

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 525**

Introduced by Morfeld, 46.

Read first time January 18, 2017

Committee: Education

1 A BILL FOR AN ACT relating to education; to amend section 79-8,129,  
2 Reissue Revised Statutes of Nebraska, and section 9-812, Revised  
3 Statutes Cumulative Supplement, 2016; to change funding provisions  
4 related to the Nebraska Education Improvement Fund; to harmonize  
5 provisions; to repeal the original sections; and to declare an  
6 emergency.

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

1 Section 1. Section 9-812, Revised Statutes Cumulative Supplement,  
2 2016, is amended to read:

3 9-812 (1) All money received from the operation of lottery games  
4 conducted pursuant to the State Lottery Act in Nebraska shall be credited  
5 to the State Lottery Operation Trust Fund, which fund is hereby created.  
6 All payments of the costs of establishing and maintaining the lottery  
7 games shall be made from the State Lottery Operation Cash Fund. In  
8 accordance with legislative appropriations, money for payments for  
9 expenses of the division shall be transferred from the State Lottery  
10 Operation Trust Fund to the State Lottery Operation Cash Fund, which fund  
11 is hereby created. All money necessary for the payment of lottery prizes  
12 shall be transferred from the State Lottery Operation Trust Fund to the  
13 State Lottery Prize Trust Fund, which fund is hereby created. The amount  
14 used for the payment of lottery prizes shall not be less than forty  
15 percent of the dollar amount of the lottery tickets which have been sold.

16 (2) A portion of the dollar amount of the lottery tickets which have  
17 been sold on an annualized basis shall be transferred from the State  
18 Lottery Operation Trust Fund to the Education Innovation Fund, the  
19 Nebraska Opportunity Grant Fund, the Nebraska Education Improvement Fund,  
20 the Nebraska Environmental Trust Fund, the Nebraska State Fair Board, and  
21 the Compulsive Gamblers Assistance Fund as provided in subsection (3) of  
22 this section. The dollar amount transferred pursuant to this subsection  
23 shall equal the greater of (a) the dollar amount transferred to the funds  
24 in fiscal year 2002-03 or (b) any amount which constitutes at least  
25 twenty-two percent and no more than twenty-five percent of the dollar  
26 amount of the lottery tickets which have been sold on an annualized  
27 basis. To the extent that funds are available, the Tax Commissioner and  
28 director may authorize a transfer exceeding twenty-five percent of the  
29 dollar amount of the lottery tickets sold on an annualized basis.

30 (3) Of the money available to be transferred to the Education  
31 Innovation Fund, the Nebraska Opportunity Grant Fund, the Nebraska

1 Education Improvement Fund, the Nebraska Environmental Trust Fund, the  
2 Nebraska State Fair Board, and the Compulsive Gamblers Assistance Fund:

3 (a) The first five hundred thousand dollars shall be transferred to  
4 the Compulsive Gamblers Assistance Fund to be used as provided in section  
5 9-1006;

6 (b) Beginning July 1, 2016, forty-four and one-half percent of the  
7 money remaining after the payment of prizes and operating expenses and  
8 the initial transfer to the Compulsive Gamblers Assistance Fund shall be  
9 transferred to the Nebraska Education Improvement Fund;

10 (c) Through June 30, 2016, nineteen and three-fourths percent of the  
11 money remaining after the payment of prizes and operating expenses and  
12 the initial transfer to the Compulsive Gamblers Assistance Fund shall be  
13 transferred to the Education Innovation Fund;

14 (d) Through June 30, 2016, twenty-four and three-fourths percent of  
15 the money remaining after the payment of prizes and operating expenses  
16 and the initial transfer to the Compulsive Gamblers Assistance Fund shall  
17 be transferred to the Nebraska Opportunity Grant Fund;

18 (e) Forty-four and one-half percent of the money remaining after the  
19 payment of prizes and operating expenses and the initial transfer to the  
20 Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska  
21 Environmental Trust Fund to be used as provided in the Nebraska  
22 Environmental Trust Act;

23 (f) Ten percent of the money remaining after the payment of prizes  
24 and operating expenses and the initial transfer to the Compulsive  
25 Gamblers Assistance Fund shall be transferred to the Nebraska State Fair  
26 Board if the most populous city within the county in which the fair is  
27 located provides matching funds equivalent to ten percent of the funds  
28 available for transfer. Such matching funds may be obtained from the city  
29 and any other private or public entity, except that no portion of such  
30 matching funds shall be provided by the state. If the Nebraska State Fair  
31 ceases operations, ten percent of the money remaining after the payment

1 of prizes and operating expenses and the initial transfer to the  
2 Compulsive Gamblers Assistance Fund shall be transferred to the General  
3 Fund; and

4 (g) One percent of the money remaining after the payment of prizes  
5 and operating expenses and the initial transfer to the Compulsive  
6 Gamblers Assistance Fund shall be transferred to the Compulsive Gamblers  
7 Assistance Fund to be used as provided in section 9-1006.

8 (4)(a) The Education Innovation Fund is created. At least seventy-  
9 five percent of the lottery proceeds allocated to the Education  
10 Innovation Fund shall be available for disbursement.

11 (b) For fiscal year 2014-15, the Education Innovation Fund shall be  
12 allocated, after administrative expenses, as follows: (i) The first one  
13 million two hundred thousand dollars shall be transferred to the  
14 Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act;  
15 (ii) the next allocation shall be distributed to local systems as grants  
16 for approved accelerated or differentiated curriculum programs for  
17 students identified as learners with high ability pursuant to section  
18 79-1108.02 in an aggregated amount up to the amount distributed in the  
19 prior fiscal year for such purposes increased by the basic allowable  
20 growth rate pursuant to section 79-1025; (iii) the next one million eight  
21 hundred fifty thousand dollars shall be allocated to early childhood  
22 education grants awarded by the State Department of Education pursuant to  
23 section 79-1103; (iv) the next one million dollars shall be transferred  
24 to the Early Childhood Education Endowment Cash Fund for use pursuant to  
25 section 79-1104.02; (v) the next two hundred thousand dollars shall be  
26 used to provide grants to establish bridge programs pursuant to sections  
27 79-1189 to 79-1195; (vi) the next ten thousand dollars shall be used to  
28 fund the Interstate Compact on Educational Opportunity for Military  
29 Children; (vii) the next two million dollars shall be allocated for  
30 distance education equipment and incentives pursuant to sections 79-1336  
31 and 79-1337; (viii) the next one million dollars shall be transferred to

1 the School District Reorganization Fund; (ix) up to the next one hundred  
2 forty-five thousand dollars shall be used by the State Department of  
3 Education to implement section 79-759; and (x) the next three hundred  
4 thirty-five thousand dollars shall be allocated to local systems as  
5 grants awarded by the State Department of Education to assist schools in  
6 evaluating and improving career education programs to align such programs  
7 with the state's economic and workforce needs. Except for funds  
8 transferred to the School District Reorganization Fund, the Early  
9 Childhood Education Endowment Cash Fund, or the department for early  
10 childhood education grants pursuant to section 79-1103, no funds received  
11 as allocations from the Education Innovation Fund pursuant to this  
12 subdivision may be obligated for payment to be made after June 30, 2016,  
13 and such funds received as transfers or allocations from the Education  
14 Innovation Fund that have not been used for their designated purpose as  
15 of such date shall be transferred to the Nebraska Education Improvement  
16 Fund on or before August 1, 2016.

17 (c) For fiscal year 2015-16, the Education Innovation Fund shall be  
18 allocated, after administrative expenses, as follows: (i) The first one  
19 million two hundred thousand dollars shall be transferred to the  
20 Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act;  
21 (ii) the next allocation shall be distributed to local systems as grants  
22 for approved accelerated or differentiated curriculum programs for  
23 students identified as learners with high ability pursuant to section  
24 79-1108.02 in an aggregated amount up to the amount distributed in the  
25 prior fiscal year for such purposes increased by the basic allowable  
26 growth rate pursuant to section 79-1025; (iii) the next one million nine  
27 hundred fifty thousand dollars shall be allocated to early childhood  
28 education grants awarded by the State Department of Education pursuant to  
29 section 79-1103; (iv) the next one million dollars shall be transferred  
30 to the Early Childhood Education Endowment Cash Fund for use pursuant to  
31 section 79-1104.02; (v) the next ten thousand dollars shall be used to

1 fund the Interstate Compact on Educational Opportunity for Military  
2 Children; (vi) the next two million five hundred thousand dollars shall  
3 be allocated for distance education equipment and incentives pursuant to  
4 sections 79-1336 and 79-1337; (vii) the next one million dollars shall be  
5 transferred to the School District Reorganization Fund; (viii) up to the  
6 next one hundred forty-five thousand dollars shall be used by the State  
7 Department of Education to implement section 79-759; and (ix) of the  
8 amount remaining, (A) three million dollars shall be retained in the  
9 Education Innovation Fund to transfer to the Nebraska Education  
10 Improvement Fund on June 30, 2016, and (B) the remaining amount shall be  
11 allocated to local systems as grants awarded by the State Department of  
12 Education to assist schools in evaluating and improving career education  
13 programs to align such programs with the state's economic and workforce  
14 needs. Except for funds transferred to the School District Reorganization  
15 Fund, the Early Childhood Education Endowment Cash Fund, or the  
16 department for early childhood education grants pursuant to section  
17 79-1103, no funds received as allocations from the Education Innovation  
18 Fund pursuant to this subdivision may be obligated for payment to be made  
19 after June 30, 2016, and such funds received as transfers or allocations  
20 from the Education Innovation Fund that have not been used for their  
21 designated purpose as of such date shall be transferred to the Nebraska  
22 Education Improvement Fund on or before August 1, 2016.

23 (d) The Education Innovation Fund terminates on June 30, 2016. Any  
24 money in the fund on such date shall be transferred to the Nebraska  
25 Education Improvement Fund on such date.

26 (5) The Nebraska Education Improvement Fund is created. The fund  
27 shall consist of money transferred pursuant to subsections (3) and (4) of  
28 this section, money transferred pursuant to section 85-1920, and any  
29 other funds appropriated by the Legislature. The fund shall be allocated,  
30 after actual and necessary administrative expenses, as provided in this  
31 section for fiscal years 2016-17 through 2020-21. A portion of each

1 allocation may be retained by the agency to which the allocation is made  
2 or the agency administering the fund to which the allocation is made for  
3 actual and necessary expenses incurred by such agency for administration,  
4 evaluation, and technical assistance related to the purposes of the  
5 allocation, except that no amount of the allocation to the Nebraska  
6 Opportunity Grant Fund may be used for such purposes. On or before  
7 December 31, 2019, the Education Committee of the Legislature shall  
8 electronically submit recommendations to the Clerk of the Legislature  
9 regarding how the fund should be allocated to best advance the  
10 educational priorities of the state for the five-year period beginning  
11 with fiscal year 2021-22. For fiscal year 2016-17, an amount equal to ten  
12 percent of the revenue allocated to the Education Innovation Fund and to  
13 the Nebraska Opportunity Grant Fund for fiscal year 2015-16 shall be  
14 retained in the Nebraska Education Improvement Fund. For fiscal years  
15 2017-18 through 2020-21, an amount equal to ten percent of the revenue  
16 received by the Nebraska Education Improvement Fund in the prior fiscal  
17 year shall be retained in the fund. For fiscal years 2016-17 through  
18 2020-21, the remainder of the fund, after payment of any learning  
19 community transition aid pursuant to section 79-10,145, shall be  
20 allocated as follows:

21 (a) One percent of the allocated funds to the Expanded Learning  
22 Opportunity Grant Fund to carry out the Expanded Learning Opportunity  
23 Grant Program Act;

24 (b) For fiscal year 2016-17, seventeen percent, and beginning with  
25 fiscal year 2017-18, sixteen ~~Seventeen~~ percent of the allocated funds to  
26 the Department of Education Innovative Grant Fund to be used (i) for  
27 competitive innovation grants pursuant to section 79-1054 and (ii) for  
28 school fiscal year 2017-18, to carry out the purposes of section 79-759;

29 (c) Beginning with fiscal year 2017-18, one percent of the allocated  
30 funds to the Master Teacher Program Fund;

31 (d) ~~(e)~~ Nine percent of the allocated funds to the Community College

1 Gap Assistance Program Fund to carry out the community college gap  
2 assistance program;

3 (e) ~~(d)~~ Eight percent of the allocated funds to the Excellence in  
4 Teaching Cash Fund to carry out the Excellence in Teaching Act;

5 (f) ~~(e)~~ Sixty-two percent of the allocated funds to the Nebraska  
6 Opportunity Grant Fund to carry out the Nebraska Opportunity Grant Act in  
7 conjunction with appropriations from the General Fund; and

8 (g) ~~(f)~~ Three percent of the allocated funds to fund distance  
9 education incentives pursuant to section 79-1337.

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

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

21 Sec. 2. Section 79-8,129, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23 79-8,129 The Master Teacher Program Fund is created. Money in the  
24 fund shall consist of amounts transferred from the Nebraska Education  
25 Improvement Fund pursuant to section 9-812, such other amounts as may be  
26 transferred or otherwise accrued to the fund, and any investment income  
27 earned on the fund. The fund shall be administered by the State  
28 Department of Education to carry out the purposes of the Master Teacher  
29 Program Act. Any money in the fund available for investment shall be  
30 invested by the state investment officer pursuant to the Nebraska Capital  
31 Expansion Act and the Nebraska State Funds Investment Act.

1           Sec. 3.   Original section 79-8,129, Reissue Revised Statutes of  
2 Nebraska, and section 9-812, Revised Statutes Cumulative Supplement,  
3 2016, are repealed.

4           Sec. 4.   Since an emergency exists, this act takes effect when  
5 passed and approved according to law.