



Ninety-Ninth Legislature - Second Session - 2006
Committee Statement
LB 1256

Hearing Date: February 21, 2006
Committee On: Education

Introducer(s): (Brashear, Baker, Dw. Pedersen, Raikes, Schimek)
Title: Create the Nebraska Early Childhood Endowment and authorize a board of trustees

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - X Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

7	Yes	Senators Bourne, Howard, Kopplin, McDonald, Raikes, Schrock, and Stuhr
0	No	
0	Present, not voting	
1	Absent	Senator Byars

Proponents:

Senator Kermit Brashear
Helen Raikes
Tom Casady
Richard D. Eisenhauer

Dan Pedersen
Jim Krieger
Lawrence Gendler
Virgil Horne
Candice Sledge
Brian Halstead
John Bonaiuto
Kari Pitt
Milford L. Smith

Representing:

Introducer
University of Nebraska-Lincoln / Self
City of Lincoln
Lexington Public Schools / Nebraska Council of School Administrators / Early Childhood Coalition
Buffett Early Childhood Fund
Greater Omaha Chamber of Commerce
Sarpy County Juvenile Court
Lincoln Public Schools
Educare
Nebraska Department of Education
Nebraska Association of School Boards
Foster Care Review Board
Nebraska Coalition of Education Equity and Adequacy

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

Legislative Bill 1256 would provide for the Nebraska Early Childhood Endowment to provide grants for early childhood education programs for children birth through 3 years old. The grants would be provided using the existing early childhood education grant criteria and any additional criteria established by the newly created Early Childhood Endowment Board of Trustees. The endowment would be funded with \$20 million of private funds that would be managed in a private endowment and \$40 million of state funds that would be managed in a state endowment.

Within 90 days after the effective date of this act, the Department of Education would be required to request proposals from private endowments to be the endowment provider for the Nebraska Early Childhood Endowment. The endowments would need to have experience in managing public and private funds for the benefit of children and families in multiple locations in Nebraska. The potential endowment providers would be required to agree to:

1. Place at least \$20 million in a private endowment as part of the Nebraska Early Childhood Endowment within 5 years, with at least \$5 million deposited on the effective date of the endowment agreement;
2. Commit all interest, earnings, and proceeds from the private endowment for deposit into the Early Childhood Endowment Cash Fund; and
3. Agree to permit the Early Childhood Endowment Board of Trustees to determine the allocation of funds from the Early Childhood Endowment Cash Fund.

The Department and the selected provider would enter into an endowment agreement.

Upon the effective date of an endowment agreement, the state would deposit \$40 million into the Early Childhood Endowment Fund, which would be created pursuant to the act. The interest, earnings, and proceeds would be deposited into the Early Childhood Endowment Cash Fund, which would also be created pursuant to the act. The standard state investment requirements would apply to both funds. All interest, earnings, and proceeds from the Early Childhood Endowment Cash Fund would be retained in the fund.

Upon the effective date of an endowment agreement, the endowment provider would deposit at least \$5 million into a private endowment for the benefit of the Early Childhood Education Endowment Fund. The endowment would be managed by the endowment provider in accordance with sound, professional, fiduciary practices. All interest, earnings, and proceeds from the private endowment would be deposited into the Early Childhood Endowment Cash Fund at least quarterly.

The Early Childhood Education Cash Fund would be used exclusively to provide funds for the Early Childhood Education Grant Program for children from birth to age three. The grants would be to school districts, cooperatives of school districts, educational service units, and community-based organizations as determined by the Early Childhood Endowment Board of Trustees pursuant to criteria set forth by the board. Each program selected may be provided up to 50% of the total budget of such program per year. Programs may receive continuation grants subject to the availability of funding and the submission of a continuation plan. Programs would be funded across the state and in urban and rural areas.

Any program receiving a grant that is not operated by a school district, cooperative of school districts, or an educational service unit would generally be required to conform to the same standards required for school districts, cooperatives of school districts, and educational service units. The programs receiving grants from the endowment would be subject to periodic evaluations specified by the board and would not need to include continuity with programs in kindergarten and elementary grades or instructional hours similar to or less than the instructional hours for kindergarten.

The Early Childhood Education Endowment Board of Trustees would be created to administer the Early Education Grant Program for children from birth to 3 years old. The board would be within the Department of education for administrative support and budgetary purposes only. The board would consist of 6 members as follows:

1. The Commissioner of Education or his or her designee;
2. The Director of the Department of Health and Human Services or his or her designee;
3. Two people nominated by the endowment provider and appointed by the Governor;
4. An early childhood professional representing an urban at-risk area appointed by the Governor according to the process set forth in the act; and
5. An early childhood professional representing a rural at-risk county appointed by the Governor according to the process set forth in the act.

The Governor would identify an at-risk urban area of not less than 10 contiguous census tracts within a city of the metropolitan class, which each have at least 20% of the families below the poverty line, as reported for the 2000 United State Census. The Governor would then be required to request that a committee develop a list of 2 to 4 nominees. The committee would consist of:

1. The State Senator from the district with the preponderance of the at-risk area;
2. The county commissioner from the district with the preponderance of the at-risk area; and
3. The city council member from the district with the preponderance of the at-risk area.

The Governor would be required to appoint a member to the board from the list of nominees signed by at least 2 of the committee members.

The Governor would appoint one member who resides in a county which does not contain a city of the metropolitan class or a city of the primary class and which has more than 8.5% of the families below the poverty line as reported for the 2000 United States Census.

The initial terms of office would be 3 years. Upon completion of the initial terms, the Governor would appoint one of those nominated by the endowment provider for a 1 year term, the other nominated by the endowment provider for a 2 year term, the urban representative for a 3 year term, and the rural representative for a 2 year term. Succeeding appointees would be appointed for 3 year terms. An appointee for an unexpired term would serve out the unexpired term. Members would continue to serve until their successors have been appointed and qualified.

The board shall by majority vote annually elect a chairperson from among the members of the board. The members would be reimbursed for their actual and necessary expenses.

An intent would be stated to transfer \$40 million from the Cash Reserve Fund to the Early Childhood Endowment Fund on the effective date of the act. If an endowment agreement has not been entered into or is not in effect on July 1, 2008, an intent would be stated that the money would be transferred back to the Cash Reserve Fund.

Section 79-1101 would be amended to incorporate the new provisions into the Early Childhood Education Grant Program and to add community-based organizations as recipients of state assistance. In-home family support programs would be included in the definition of early childhood education programs. A new definition would designate the Early Childhood Endowment Board of Trustees as the entity to be referenced by the term "board." Endowment agreement and endowment provider would be defined pursuant to the new provisions.

Section 79-1103 would be amended to provide that the Early Childhood Endowment Board of Trustees would administer the grant program for children from birth to 3 years old if there is an endowment agreement in effect. The department would continue to administer the grant program for other prekindergarten programs.

If there is an endowment agreement in effect, the Early Childhood Endowment Board of Trustees would be required to adopt and promulgate rules and regulations relating specifically to programs for children from birth to age 3. The board could adopt rules and regulations that incorporate rules and regulations adopted and promulgated by the State Board of Education.

Section 79-1104 would be amended by adding the utilization of evidence-based programming to the potential regulations for prekindergarten programs.

Explanation of amendments, if any:

The committee amendments would replace the original provisions, but would continue to provide for an early childhood endowment to provide grants for early childhood education programs for children birth through 3 years old. The grants would be provided using the existing early childhood education grant criteria and any additional criteria established by the newly created Early Childhood Endowment Board of Trustees. The endowment would be funded with \$20 million of private funds that would be managed in a private endowment and \$40 million of state funds that would be managed in a state endowment.

Within 90 days after the effective date of this act, the Department of Education would be required to request proposals from private endowments to be the endowment provider for the Nebraska Early Childhood Endowment. The endowments would need to have experience in managing public and private funds for the benefit of children and families in multiple locations in Nebraska. The potential endowment providers would be required to agree to:

1. Place at least \$20 million in a private endowment as part of the Nebraska Early Childhood Endowment within 5 years, with at least \$5 million pledged on the effective date of the endowment agreement;
2. Commit all interest, earnings, and proceeds from the private endowment for deposit into the Early Childhood Endowment Cash Fund; and
3. Agree to permit the Early Childhood Endowment Board of Trustees to determine the allocation of funds from the Early Childhood Endowment Cash Fund.

The Department and the selected provider would enter into an endowment agreement. The endowment agreement may provide that the obligations of the endowment provider terminate if funds are not allocated on and after July 1, 2007.

Upon the effective date of an endowment agreement, the state would deposit \$40 million into the Early Childhood Endowment Fund, which would be created pursuant to the act. From the effective date of an endowment agreement until June 30, 2007, the fund shall consist of \$40 million that will remain in the Cash Reserve Fund, except that the interest shall accrue to the Early Childhood Endowment Cash Fund pursuant to amendments to §§ 84-612 and 84-613. On and after July 1, 2007, the Endowment Fund shall consist of funds described in Article VII, section 7, of the Constitution of Nebraska and other funds directed by the Legislature.

The interest, earnings, and proceeds would be deposited into the Early Childhood Endowment Cash Fund, which would also be created pursuant to the act. The standard state investment requirements would apply to both funds. All interest, earnings, and proceeds from the Early Childhood Endowment Cash Fund would be retained in the fund.

Upon the effective date of an endowment agreement, the endowment provider would deposit the amount set forth in the agreement into a private endowment for the benefit of the Early Childhood Education Endowment Fund. The endowment would be managed by the endowment provider in accordance with sound, professional, fiduciary practices. All interest, earnings, and proceeds from the private endowment would be deposited into the Early Childhood Endowment Cash Fund at least quarterly.

The Early Childhood Education Cash Fund would be used exclusively to provide funds for the Early Childhood Education Grant Program for children from birth to age three. The grants would be to school districts, cooperatives of school districts, educational service units, and community-based organizations as determined by the Early Childhood Endowment Board of Trustees pursuant to criteria set forth by the board. Each program selected may be provided up to 50% of the total budget of such program per year. Programs may receive continuation grants subject to the availability of funding and the submission of a continuation plan. Programs would be funded across the state and in urban and rural areas. Up to 5% of the amount deposited into the cash fund each year may be reserved by the board of trustees for evaluation and technical assistance.

Any program receiving a grant that is not operated by a school district, cooperative of school districts, or an educational service unit would generally be required to conform to the same standards and would be required to agree to use the funds only for services that are nonsectarian in nature. The programs receiving grants from the endowment would be subject to periodic evaluations specified by the board and would not need to include continuity with programs in kindergarten and elementary grades or instructional hours similar to or less than the instructional hours for kindergarten.

The Early Childhood Education Endowment Board of Trustees would have the following members:

1. The Commissioner of Education or his or her designee;

2. The Director of the Department of Health and Human Services or his or her designee;
3. Two people nominated by the endowment provider and appointed by the Governor at his or her discretion;
4. An early childhood professional representing an urban at-risk area appointed by the Governor at his or her discretion according to the process set forth in the act; and
5. An early childhood professional representing a rural at-risk county appointed by the Governor at his or her discretion according to the process set forth in the act.

The Governor would identify an at-risk urban area of not less than 10 contiguous census tracts within a city of the metropolitan class, which each have at least 20% of the families below the poverty line, as reported for the 2000 United State Census. The Governor would then be required to request that a committee develop a list of 2 to 4 nominees. The committee would consist of:

1. The state senator from the district with the preponderance of the at-risk area;
2. The county commissioner from the district with the preponderance of the at-risk area; and
3. The city council member from the district with the preponderance of the at-risk area.

The Governor would then be able to appoint a member to the board from the list of nominees signed by at least 2 of the committee members.

The Governor would appoint one member who resides in a county which does not contain a city of the metropolitan class or a city of the primary class and which has more than 8.5% of the families below the poverty line as reported for the 2000 United States Census.

The initial terms of office would be 3 years. Upon completion of the initial terms, the Governor would appoint one of those nominated by the endowment provider for a 1 year term, the other nominated by the endowment provider for a 2 year term, the urban representative for a 3 year term, and the rural representative for a 2 year term. Succeeding appointees would be appointed for 3 year terms. An appointee for an unexpired term would serve out the unexpired term. Members would continue to serve until their successors have been appointed and qualified.

The board shall by majority vote annually elect a chairperson from among the members of the board. The members would be reimbursed for their actual and necessary expenses.

Section 79-1101 would be amended to incorporate the new provisions into the Early Childhood Education Grant Program. In-home family support programs would be included in the definition of early childhood education programs. Board of trustees, endowment agreement, and endowment provider would be defined pursuant to the new provisions.

Section 79-1103 would be amended to provide that the Early Childhood Endowment Board of Trustees would administer the grant program for children from birth to 3 years old if there is an endowment agreement in effect. The department would continue to administer the grant program for other prekindergarten programs. If there is not an endowment agreement in effect, the department would continue to administer the grant program for all early childhood education programs.

If there is an endowment agreement in effect, the board of trustees would be required to recommend any rules and regulations relating specifically to programs for children from birth to

age 3. An intent is stated for the rules and regulations to be consistent to the greatest extent possible with those established for other prekindergarten programs. The procedures of the board of trustees would be required to harmonize with those established by the department for other prekindergarten programs.

Section 79-1104 would be amended by adding research and evaluation to sound early childhood educational practices as a basis for requirements for prekindergarten programs.

Senator Ron Raikes, Chairperson