

## LEGISLATIVE BILL 1228

Approved by the Governor April 8, 1998

Introduced by Bohlke, 33; Abboud, 12; Brashear, 4; Bromm, 23; Brown, 6; Elmer, 44; Hilgert, 7; Hudkins, 21; Janssen, 15; Dw. Pedersen, 39; D. Pederson, 42; C. Peterson, 35; Raikes, 25; Schimek, 27; Schrock, 38; Stuhr, 24; Suttle, 10; Thompson, 14; Wesely, 26; Wickersham, 49; Willhofs, 34

AN ACT relating to schools; to amend section 9-812, Reissue Revised Statutes of Nebraska; to adopt the Quality Education Accountability Act; to provide for funding; to provide duties for the Excellence in Education Council; to harmonize provisions; and to repeal the original section.

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

Section 1. Sections 1 to 6 of this act shall be known and may be cited as the Quality Education Accountability Act.

Sec. 2. (1) Quality education incentive payments shall be provided to local systems, as defined in section 79-1003, each year the local system meets the qualifications described in this section. The first two years a local system qualifies for quality education incentives, the system shall meet all of the primary quality factors in subsection (2) of this section. The third and fourth years a local system qualifies for quality education incentives, the system shall meet all of the primary quality factors in subsection (2) of this section and at least two of the premier quality factors in subsection (3) of this section. The fifth and sixth years a local system qualifies for quality education incentives, the system shall meet all of the primary quality factors in subsection (2) of this section and at least three of the premier quality factors in subsection (3) of this section. The seventh year and each year thereafter a local system qualifies for quality education incentives, the system shall meet all of the primary quality factors in subsection (2) of this section and at least four of the premier quality factors in subsection (3) of this section except as provided in subsection (4) of this section.

(2) The primary quality factors are:

(a) Each district in the local system has adopted academic standards adopted and promulgated by the State Board of Education or academic standards approved by the state board as generally more rigorous than the academic standards adopted and promulgated by the state board;

(b) Each district in the local system has an alternative school, class, or educational program available or in operation for all expelled students pursuant to subsection (1) of section 79-266 or, for districts that do not have any expelled students, an adopted school board policy to have an alternative school, class, or educational program available or in operation for all expelled students pursuant to subsection (1) of section 79-266 if any expulsions occur; and

(c) At least sixty percent of the graduating seniors in the local system have taken a standard college admissions test and those students have an aggregate average score, using the most recent test score on each test taken for each student who has taken at least one of the tests, above the statewide average score on any of the standard college admissions tests which at least twenty-five percent of the graduating seniors have taken.

(3) The premier quality factors are:

(a) The local system has at least one teacher who has received credentials from a national nonprofit organization the purpose of which is to establish high and rigorous standards in a broad range of educational areas for what accomplished teachers should know and be able to do and which issues credentials to teachers who demonstrate that they meet those standards;

(b) At least thirty-six percent of the certificated teachers in the local system have advanced degrees or at least thirty graduate-level hours;

(c) Each first-year teacher in a local system is provided with a mentor participating in the mentor teacher program pursuant to section 5 of this act or a mentor teacher program has been established by a district in the local system and approved by the state board;

(d) The high school district improves the annual percentage dropout rate from the prior year or maintains a dropout rate not to exceed four percent; and

(e) An approved program for learners with high ability pursuant to sections 79-1106 to 79-1108 is available to every student identified as a

learner with high ability in the local system and there is at least one learner with high ability identified in the local system.

(4) If a local system in which at least forty percent of the formula students qualify for the poverty factor pursuant to section 79-1007.01 meets all of the qualifications for quality education incentive payments except that the aggregate average college admissions test scores pursuant to subdivision (2)(c) of this section are not above the statewide average, the local system shall receive quality education incentive payments equal to fifty dollars per formula student multiplied by two times the percentage resulting when the number of local system graduating seniors who scored above the statewide average on any standard college admissions test, using the most recent test score on each test taken for each student who has taken at least one of the tests, is divided by the number of all local system graduating seniors who have taken a standard college admissions test.

(5) Local systems meeting the criteria in subsections (1) through (4) of this section may apply to the Excellence in Education Council for quality education incentive payments on or before July 1 of each fiscal year, using the most recent information and data available. Upon review by the Excellence in Education Council, if the information and data in the application indicate that the local system meets the criteria in such subsections, the local system shall qualify for quality education incentive payments.

(6) Quality education incentive payments shall be made from the Education Innovation Fund on or before December 1, 1998, for the 1998-99 school fiscal year and on or before September 1 of each school fiscal year thereafter beginning with the 1999-00 school fiscal year. The payments shall equal fifty dollars per adjusted formula student or one hundred dollars per adjusted formula student for local systems in the very sparse cost grouping based on the most recent certification of state aid pursuant to the Tax Equity and Educational Opportunities Support Act. If the unobligated balance in the fund is less than the amount calculated for quality education incentive payments due to qualified local systems, each qualified local system shall receive a pro rata amount such that the amount of payments equals the unobligated balance in the fund.

(7) Quality education incentive payments shall only be used for pilot projects or model programs for the purposes set forth in section 9-812 for major competitive grants. Incentive payments may not be used to supplant federal, state, or local funds. The payments shall be made to the high school district, and the high school district prior to the application shall determine how the payments shall be used after consultation with all Class I school districts in the local system. Quality education incentive payments, or portions of such payments, may be transferred to the Class I school districts. Quality education incentive payments shall not be included as local system formula resources pursuant to section 79-1018.01. The Excellence in Education Council may audit the use of quality education incentive payments at the discretion of the council.

Sec. 3. The School Finance Review Committee with assistance from the State Department of Education shall complete a feasibility study and make recommendations for a financial reporting system for all kindergarten through grade twelve local systems as defined in section 79-1003 and report to the Education Committee of the Legislature by December 1, 1998. The financial reporting system shall:

(1) Provide for standardization and uniformity in the classification of all receipts and expenditures as a basis for preparing financial reports;

(2) Report all receipts and disbursements to the public and the department in a consistent format that easily explains to taxpayers how education funds are spent and where the funds are generated for the state, each local system, and each attendance center;

(3) Be adaptable to changing requests for information;

(4) Be provided in an electronic format;

(5) Provide for the inclusion of Class I school district data with the data of its primary high school district in a manner which allows for analysis of the data for the Class I district and the primary high school district separately and as an aggregate;

(6) Provide for electronic filing of reports with the department and the Auditor of Public Accounts;

(7) Provide for electronic access to reports as filed; and

(8) Maintain compatibility with existing accounting systems.

Sec. 4. (1) The State Board of Education shall implement a statewide assessment program for students in a selected grade in each of the grade ranges four through six, seven through nine, and ten through twelve each fall semester beginning with the fall semester of 2000. The assessment

program shall consist of one assessment purchased from an assessment service for each selected grade which tests students in the areas of mathematics, reading, science, and social studies, plus one writing assessment, either developed within the state by educators with expertise in writing assessment or purchased as a part of the assessment for the other specified subjects.

(2) The purposes of the assessment program are to:

(a) Evaluate whether or not students in a school system have acquired skills and knowledge which allow them to meet or exceed academic standards established by the state board;

(b) Measure progress of students in a school system toward meeting academic standards established by the state board;

(c) Provide information for analysis of adopted standards and consideration of new standards;

(d) Allow comparisons to be made between the academic achievement of students in a local system and students in another Nebraska local system; and

(e) Allow comparisons to be made between the academic achievement of Nebraska students with the academic achievement of students in other states.

(3) All public school districts shall participate in the assessment, and all students enrolled in the designated grade levels in such districts shall be assessed except as provided in this subsection. The state board shall establish criteria that schools may use to exempt special education students from assessment in any or all subject areas. The state board may also adopt alternative assessments or means of scoring for special education students and students with limited English proficiency.

(4) The individual assessment scores shall be confidential, shall be reported to the school district for educational purposes, and shall not be reported to the State Department of Education. Aggregate results for each school district shall be reported to the department by the assessment service and writing assessment scorers. School districts may also make aggregate data available based on attendance centers.

(5) The department shall be responsible for the cost of the assessment materials and scoring.

Sec. 5. The State Board of Education shall develop guidelines for mentor teacher programs in local systems in order to provide ongoing support for individuals entering the teaching profession. Funding for mentor teacher programs shall be provided to local systems which provide each first-year teacher in the local system with a mentor. The mentor teacher programs shall be funded by the Education Innovation Fund pursuant to subsection (2) of section 9-812 and shall identify criteria for selecting excellent, experienced, and qualified teachers to be participants. The state board shall report to the Legislature on or before December 1, 1998, on its progress in implementing this section.

Sec. 6. The State Board of Education shall adopt and promulgate rules and regulations to carry out the Quality Education Accountability Act.

Sec. 7. Section 9-812, Reissue Revised Statutes of Nebraska, 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 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 Solid Waste Landfill Closure Assistance Fund, the Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund. Forty-nine and one-half percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Education Innovation Fund. Beginning on July 15, 1993, and continuing through July 1, 1997, twenty-four and one-half percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Solid Waste Landfill Closure Assistance Fund and twenty-five percent of the money remaining after the payment of prizes and operating expenses shall be transferred to the Nebraska Environmental Trust Fund to be used as provided in the Nebraska Environmental Trust Act. After July 1, 1997, forty-nine and

one-half percent of the money remaining after the payment of prizes and operating expenses 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 shall be transferred to the Compulsive Gamblers Assistance Fund to be used as provided in sections 83-162.01 to 83-162.04.

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

Minigrants 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.

Major 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 incentives such major competitive grants would be offered shall include:

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

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

(c) Educational technology assistance to public schools for the purchase and operation of computers, telecommunications equipment and services, and other forms of technological innovation which may enhance classroom teaching, instructional management, and districtwide administration pursuant to the state's goal of ensuring that all kindergarten through grade twelve public school districts or affiliated school systems have a direct connection to a statewide public computer information network by June 30, 2000. The telecomputing equipment and services needed to meet this goal may be funded under this subsection, sections 79-1233 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 in consultation with the Department of Administrative Services to insure compatibility of technologies and compliance

with statewide priorities;

(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 programs or services under sections 79-1106 to 79-1108; and

(q) Programs for students with disabilities receiving special education under the Special Education Act and students needing support services as defined in section 79-1185, which programs demonstrate improved outcomes for students 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, 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;

(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; ~~and~~

(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. 8. Original section 9-812, Reissue Revised Statutes of Nebraska, is repealed.