; and

(g) Specify that any equipment obtained through a grant is the property of the school district and not the department.

(2) For a public high school to participate in the grant, the school district must apply to the department as the fiscal agent on a form prescribed by the department on or before a date established by the department. The application shall require evidence that the school district has made a commitment to be part of a distance education consortium and that the distance education consortium has accepted the district's commitment. The application shall also require the applicant district to list the classes that the district anticipates accessing from the consortium or a community college and any classes that the district anticipates that it will offer to other districts in the consortium through distance education.

(3) The department as the fiscal agent may use up to twenty-five thousand dollars per fiscal year of the grant funds to fund a project manager.

Sec. 3. Section 79-1001, Revised Statutes Supplement, 2000, is amended to read:

79-1001. Sections 79-1001 to 79-1033 and section 7 of this act shall be known and may be cited as the Tax Equity and Educational Opportunities Support Act.

Sec. 4. Section 79-1003, Revised Statutes Supplement, 2000, is amended to read:

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

(1) Adjusted general fund operating expenditures means general fund operating expenditures as calculated pursuant to subdivision ~~(21)~~ (23) of this section minus the transportation allowance and minus the special receipts allowance;

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

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

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

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

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

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

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

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

(10) 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;

~~(11)~~ (13) District means any Class I, II, III, IV, V, or VI school district;

~~(12)~~ (14) Ensuing school fiscal year means the school fiscal year following the current school fiscal year;

~~(13)~~ (15) Equalization aid means the amount of assistance calculated to be paid to a local system pursuant to sections 79-1008.01 to 79-1022;

~~(14)~~ (16) Fall membership means the total membership in kindergarten through grade twelve attributable to the local system as reported on the fall school district membership reports for each district pursuant to section 79-528;

~~(15)~~ (17) Fiscal year means the state fiscal year which is the period from July 1 to the following June 30;

~~(16)~~ (18) Formula students means (a) for state aid certified pursuant to section 79-1022, the sum of fall membership from the school fiscal year immediately preceding the school fiscal year in which the aid is to be paid, multiplied by the average ratio of average daily membership to fall membership for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid and the prior two school fiscal years, and tuitioned students from the school fiscal year immediately preceding the school fiscal year in which the aid is to be paid and (b) for final calculation of state aid pursuant to section 79-1065, the sum of average daily membership and tuitioned students from the school fiscal year immediately preceding the school fiscal year in which the aid was paid;

~~(17)~~ (19) Free lunch and free milk student means a student who qualified for free lunches or free milk from the most recent data available on November 1 of the school fiscal year immediately preceding the school fiscal year in which aid is to be paid;

~~(18)~~ (20) Full-day kindergarten means kindergarten offered by a district for at least one thousand thirty-two instructional hours;

~~(19)~~ (21) General fund budget of expenditures means the total budgeted expenditures 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;

~~(20)~~ (22) General fund expenditures means all expenditures from the general fund;

~~(21)~~ (23) 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, and transfers from other funds into the general fund for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid;

~~(22)~~ (24) Income tax liability means the amount of the reported income tax liability for resident individuals pursuant to the Nebraska Revenue

Act of 1967 less all nonrefundable credits earned and refunds made;

~~(23)~~ (25) Income tax receipts means the amount of income tax collected pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable credits earned and refunds made;

~~(24)~~ (26) High school district means a school district providing instruction in at least grades nine through twelve;

~~(25)~~ (27) Limited English proficiency student means a student with limited English proficiency from the most recent data available on November 1 of the school fiscal year preceding the school fiscal year in which aid is to be paid;

~~(26)~~ (28) Local system means a Class VI district and the associated Class I districts or a Class II, III, IV, or V district and any affiliated Class I districts or portions of Class I districts. The membership, expenditures, and resources of Class I districts that are affiliated with multiple high school districts will be attributed to local systems based on the percent of the Class I valuation that is affiliated with each high school district;

~~(27)~~ (29) Low-income child means a child under nineteen years of age living in a household having an annual adjusted gross income of fifteen thousand dollars or less for the second calendar year preceding the beginning of the school fiscal year for which aid is being calculated;

~~(28)~~ (30) Most recently available complete data year means the most recent single school fiscal year for which the annual financial report, fall school district membership report, annual statistical summary, Nebraska income tax liability by school district for the calendar year in which the majority of the school fiscal year falls, and adjusted valuation data are available;

~~(29)~~ (31) Regular route transportation means the transportation of students on regularly scheduled daily routes to and from the attendance center;

~~(30)~~ (32) Reorganized district means any district involved in a consolidation and currently educating students following consolidation;

~~(31)~~ (33) School year or school fiscal year means the fiscal year of a school district as defined in section 79-1091;

~~(32)~~ (34) Special education means specially designed kindergarten through grade twelve instruction pursuant to section 79-1125, and includes special education transportation;

~~(33)~~ (35) 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, that have been approved by the state board;

~~(34)~~ (36) Special receipts allowance means the amount of special education, state ward, and accelerated or differentiated curriculum program receipts included in local system formula resources under subdivisions (7), (8), (16), and (17) of section 79-1018.01;

~~(35)~~ (37) State aid means the amount of assistance paid to a district pursuant to the Tax Equity and Educational Opportunities Support Act;

~~(36)~~ (38) State board means the State Board of Education;

~~(37)~~ (39) State support means all funds provided to districts by the State of Nebraska for the general fund support of elementary and secondary education;

~~(38)~~ (40) Transportation allowance means the lesser of (a) for state aid calculated for school fiscal year 1998-99, each district's, and for state aid calculated for school fiscal year 1999-00 and each school fiscal year thereafter, each local system's general fund expenditures for regular route transportation and in lieu of transportation expenditures pursuant to section 79-611 in the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid, but not including special education transportation expenditures or other expenditures previously excluded from general fund operating expenditures, or (b) for state aid calculated for school fiscal year 1998-99, for each district, and for state aid calculated for school fiscal year 1999-00 and each school fiscal year thereafter, for each local system, the number of miles traveled in the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid by vehicles owned, leased, or contracted by the district or the districts in the local system for the purpose of regular route transportation multiplied by four hundred percent of the mileage rate established by the Department of Administrative Services pursuant to section 81-1176 as of January 1 of the most recently available complete data year added to in lieu of transportation expenditures pursuant to section 79-611 from the same data year;

(41) 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

~~(39)~~ (42) 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. 5. Section 79-1009, Revised Statutes Supplement, 2000, is amended to read:

79-1009. (1) A district ~~in which shall receive net option funding~~ if option students as defined in section 79-233 ~~(a) were actually enrolled in the school year immediately preceding the school year in which the aid is to be paid~~ shall receive net option funding or (b) will be enrolled in the school year in which the aid is to be paid as converted contract option students.

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

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

~~(2)~~ (4) Payments made pursuant to this section shall go directly to the option school district but shall count as a formula resource for the local system.

Sec. 6. Section 79-1018.01, Revised Statutes Supplement, 2000, is amended to read:

79-1018.01. Local system formula resources include other actual receipts available for the funding of general fund operating expenditures as determined by the department for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid, except that receipts from the Community Improvements Cash Fund, ~~and~~ receipts acquired pursuant to the Low-Level Radioactive Waste Disposal Act, and, beginning with the calculation of state aid to be distributed in school fiscal year 2004-05, tuition receipts from converted contracts shall not be included. Other actual receipts include:

- (1) Public power district sales tax revenue;
- (2) Fines and license fees;
- (3) Tuition receipts from individuals, other districts, or any other source except those derived from adult education and except, beginning with the calculation of state aid to be distributed in school fiscal year 2004-05, tuition receipts from converted contracts;
- (4) Transportation receipts;
- (5) Interest on investments;
- (6) Other miscellaneous noncategorical local receipts, not including receipts from private foundations, individuals, associations, or charitable organizations;
- (7) Special education receipts, excluding grant funds received pursuant to section 9-812;
- (8) Special education receipts and non-special education receipts from the state for wards of the court and wards of the state;
- (9) All receipts from the temporary school fund;
- (10) Motor vehicle tax receipts received on or after January 1, 1998;
- (11) Pro rata motor vehicle license fee receipts;
- (12) Other miscellaneous state receipts excluding revenue from the textbook loan program authorized by section 79-734;
- (13) Impact aid entitlements for the school fiscal year which have actually been received by the district to the extent allowed by federal law;
- (14) All other noncategorical federal receipts;

(15) All receipts pursuant to the enrollment option program under sections 79-232 to 79-246;

(16) Receipts under the federal Medicare Catastrophic Coverage Act of 1988 as authorized pursuant to sections 43-2510 and 43-2511 but only to the extent of the amount the local system would have otherwise received pursuant to the Special Education Act; and

(17) Receipts for accelerated or differentiated curriculum programs pursuant to sections 79-1106 to 79-1108.03.

Sec. 7. A district which will have converted contract option students shall apply to the department on a form approved by the department on or before November 1 of the calendar year preceding the beginning of the school fiscal year for which there will be converted contract option students. The department shall determine the amount of tuition receipts from converted contracts to be excluded from the calculation of local system formula resources for each of the first two school fiscal years for which the converted contract will not be in effect and shall determine the number of converted contract option students to be attributed to the receiving district in the calculation of state aid for the first school fiscal year for which the converted contract will not be in effect and the same number shall be attributed as optioning out of the resident school district. In the final calculation of state aid pursuant to section 79-1065, students that were attributed as optioning into or out of a district shall be replaced with the actual number from the fall membership count pursuant to section 79-528. The department shall notify the applicant district within thirty days after receipt of the completed application.

Sec. 8. Section 79-1310, Revised Statutes Supplement, 2000, is amended to read:

~~79-1310. It is the intent of the legislature that by June 30, 2000, all kindergarten through grade twelve public school districts, affiliated school systems, or Class VI school systems shall have a direct connection to a statewide public computer information network. The costs of such connection may be funded under this section, subsection (2) of section 9-812, section 79-1243, or any combination of such subsection and sections.~~

The School Technology Fund is created. The fund shall consist of the money transferred to the fund pursuant to section 81-1634 and appropriations made by the Legislature which are received as gifts or grants. The State Board of Education shall authorize the disbursement of the fund as provided in this section. The first priority for the disbursement of the School Technology Fund is the direct connection of each kindergarten through grade twelve public school district, affiliated school system, or Class VI school system to a statewide public computer information network. Subsequent priorities for disbursement may include, but are not limited to, development of networking capabilities within a district or system, the purchase or installation of equipment, or other telecomputing needs as determined by the State Board of Education. Funds shall be awarded on the basis of need, ability to pay, and the number of buildings in each district or system designated by the State Board of Education as suitable for direct connection to a statewide public computer information network. The State Board of Education shall adopt and promulgate rules and regulations to carry out the provisions of this section. The State Board of Education shall consult with the Nebraska Information Technology Commission in carrying out this section. Any money in the School Technology Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 9. Original sections 9-812, 79-1001, 79-1003, 79-1009, 79-1018.01, and 79-1310, Revised Statutes Supplement, 2000, are repealed.

Sec. 10. Since an emergency exists, this act takes effect when passed and approved according to law.